



ANNUAL STATEMENT

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

AMERICAN HARDWARE MUTUAL INSURANCE COMPANY

NAIC Group Code..... 291, 291 (Current Period) (Prior Period) NAIC Company Code..... 13331 Employer's ID Number..... 41-0299900

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

Country of Domicile US

Incorporated..... May 25, 1899

Commenced Business..... January 3, 1900

Statutory Home Office	471 East Broad Street Columbus OH 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	471 East Broad Street Columbus OH 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	614-225-8211 <i>(Area Code) (Telephone Number)</i>
Mail Address	471 East Broad Street Columbus OH 43215 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	471 East Broad Street Columbus OH 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	614-225-8211 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	MotoristsGroup.com	
Statement Contact	James E. Vermillion <i>(Name)</i> MIC-AHIG.Accounting@MotoristsGroup.com <i>(E-Mail Address)</i>	614-225-8331 <i>(Area Code) (Telephone Number) (Extension)</i> 614-225-8330 <i>(Fax Number)</i>
Policyowner Relations Contact	471 East Broad Street Columbus OH 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	1-800-876-6642 <i>(Area Code) (Telephone Number) (Extension)</i>

OFFICERS

President John Jacob Bishop Treasurer Michael Lee Wiseman Secretary Thomas Charles Ogg

VICE PRESIDENTS

David William Lemon

DIRECTORS OR TRUSTEES

John Jacob Bishop	Alan Nicholas Dekker	David William Lemon	Thomas Charles Ogg
Robert Elvin Herman Rabold	Burtis Gilbert Taylor	Garry Lee Wharton	Michael Lee Wiseman

State of Ohio
County of Franklin

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.

John J. Bishop
President

Thomas C. Ogg
Secretary

Michael L. Wiseman
Treasurer

Subscribed and sworn to before me this

14th day of February, 2003

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds.....	121,131,063		121,131,063	125,408,404
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	535,000		535,000	535,000
2.2 Common stocks (Schedule D, Part 2, Section 2).....	39,386,350		39,386,350	43,019,012
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....8,803,822 Schedule E, Part 1) and short-term investments (\$.....0 Schedule DA, Part 2).....	8,803,822		8,803,822	4,735,144
6. Other invested assets (Schedule BA).....			0	
7. Receivable for securities.....	91,118		91,118	
8. Aggregate write-ins for invested assets.....	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	169,947,353	0	169,947,353	173,697,560
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	9,984,465		9,984,465	9,553,851
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....237,500 earned but unbilled premiums).....	16,673,134	88,967	16,584,167	14,470,239
10.3 Accrued retrospective premiums.....			0	
11. Funds held by or deposited with reinsured companies.....	47,049		47,049	261,261
12. Bills receivable, taken for premiums.....			0	
13. Amounts receivable under high deductible policies.....			0	
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8).....	4,531,087		4,531,087	7,192,186
15. Federal and foreign income tax recoverable and interest thereon (including \$.....5,261,998 net deferred tax asset).....	14,172,719	7,152,156	7,020,563	3,971,211
16. Guaranty funds receivable or on deposit.....			0	
17. Electronic data processing equipment and software.....	30,253		30,253	43,895
18. Interest, dividends and real estate income due and accrued.....	1,791,715		1,791,715	2,494,194
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....			0	624,197
21. Amount due from/to protected cells.....			0	
22. Equities and deposits in pools and associations.....	43,149		43,149	197,362
23. Amounts receivable relating to uninsured accident and health plans.....			0	
24. Other assets nonadmitted (Exhibit 1).....	171,528	171,528	0	
25. Aggregate write-ins for other than invested assets.....	380,018	380,018	0	1,264,993
26. Total assets excluding protected cell assets (Lines 9 through 25).....	217,772,470	7,792,669	209,979,801	213,770,949
27. Protected cell assets.....			0	
28. TOTALS (Lines 26 and 27).....	217,772,470	7,792,669	209,979,801	213,770,949

DETAILS OF WRITE-INS

0801.			0	
0802.			0	
0803.			0	
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	0	0	0	0
2501. Pooled general expenses receivable.....			0	1,170,297
2502. Prepaid pension costs.....	252,479	252,479	0	
2503. Assessments paid in advance.....	108,760	108,760	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	18,779	18,779	0	94,696
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	380,018	380,018	0	1,264,993

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	49,230,984	52,091,609
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6).....	4,996,578	6,075,336
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	10,959,789	10,897,993
4. Commissions payable, contingent commissions and other similar charges.....	1,182,892	1,826,832
5. Other expenses (excluding taxes, licenses and fees).....	2,195,003	936,693
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	1,632,911	1,595,408
7. Federal and foreign income taxes (including \$.....(106,897) on realized capital gains (losses)) (including \$.....0 net deferred tax liability).....		212,157
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....33,724,768 and including warranty reserves of \$.....0).....	33,886,659	28,003,034
10. Advance premiums.....	913,164	778,857
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	111,530	93,800
12. Ceded reinsurance premiums payable (net of ceding commissions).....	7,291,475	4,820,640
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	240,045	1,299,057
14. Amounts withheld or retained by company for account of others.....	1,373,897	836,937
15. Remittances and items not allocated.....	285	11,906
16. Provision for reinsurance (Schedule F, Part 7).....	428,562	1,063,115
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	2,599,575	1,899,155
19. Payable to parent, subsidiaries and affiliates.....	37,477	
20. Payable for securities.....		223,790
21. Liability for amounts held under uninsured accident and health plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	10,832,526	630,322
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	127,913,353	113,296,642
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	127,913,353	113,296,642
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....		
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....		
33. Unassigned funds (surplus).....	82,066,448	100,474,307
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38).....	82,066,448	100,474,307
36. TOTALS (Page 2, Line 28, Col. 3).....	209,979,801	213,770,949

DETAILS OF WRITE-INS

2301. Pension plan obligations.....	10,092,488	
2302. Pooled general expenses payable.....	386,530	
2303. Uncashed drafts and checks that are pending escheatment to a state.....	123,793	183,377
2398. Summary of remaining write-ins for Line 23 from overflow page.....	229,715	446,945
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	10,832,526	630,322
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT**

	1 Current Year	2 Prior Year
STATEMENT OF INCOME		
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	80,633,324	70,116,782
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	57,472,409	39,362,933
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	11,405,724	9,194,111
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	26,534,706	23,760,551
5. Aggregate write-ins for underwriting deductions.....	(90,920)	224,387
6. Total underwriting deductions (Lines 2 through 5).....	95,321,920	72,541,982
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(14,688,595)	(2,425,200)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	8,317,156	8,725,534
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	(356,835)	1,325,626
11. Net investment gain (loss) (Lines 9 + 10).....	7,960,322	10,051,160
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.... 17,130 amount charged off \$.... 170,900).....	(153,770)	(7,580)
13. Finance and service charges not included in premiums.....	571,038	440,122
14. Aggregate write-ins for miscellaneous income.....	(6,662,487)	(29,287)
15. Total other income (Lines 12 through 14).....	(6,245,219)	403,255
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	(12,973,493)	8,029,214
17. Dividends to policyholders.....	151,423	110,862
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	(13,124,916)	7,918,352
19. Federal and foreign income taxes incurred.....	(1,681,067)	501,848
20. Net income (Line 18 minus Line 19) (to Line 22).....	(11,443,849)	7,416,505
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	100,474,307	89,057,524
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	(11,443,849)	7,416,505
23. Net unrealized capital gains or (losses).....	(3,993,773)	(1,290,309)
24. Change in net unrealized foreign exchange capital gains (loss).....		
25. Change in net deferred income tax.....	2,115,105	(1,634,894)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	(7,541,526)	51,457
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	634,553	(157,351)
28. Change in surplus notes.....		
29. Surplus (contributed to) withdrawn from protected cells.....		
30. Cumulative effect of changes in accounting principles.....	1,821,631	7,031,375
31. Capital changes:		
31.1 Paid in.....		
31.2 Transferred from surplus (Stock Dividend).....		
31.3 Transferred to surplus.....		
32. Surplus adjustments:		
32.1 Paid in.....		
32.2 Transferred to capital (Stock Dividend).....		
32.3. Transferred from capital.....		
33. Net remittances from or (to) Home Office.....		
34. Dividends to stockholders.....		
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1).....		
36. Aggregate write-ins for gains and losses in surplus.....	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36).....	(18,407,859)	11,416,783
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	82,066,448	100,474,307

DETAILS OF WRITE-INS		
0501. Premium recognition transition adjustment.....		192,387
0502. Premium deficiency reserve.....	(90,920)	32,000
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).....	(90,920)	224,387
1401. Change in pension plan obligations (net of FIT).....	(6,661,042)	
1402. Gain/(loss) from sale of asset other than securities.....	2,468	(7,042)
1403. Miscellaneous income/expense.....	(3,987)	(25,029)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	74	2,784
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(6,662,487)	(29,287)
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page.....	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above).....	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
CASH FLOW**

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	86,509,208	68,387,651
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	69,405,823	49,400,601
3. Underwriting expenses paid.....	25,864,262	23,161,597
4. Other underwriting income (expenses).....	1,427,389	(225,775)
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	(7,333,488)	(4,400,323)
6. Net investment income.....	9,555,458	8,875,700
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(153,770)	(7,580)
7.2 Net funds held under reinsurance treaties.....	800,742	298,901
7.3 Net amount withheld or retained for account of others.....	536,960	(92,125)
7.4 Aggregate write-ins for miscellaneous items.....	(108,866)	438,472
7.5 Total other income (Lines 7.1 to 7.4).....	1,075,065	637,669
8. Dividends to policyholders on direct business, less \$.....367,818 dividends on reinsurance assumed or ceded (net).....	151,423	80,462
9. Federal and foreign income taxes (paid) recovered.....	(289,655)	(247,424)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	2,855,957	4,785,160
CASH FROM INVESTMENTS		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	50,871,299	50,405,120
11.2 Stocks.....	6,914,189	15,945,482
11.3 Mortgage loans.....		
11.4 Real estate.....		
11.5 Other invested assets.....		
11.6 Net gains or (losses) on cash and short-term investments.....		
11.7 Miscellaneous proceeds.....		309,884
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	57,785,488	66,660,486
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	48,337,959	57,532,447
12.2 Stocks.....	7,517,305	15,978,808
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Miscellaneous applications.....	314,908	
12.7 Total investments acquired (Lines 12.1 to 12.6).....	56,170,172	73,511,255
13. Net cash from investments (Line 11.8 minus Line 12.7).....	1,615,316	(6,850,769)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....		
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....	661,674	
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	17,097	6,682,424
14.6 Total (Lines 14.1 to 14.5).....	678,770	6,682,424
15. Cash applied:		
15.1 Dividends to stockholders paid.....		
15.2 Net transfers to affiliates.....		564,504
15.3 Borrowed funds repaid.....		
15.4 Other applications.....	1,081,366	184,113
15.5 Total (Lines 15.1 to 15.4).....	1,081,366	748,617
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	(402,595)	5,933,807
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	4,068,677	3,868,198
18. Cash and short-term investments:		
18.1 Beginning of year.....	4,735,146	866,948
18.2 End of year (Line 17 plus Line 18.1).....	8,803,823	4,735,146
DETAILS OF WRITE-INS		
7.401 Finance and service charges not included in premiums.....	(261,654)	440,122
7.402 Equities and deposits in pools and associations.....	154,213	26,604
7.403 Miscellaneous income/expense.....	(1,425)	(28,253)
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	0	0
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	(108,866)	438,472

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 2	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	610,266	200,041	282,052	528,255
2.	Allied lines.....	378,613	112,572	161,340	329,844
3.	Farmowners multiple peril.....	1,493,207	12,394	499,390	1,006,211
4.	Homeowners multiple peril.....	13,472,463	5,390,602	6,888,644	11,974,421
5.	Commercial multiple peril.....	8,992,017	3,323,224	4,315,368	7,999,872
6.	Mortgage guaranty.....				0
8.	Ocean marine.....	70,417	37,305	34,680	73,042
9.	Inland marine.....	2,178,872	975,658	1,053,939	2,100,592
10.	Financial guaranty.....				0
11.1	Medical malpractice - occurrence.....				0
11.2	Medical malpractice - claims-made.....				0
12.	Earthquake.....	297,572	150,929	162,487	286,015
13.	Group accident and health.....				0
14.	Credit accident and health (group and individual).....				0
15.	Other accident and health.....	20,021	2,760	2,571	20,211
16.	Workers' compensation.....	2,882,915	1,069,838	1,250,452	2,702,302
17.1	Other liability - occurrence.....	5,539,991	2,404,380	2,892,530	5,051,841
17.2	Other liability - claims-made.....	44,368			44,368
18.1	Products liability - occurrence.....	457,738	194,187	217,728	434,197
18.2	Products liability - claims-made.....				0
19.1, 19.2	Private passenger auto liability.....	18,093,950	4,126,468	4,631,400	17,589,017
19.3, 19.4	Commercial auto liability.....	10,754,687	4,632,381	5,264,068	10,123,000
21.	Auto physical damage.....	18,987,486	5,127,133	5,995,814	18,118,806
22.	Aircraft (all perils).....				0
23.	Fidelity.....	176,857	73,312	86,522	163,646
24.	Surety.....	28,682	15,972	15,804	28,850
26.	Burglary and theft.....	62,475	26,962	30,636	58,801
27.	Boiler and machinery.....	(548)	1,142	7,828	(7,234)
28.	Credit.....				0
29.	International.....				0
30.	Reinsurance - nonproportional assumed property.....	1,066,580	50,853	45,156	1,072,276
31.	Reinsurance - nonproportional assumed liability.....	908,339	74,521	48,250	934,610
32.	Reinsurance - nonproportional assumed financial lines.....				0
33.	Aggregate write-ins for other lines of business.....	(20)	400	0	380
34.	TOTALS.....	86,516,949	28,003,034	33,886,659	80,633,324

DETAILS OF WRITE-INS

3301.	Warranty.....	(20)	400		380
3302.	.....				0
3303.	.....				0
3398.	Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	(20)	400	0	380

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
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	2	3	4	5
	Amount Unearned (Running One Year or Less from Date of Policy) (b)	Amount Unearned (Running more than One Year from Date of Policy) (b)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	282,052				282,052
2. Allied lines.....	161,340				161,340
3. Farmowners multiple peril.....	499,390				499,390
4. Homeowners multiple peril.....	6,888,644				6,888,644
5. Commercial multiple peril.....	4,315,368				4,315,368
6. Mortgage guaranty.....					.0
8. Ocean marine.....	34,680				34,680
9. Inland marine.....	1,053,939				1,053,939
10. Financial guaranty.....					.0
11.1 Medical malpractice - occurrence.....					.0
11.2 Medical malpractice - claims-made.....					.0
12. Earthquake.....	162,487				162,487
13. Group accident and health.....					.0
14. Credit accident and health (group and individual).....					.0
15. Other accident and health.....	2,571				2,571
16. Workers' compensation.....	1,250,452				1,250,452
17.1 Other liability - occurrence.....	2,892,530				2,892,530
17.2 Other liability - claims-made.....					.0
18.1 Products liability - occurrence.....	217,728				217,728
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....	4,631,400				4,631,400
19.3, 19.4 Commercial auto liability.....	5,264,068				5,264,068
21. Auto physical damage.....	5,995,814				5,995,814
22. Aircraft (all perils).....					.0
23. Fidelity.....	86,522				86,522
24. Surety.....	15,804				15,804
26. Burglary and theft.....	30,636				30,636
27. Boiler and machinery.....	7,828				7,828
28. Credit.....					.0
29. International.....					.0
30. Reinsurance - nonproportional assumed property.....	45,156				45,156
31. Reinsurance - nonproportional assumed liability.....	48,250				48,250
32. Reinsurance - nonproportional assumed financial lines.....					.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
34. TOTALS.....	33,886,659	.0	.0	.0	33,886,659
35. Accrued retrospective premiums based on experience.....					
36. Earned but unbilled premiums.....					
37. Balance (sum of Lines 34 through 36).....					33,886,659

DETAILS OF WRITE-INS

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

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [X] No [].

(b) State here basis of computation used in each case: Daily method

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
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.....	32,504	610,266	3,846	34,935	1,416	610,266
2. Allied lines.....	47,549	378,613	1,448	46,837	2,160	378,613
3. Farmowners multiple peril.....		1,493,207				1,493,207
4. Homeowners multiple peril.....	150,408	13,472,463	2,496	146,660	6,244	13,472,463
5. Commercial multiple peril.....	15,500,980	8,992,017		14,904,439	596,541	8,992,017
6. Mortgage guaranty.....						0
8. Ocean marine.....		70,417				70,417
9. Inland marine.....	3,797,895	2,178,872		3,636,450	161,446	2,178,872
10. Financial guaranty.....						0
11.1 Medical malpractice - occurrence.....						0
11.2 Medical malpractice - claims-made.....						0
12. Earthquake.....	431,596	297,572		416,928	14,668	297,572
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....	106,667	20,021		106,103	564	20,021
16. Workers' compensation.....	6,364,840	2,876,986	329,433	6,245,958	442,387	2,882,915
17.1 Other liability - occurrence.....	8,230,336	5,539,991	7	5,645,361	2,584,983	5,539,991
17.2 Other liability - claims-made.....		44,368				44,368
18.1 Products liability - occurrence.....	496,483	457,738		475,021	21,462	457,738
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	68,042	18,093,949	28	67,702	367	18,093,950
19.3, 19.4 Commercial auto liability.....	25,381,658	10,749,991	555,371	24,651,713	1,280,620	10,754,687
21. Auto physical damage.....	11,055,942	18,987,486	254,324	10,967,662	342,604	18,987,486
22. Aircraft (all perils).....						0
23. Fidelity.....	709,397	176,857		680,604	28,793	176,857
24. Surety.....	162,351	28,682		155,163	7,188	28,682
26. Burglary and theft.....	195,861	62,475	24	187,887	7,998	62,475
27. Boiler and machinery.....	367,803	(548)		(16,333)	384,136	(548)
28. Credit.....						0
29. International.....						0
30. Reinsurance - nonproportional assumed property.....	XXX	1,066,960	(7,692)	(212)	(7,100)	1,066,580
31. Reinsurance - nonproportional assumed liability.....	XXX	908,339				908,339
32. Reinsurance - nonproportional assumed financial lines.....	XXX					0
33. Aggregate write-ins for other lines of business.....	0	(20)	0	0	0	(20)
34. TOTALS.....	73,100,313	86,506,704	1,139,285	68,352,876	5,876,477	86,516,949

DETAILS OF WRITE-INS

3301. Warranty.....		(20)				(20)
3302.						0
3303.						0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0
3399. TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	(20)	0	0	0	(20)

(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 \$.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	158,515	212,342	194,608	176,249	63,679	46,025	193,903	36.7
2. Allied lines.....	57,976	184,244	74,122	168,098	28,990	16,216	180,872	54.8
3. Farmowners multiple peril.....		408,039		408,039	102,764	6,564	504,240	50.1
4. Homeowners multiple peril.....	205,063	8,865,180	308,417	8,761,826	3,064,863	2,445,920	9,380,768	78.3
5. Commercial multiple peril.....	8,214,966	3,210,643	5,420,190	6,005,419	3,004,780	2,460,612	6,549,587	81.9
6. Mortgage guaranty.....				0			0	
8. Ocean marine.....		35,890		35,890	10,244	7,513	38,621	52.9
9. Inland marine.....	1,630,102	848,496	1,930,217	548,380	294,537	222,235	620,682	29.5
10. Financial guaranty.....				0			0	
11.1 Medical malpractice - occurrence.....		(666)		(666)	666		0	
11.2 Medical malpractice - claims-made.....				0			0	
12. Earthquake.....	4,241	815	4,336	720		46	674	0.2
13. Group accident and health.....			23,327	(23,327)		(32,482)	9,155	
14. Credit accident and health (group and individual).....				0			0	
15. Other accident and health.....	138,093	26,638	138,093	26,638	7,600	8,000	26,238	129.8
16. Workers' compensation.....	6,388,664	(1,350,251)	(9,569,761)	14,608,174	8,819,967	16,936,672	6,491,470	240.2
17.1 Other liability - occurrence.....	3,110,788	590,983	2,739,039	962,732	4,634,730	3,188,323	2,409,138	47.7
17.2 Other liability - claims-made.....		30,183		30,183			30,183	68.0
18.1 Products liability - occurrence.....	90,741	(16,880)	(2,125)	75,986	1,221,632	371,010	926,608	213.4
18.2 Products liability - claims-made.....				0			0	
19.1, 19.2 Private passenger auto liability.....	26,485	10,234,371	(72,503)	10,333,359	12,868,481	12,361,285	10,840,555	61.6
19.3, 19.4 Commercial auto liability.....	13,067,648	5,506,922	13,343,049	5,231,522	9,194,576	9,116,550	5,309,548	52.5
21. Auto physical damage.....	7,493,584	11,410,706	7,558,800	11,345,490	1,289,478	1,102,133	11,532,835	63.7
22. Aircraft (all perils).....				0			0	
23. Fidelity.....	53,237	28,953	53,237	28,953	46,757	53,123	22,586	13.8
24. Surety.....	17,353	784	127	18,010	20,116	32,430	5,697	19.7
26. Burglary and theft.....	172,038	40,431	172,041	40,429	18,562	12,770	46,221	78.6
27. Boiler and machinery.....		(2,148)		(2,148)			(2,148)	29.7
28. Credit.....				0			0	
29. International.....				0			0	
30. Reinsurance - nonproportional assumed property.....	XXX	1,009,619	(517,246)	1,526,865	2,618,763	2,261,459	1,884,168	175.7
31. Reinsurance - nonproportional assumed liability.....	XXX	107,671		107,671	1,919,797	1,585,493	441,974	47.3
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
33. Aggregate write-ins for other lines of business.....	15,126	0	96,580	(81,454)	0	(110,288)	28,834	7,587.9
34. TOTALS.....	40,844,620	41,382,964	21,894,549	60,333,035	49,230,984	52,091,609	57,472,410	71.3
DETAILS OF WRITE-INS								
3301. Warranty.....	15,126		96,580	(81,454)		(110,288)	28,834	7,587.9
3302.				0			0	
3303.				0			0	
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	15,126	0	96,580	(81,454)	0	(110,288)	28,834	7,587.9

ANNUAL STATEMENT FOR THE YEAR 2002 OF THAMERICAN HARDWARE MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....		42,589		42,589		21,090		63,679	9,067
2. Allied lines.....	8,500	18,540	8,500	18,540		10,450		28,990	7,379
3. Farmowners multiple peril.....		79,394		79,394		23,370		102,764	8,428
4. Homeowners multiple peril.....	10,527	2,262,630	10,527	2,262,630	36,000	802,232	36,000	3,064,863	708,239
5. Commercial multiple peril.....	15,559,636	2,724,851	15,559,636	2,724,851	469,661	279,929	469,661	3,004,780	764,431
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....		5,304		5,304		4,940		10,244	2,252
9. Inland marine.....	795,316	228,037	795,316	228,037	155,000	66,500	155,000	294,537	24,311
10. Financial guaranty.....				0				0	
11.1 Medical malpractice - occurrence.....		666		666				666	
11.2 Medical malpractice - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0	40,000	7,600	40,000	(a) 7,600	
16. Workers' compensation.....	18,019,871	10,134,192	23,416,809	4,737,254	6,367,000	9,528,023	11,812,309	8,819,967	945,913
17.1 Other liability - occurrence.....	999,478	1,500,174	999,478	1,500,174	2,966,000	3,134,556	2,966,000	4,634,730	2,057,191
17.2 Other liability - claims-made.....				0				0	
18.1 Products liability - occurrence.....	802,800	358,839	802,800	358,839	1,184,000	862,794	1,184,000	1,221,632	626,816
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	184,066	8,797,031	198,012	8,783,085	99,000	4,086,021	99,625	12,868,481	2,636,777
19.3, 19.4 Commercial auto liability.....	11,272,485	4,768,421	11,572,386	4,468,520	18,263,000	4,891,098	18,428,042	9,194,576	2,773,459
21. Auto physical damage.....	1,238,811	1,028,184	1,238,901	1,028,094	126,000	275,094	139,709	1,289,478	232,856
22. Aircraft (all perils).....				0				0	
23. Fidelity.....	50,080	9,517	50,080	9,517	193,000	37,240	193,000	46,757	2,155
24. Surety.....	108,675	20,116	108,675	20,116				20,116	6,210
26. Burglary and theft.....	12,500	7,732	12,500	7,732	51,000	10,830	51,000	18,562	2,815
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Reinsurance - nonproportional assumed property.....	XXX	4,199,305	2,488,886	1,710,419	XXX	9,600,659	8,692,316	2,618,763	119,285
31. Reinsurance - nonproportional assumed liability.....	XXX	529,865		529,865	XXX	1,389,932		1,919,797	32,204
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.....	49,062,745	36,715,389	57,262,506	28,515,628	29,949,661	35,032,357	44,266,662	49,230,984	10,959,789

DETAILS OF WRITE-INS

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

(a) Including \$.....0 for present value of life indemnity claims.

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT**

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	10,039,769			10,039,769
1.2 Reinsurance assumed.....	4,194,303			4,194,303
1.3 Reinsurance ceded.....	9,254,934			9,254,934
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	4,979,138	.0	.0	4,979,138
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		73,052		73,052
2.2 Reinsurance assumed excluding contingent.....		12,686,618		12,686,618
2.3 Reinsurance ceded excluding contingent.....		166,861		166,861
2.4 Contingent - direct.....				.0
2.5 Contingent - reinsurance assumed.....		956,938		956,938
2.6 Contingent - reinsurance ceded.....				.0
2.7 Policy and membership fees.....				.0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	.0	13,549,747	.0	13,549,747
3. Allowances to managers and agents.....		141,197		141,197
4. Advertising.....		241,114		241,114
5. Boards, bureaus and associations.....	29,130	211,635		240,764
6. Surveys and underwriting reports.....		616,986		616,986
7. Audit of assureds' records.....		35,267		35,267
8. Salary and related items:				
8.1 Salaries.....	3,036,741	5,805,241	109,550	8,951,532
8.2 Payroll taxes.....	226,881	400,414	8,091	635,385
9. Employee relations and welfare.....	500,146	793,735	20,250	1,314,130
10. Insurance.....	59,559	75,336	1,044	135,938
11. Directors' fees.....	30,457	43,654	2,093	76,203
12. Travel and travel items.....	133,225	150,219	30	283,474
13. Rent and rent items.....	250,642	467,141	14,162	731,946
14. Equipment.....	541,605	765,222	25,451	1,332,278
15. Cost or depreciation of EDP equipment and software.....	109,815	116,573	273	226,661
16. Printing and stationery.....	91,660	191,265	590	283,515
17. Postage, telephone and telegraph, exchange and express.....	260,159	538,038	1,646	799,843
18. Legal and auditing.....	78,085	357,473	96,068	531,626
19. Totals (Lines 3 to 18).....	5,348,104	10,950,510	279,248	16,577,861
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....8,156.....		1,596,261		1,596,261
20.2. Insurance department licenses and fees.....		85,958		85,958
20.3. Gross guaranty association assessments.....		36,153		36,153
20.4. All other (excluding federal and foreign income and real estate).....		48,434		48,434
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	.0	1,766,806	.0	1,766,806
21. Real estate expenses.....				.0
22. Real estate taxes.....				.0
23. Reimbursements by uninsured accident and health plans.....				.0
24. Aggregate write-ins for miscellaneous expenses.....	1,078,482	267,644	20	1,346,145
25. Total expenses incurred.....	11,405,724	26,534,706	279,267	(a).....38,219,698
26. Less unpaid expenses - current year.....	10,959,789	5,004,965	5,841	15,970,595
27. Add unpaid expenses - prior year.....	10,897,993	4,334,520	24,413	15,256,926
28. Amounts receivable relating to uninsured accident and health plans, prior year.....				.0
29. Amounts receivable relating to uninsured accident and health plans, current year.....				.0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	11,343,928	25,864,262	297,839	37,506,028

DETAILS OF WRITE-INS

2401. Donations and contributions.....	28,976	37,214		66,190
2402. Overage/shortage.....	(1,529)	(6,298)	.0	(7,827)
2403. Temporary labor.....	6,182	30,003	20	36,205
2498. Summary of remaining write-ins for Line 24 from overflow page.....	1,044,853	206,724	.0	1,251,577
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	1,078,482	267,644	20	1,346,145

(a) Includes management fees of \$.....86,957 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....1,294,136	.....1,696,027
1.1 Bonds exempt from U.S. tax.....	(a).....530,785	.....549,709
1.2 Other bonds (unaffiliated).....	(a).....7,030,707	.....5,895,482
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....39,374	.....39,374
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....236,808	.....247,358
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash/short-term investments.....	(e).....156,015	.....156,015
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....11,077	.....12,458
10. Total gross investment income.....	.....9,298,902	.....8,596,424
11. Investment expenses.....	.....	(g).....279,267
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).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....279,267
17. Net investment income (Line 10 minus Line 16).....	.....	.....8,317,157

DETAILS OF WRITE-INS

0901. Securities lending.....	.....7,551	.....8,932
0902. Interest income - compensation.....	.....3,526	.....3,526
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....11,077	.....12,458
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....197,656 accrual of discount less \$.....752,070 amortization of premium and less \$.....395,049 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 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 or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. government bonds.....	.....	.....	.....	.....	.....0
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....	.....	.....0
1.2 Other bonds (unaffiliated).....	.....832,687	.....	.....	.....(2,022,275)	.....(1,189,588)
1.3 Bonds of affiliates.....	.....	.....	.....	.....	.....0
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....	.....	.....0
2.11 Preferred stocks of affiliates.....	.....	.....	.....	.....	.....0
2.2 Common stocks (unaffiliated).....	.....(1,153,271)	.....(36,250)	.....	.....(2,338,727)	.....(3,528,248)
2.21 Common stocks of affiliates.....	.....	.....	.....	.....(707,529)	.....(707,529)
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).....	.....(320,584)	.....(36,250)	.....0	.....(5,068,531)	.....(5,425,365)

DETAILS OF WRITE-INS

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

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2.....	7,241,123	68,626	(7,172,497)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....	.....	.....	.....0
2.2 Furniture, equipment and supplies.....	171,528	174,983	3,455
2.3 Leasehold improvements.....	.....	.....	.....0
2.4 Loans on personal security, endorsed or not.....	.....	.....	.....0
3. Total (Lines 2.1 to 2.4).....	171,528	174,983	3,455
4. Aggregate write-ins for other assets.....	747,695	7,535	(740,160)
5. Total (Line 1 plus Lines 3 and 4).....	8,160,345	251,143	(7,909,203)

DETAILS OF WRITE-INS

0401. Prepaid pension costs.....	252,479	.....	(252,479)
0402. Assessments paid in advance.....	108,760	.....	(108,760)
0403. Rent receivable.....	377,827	.....	(377,827)
0498. Summary of remaining write-ins for Line 4 from overflow page.....	8,628	7,535	(1,093)
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above).....	747,695	7,535	(740,160)

ANNUAL STATEMENT FOR THE YEAR 2002 OF TI-AMERICAN HARDWARE MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements have been completed in accordance with the accounting practices and procedures prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Ohio.

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

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

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of the premiums written. Such reserves are computed using the daily method for direct business and are based on reports received from ceding companies for reinsurance assumed business.

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

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- (3) Common stocks are valued at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at cost, unless qualified at market.
- (5) The Company has no mortgage loans.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. Amortized cost includes pre-payment assumptions based on values obtained from market data vendors or broker dealers. The retrospective adjustment method is used to value these securities.
- (7) The Company owns 30% of the common stock of Motorists Life Insurance Company, a life insurer; 100% of the common stock of American Merchants Casualty Company, a property/casualty insurer; 48% of the common stock of Motorists Reinsurance Corporation, a captive reinsurer; and 100% of the common stock of AHM Agency, Inc., an insurance broker. These stocks are valued on a net worth basis as described in Part 8, Section 3 (b)(ii)(A) of the Securities Valuation Handbook for Motorists Life Insurance Company and American Merchants Casualty Company, and in Part 8, Section 3 (b)(ii)(B) for Motorists Reinsurance Corporation and AHM Agency, Inc.
- (8) The Company's investments in joint ventures and partnerships, if any, are valued based on the underlying equity of the investee as presented in audited GAAP financial reports.
- (9) No derivative securities are held.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property/Casualty Contracts-Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liabilities may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

2. Accounting Changes and Correction of Errors

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

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle as an adjustment that increased unassigned funds (surplus) by \$6,985,375 as of January 1, 2001. The components of this adjustment are as follows:

A. Net Deferred Federal Income Tax Asset	\$ 4,734,154
B. Statutory Schedule P Reserve Elimination	\$ 2,981,729
C. Premium Recognition Adjustments (Net of Expense)	\$ 192,387
D. Deferred Compensation/Compensated Absences	\$ (785,295)
E. Deficiency Reserve	<u>\$ (91,600)</u>
F. Cumulative Effect of Changes in Accounting Principles	\$ 7,031,375
G. Change in Non-Admitted Assets	<u>\$ (46,000)</u>
H. Net Impact on Surplus	\$ 6,985,375

Premium income associated with the transition adjustments (item "C" above) is included in the earned premium amount shown on page 4, column 2, line 1. Related commission and insurance tax expenses are included on page 4, column 2, line 4. The net effect of these adjustments is reversed in the aggregate write-in line on page 4, column 2, line 5. Thus, the impact of this transition item on the net underwriting results is \$0. This approach was selected to properly include the transition premium adjustments in the corresponding statutory premium and loss experience exhibits presented on page 24 and throughout the statutory blank. The components of the transition amounts referenced above are shown below.

A. Premiums Earned [Premiums Written]:		
Direct	\$ 460,000	[\$ 460,000]
Reins Assumed	\$ 290,922	[\$ 86,001]
Reins Ceded	\$ 460,000	[\$ 460,000]
Net	\$ 290,922	[\$ 86,001]
B. Other Underwriting Expenses	Line 4 \$ 98,535	
C. Write-in: Premium Recognition Transition Adjustment	Line 5 <u>\$ 192,387</u>	
D. Net Underwriting Profit Impact	Line 7 \$ -0-	

The net deferred federal income tax (FIT) asset amount shown in the financial reports as of December 31, 2001 reflects only the admitted portion of the net deferred FIT asset component. The non-admitted portion is not reflected in the prior year amount shown. The company changed its method of accounting for the net deferred FIT asset effective January 1, 2002 to recognize the deferred asset component on a "gross" (admitted and non-admitted) basis. The portion of the net deferred FIT asset, which is non-admitted, is recognized as a non-admitted asset. This adjustment, which is reported in the 2002 financial statement as a change in accounting principle, had no impact on the change in the surplus account for the year as shown below.

A. Cumulative Effect of Changes in Accounting Principles	\$ 1,821,631
B. Change in Non-Admitted Assets	\$ (1,821,631)
C. Net Change in Surplus	\$ -0-

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TI-AMERICAN HARDWARE MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS**

3. Business Combinations and Goodwill

The Company had no business combination or goodwill transactions.

4. Discontinued Operations

The Company had no discontinued operations.

5. Investments

- A. The Company has no mortgage loans.
- B. The Company was not involved in any debt restructuring.
- C. The Company has no reverse mortgages.
- D. Loan-Backed Securities
 - (1) The Company did not elect to use book value as of January 1, 1994 as the cost for applying the retrospective adjustment 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 market data vendors or broker dealer values.
 - (3) Market values were obtained from a pricing service, HUB Data Inc., a market data vendor, Bloomberg Inc., and from external investment brokers.
 - (4) The Company did not change from a retrospective to a prospective adjustment methodology due to negative yields.
- E. The Company has no repurchase agreements.
- F. The Company has no investments in real estate.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships or limited liability companies that exceed 10% of admitted assets.
- B. The Company did not recognize any impairment write down for investments in joint ventures, partnerships or limited liability companies during the statement periods.

7. Investment Income

- A. The Company did not exclude any due and accrued investment income from surplus.
- B. The total amount excluded was \$ 0.

8. Derivatives Instruments

The Company does not own derivative financial instruments.

9. Income Taxes

	<u>2001</u>	<u>2002</u>
A. Components of net deferred tax asset/(liability) at December 31 are as follows:		
1) Total of all deferred tax assets (admitted and nonadmitted)	7,559,672	13,740,874
2) Total of all deferred tax liabilities	1,766,828	1,326,720
3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	1,821,631	7,152,156
4) Total of all deferred tax assets	3,971,213	5,261,998
5) Increase (decrease) in deferred tax assets nonadmitted		5,330,525
B. Deferred tax liabilities are not recognized for the following amounts:	N/A	N/A
1) As of December 31, the Company had a balance of \$_____ in its Policyholder Surplus account under the provisions of the Internal Revenue Code. This amount could become taxable to the extent that future shareholder dividends are paid from this account. (stock life companies only).		
2) As of December 31, the Company had investments in certain foreign subsidiaries whose reporting basis exceeded tax basis by \$_____. This amount could become taxable in the event of a sale or dissolution of one or more subsidiaries.	N/A	N/A
C. Current income taxes incurred consist of the following major components:		
	<u>2001</u>	<u>2002</u>
1) Current year expense	507,997	-
2) Intercompany tax allocation		(290,356)
3) NOL carryback benefit		(1,280,000)
4) Prior year overaccrual of tax reserves	(6,149)	(110,711)
5) Current year taxes incurred	501,848	(1,681,067)

The main components of the 2001 deferred tax amounts are as follows:

	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
DTAs				
6) Reserves	60,190,773	49,842,944	10,347,829	3,518,262
7) Unearned Premium Reserves	34,799,823	27,839,858	6,959,965	2,366,388
8) Employee Benefit Liabilities	10,307,883		10,307,883	3,504,680
9) Bonds/Partnerships/Stocks	(133,656,519)	(137,743,148)	4,086,629	1,389,454
10) Other		(3,911,939)	3,911,939	1,330,059
11) Total DTAs (before NOL)	(28,358,040)	(63,972,285)	35,614,245	12,108,843
12) NOL		(4,800,092)	4,800,092	1,632,031
13) Total DTAs (after NOL)	(28,358,040)	(68,772,377)	40,414,337	13,740,874
14) DTAs nonadmitted		(21,035,753)	21,035,753	7,152,156
DTLs				
15) Stocks/Bonds	27,403,280	23,528,203	3,875,077	1,317,526
16) Depreciable assets	30,253	30,228	25	9
17) Other	1,791,714	1,764,699	27,015	9,185
18) Total DTLs	29,225,247	25,323,130	3,902,117	1,326,720

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>
DTAs resulting from book/tax differences in			
19) Reserves	3,932,274	4,247,786	3,518,262
20) Unearned Premium Reserves	1,652,779	1,904,204	2,366,388
21) Employee Benefit Liabilities	-	-	3,504,680

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN HARDWARE MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

22) Bonds/Partnerships	-	132,335	1,389,454
23) Other	1,545,536	1,275,347	1,330,059
24) Total DTAs	7,130,589	7,559,672	12,108,843
25) NOL	1,676,200	-	1,632,031
26) Total DTAs (after NOL)	8,806,789	7,559,672	13,740,874
27) DTAs nonadmitted	1,375,286	1,821,631	7,152,156
DTLs resulting from book/tax differences in	<u>2000</u>	<u>2001</u>	<u>2002</u>
28) Stocks/Bonds	2,650,168	1,761,084	1,317,526
29) Depreciable assets	-	146	9
30) Other	47,179	5,598	9,185
31) Total DTLs	2,697,347	1,766,828	1,326,720

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

	<u>Amount</u>	<u>Tax Effect</u>
1) Income before taxes	(13,124,916)	(4,593,721)
2) Book over tax reserves incl s&s	(2,139,734)	(748,907)
3) Unearned Premium Reserves	1,203,586	421,255
4) Accrued market discount	(182,986)	(64,045)
5) Tax Exempt Interest net of proration	(467,252)	(163,538)
6) NOL	-	-
7) Dividends received deduction net of proration	(165,415)	(57,895)
8) Capital G/(L)	356,834	124,892
9) Other	6,390,840	3,511,603
10) Total adjustments	4,995,873	3,023,365
11) Taxable Income	(8,129,043)	(1,570,356)

E. 1) At December 31, 2002, the Company has \$4,800,000 of operating loss carry forwards originating in 2002 which expire, if unused, in year 2022.

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

2002 (current year)	-
2001 (current year - 1)	112,220
2000 (current year - 2)	-

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

- American Merchants Casualty
- AHM Insurance Agency, Inc.
- AHM Insurance Agency, Inc. of AL
- AHM Insurance Agency, Inc. of KY
- AHM Insurance Agency, Inc. of MA
- AHM Insurance Agency, Inc. of OH

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. Intercompany tax balances are settled annually when the federal income tax return is filed.

10. Information Concerning Parent, Subsidiaries and Affiliates

A., B., and C. The Company had no material related-party transactions.

D. At December 31, 2002, the Company reported amounts due to affiliates of \$37,477 and at December 31, 2001 amounts due from affiliates of \$624,197. All amounts were settled within 30 days.

E. The Company has no guarantees or undertakings for the benefit of an affiliate or related party that resulted in a material contingent exposure to the Company.

F. The Company has a management agreement with Motorists Mutual Insurance Company, a mutual property/casualty insurer domiciled in Ohio, whereby Motorists provides management services to the Company and its subsidiaries. The Company also has an arrangement with its subsidiaries and affiliates under which costs for common facilities and support services are shared.

G. The Company is a mutual insurance company.

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

I. The Company has no investments in Subsidiary, Controlled or Affiliated (SCA) entities that exceed 10% of admitted assets.

J. The Company did not recognize any SCA impairment write-downs during the statement period.

11. Debt

A. The Company has no capital notes outstanding.

B. The Company has no other debt obligations outstanding.

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

A. The Company sponsors a defined benefit pension plan covering substantially all employees. A summary of assets, obligations and assumptions are as follows at December 31, 2002 and 2001:

	Pension Benefits	
	2001	2002
(1) Change in benefit obligation		
a. Benefit obligation at beginning of year	30,929,313	33,649,315
b. Service cost	546,068	561,706
c. Interest cost	2,331,331	2,405,885
d. Actuarial (gain) loss	1,556,670	1,321,567
e. Benefits paid	(1,714,067)	(1,820,505)
f. Benefit obligation at end of year	33,649,315	36,117,968
(2) Change in plan assets		
a. Fair value of plan assets at beginning of year	34,009,102	29,046,009
b. Actual return on plan assets	(3,249,026)	(3,837,329)
c. Employer contribution	0	134,391
d. Benefits paid	(1,714,067)	(1,820,505)
e. Fair value of plan assets at end of year	29,046,009	23,522,566
(3) Funded Status		
a. Funded status	(4,603,306)	(12,595,402)
b. Unrecognized net (gain) or loss	7,790,230	15,927,670
c. Remaining net obligation or net (asset) at initial date of application	(3,079,789)	(3,079,789)
d. Prepaid assets or (accrued) liabilities	107,135	252,479
(4) Benefit obligation for non vested employees	214,151	217,436

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TI-AMERICAN HARDWARE MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS**

- (5) Components of net periodic benefit cost
- | | | |
|------------------------------------|-------------|-------------|
| a. Service cost | 546,068 | 561,706 |
| b. Interest cost | 2,331,331 | 2,405,885 |
| c. Expected return on plan assets | (2,984,534) | (2,978,544) |
| d. Total net periodic benefit cost | (107,135) | (10,953) |
- (6) A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment, less allowable intangible assets, net of tax benefit, is reported as income in the Income Statement. At December 31, 2002 the additional minimum liability increased to \$10,092,488 from \$0 at December 31, 2001.
- (7) Weighted-average assumptions as of December 31
- | | | |
|---|-------------|-------------|
| | 2001 | 2002 |
| a. Discount rate | 7.25% | 7.00% |
| b. Rate of compensation increase | 4.00% | 3.75% |
| c. Expected long-term rate of return on plan assets | 9.00% | 8.25% |
| d. Increase rate of maximum benefit and compensation limits | 3.00% | 3.00% |
- (8) The Company has no post-retirement benefit plans other than pensions.
- (9) The Company has no post-retirement benefit plans other than pensions.
- (10) No securities of the Company or related parties are included in the plan assets. The Company or related parties have not issued insurance contracts covering plan participant benefits and there have been no significant transactions between the Company or related parties and the plan during the period.
- (11) No alternate amortization methods were used to amortize prior service amounts or unrecognized net gains and losses.
- (12) No substantive commitments were used as a basis for accounting for the benefit obligations.
- (13) No special or contractual termination benefits were recognized during the period.

- B. The Company sponsors a defined contribution savings plan for the benefit of substantially all employees. The Company contributes an amount equal to 35% of the first 6% of employee contributions. Company contributions to the plan were \$116,846 and \$112,148 for 2002 and 2001, respectively.
- C. The Company does not participate in multi-employer plans.
- D. The Company's subsidiaries participate in defined benefit plans sponsored by the Company. The Company allocates amounts to the subsidiaries based upon a cost sharing arrangement.
- E. Obligations for post-employment benefits and compensated absences have been accrued.

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

- (1) Information concerning capital stock issued is not applicable. The Company is a mutual property/casualty insurer.
- (2) Information concerning dividends on preferred stocks issued is not applicable. The Company is a mutual property/casualty insurer.
- (3) Without prior approval of its domiciliary commissioner, dividends to policyholders are limited by the laws of the Company's state of incorporation, Ohio, to \$8,206,645, an amount that is based on restrictions relating to statutory surplus.
- (4) Within the limitations of (3) above there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) There are no advances to surplus.
- (7) There is no stock held by the Company for special purposes.
- (8) The Company had no special surplus funds in 2002 or 2001.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
- | | |
|---------------------------------|----------------|
| a. Unrealized gains and losses: | \$ (1,297,386) |
| b. Nonadmitted asset values: | \$ 7,792,669 |
| c. Provision for reinsurance: | \$ 428,562 |
- (10) The Company has no surplus debentures or similar obligations outstanding.
- (11) Information concerning quasi-reorganization is not applicable.
- (12) Information concerning quasi-reorganization is not applicable.

14. Contingencies

A. Contingent Commitments

The Company has no commitments or contingent commitments to a SCA entity, joint venture, partnership or limited liability company.

The Company has purchased annuities for structured settlements under which the claimant is the payee, but for which the Company is contingently liable. The contingency for the structured settlements as of December 31, 2002 and 2001 was \$10,897,995 and \$8,448,216, respectively.

B. Assessments

On 11/26/2001, the Company received notification of the insolvency of Reliance Insurance Company. Based on information provided by various state insurance guaranty associations, the Company was assessed \$64,804 in 2002 and \$53,068 in 2001 and might be assessed \$18,438 in future periods for this insolvency. An accrual was established for this amount and a charge of \$60,697 was posted to operations in the current period. The impact of this and other insolvency assessments on the statement of operations before and after intercompany pooling is shown below.

<u>Insolvency</u>	<u>Notice Date</u>	<u>Unpaid @ 12/31/2002</u>	<u>Paid 2002</u>	<u>Incurred 2002</u>	<u>Unpaid @ 12/31/2001</u>	<u>Paid 2001</u>	<u>Incurred 2001</u>
PHICO Ins.	6/12/02	4,849	14,149	18,998	0	0	0
Reliance Insurance Co.	11/26/01	18,438	64,804	60,697	22,545	53,068	75,302
P.I.E. Mutual Insurance Co.	7/15/98	0	2,956	(74)	3,030	0	(9,409)
Texas Property & Casualty IGA	7/25/01	0	0	0	0	(83,039)	(83,039)
New Jersey Prop. & Liab. IGA	6/1/93	64,335	0	0	64,335	0	0
Comm. Comp. Insurance Co.	10/1/01	0	0	0	0	10,232	10,232
Other	Var.	22,242	17,504	4,226	35,520	9,358	15,294
Total before pooling		109,864	99,413	83,847	125,430	(10,381)	8,380
							54,878
Assumed from pool		176,584	61,547	36,154	201,976	(3,883)	
Ceded to pool		109,864	99,413	83,847	125,430	(10,381)	8,380
Net		176,584	61,547	36,154	201,976	(3,883)	

C. Gain Contingencies

The Company has no material gain contingencies to disclose.

ANNUAL STATEMENT FOR THE YEAR 2002 OF TI-AMERICAN HARDWARE MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

D. All Other Contingencies

There are no contingent liabilities arising from litigation, income taxes or other matters that are considered material in relation to the financial position of the Company.

15. Leases

A. Lessee Leasing Arrangements

(1) The Company leases office space under various lease agreements that expire through July 2013. The Company also leases computer related equipment under various operating lease arrangements that expire through September 2005, and has entered into various agreements for information technology related services that expire through April 2007. The expense for these commitments for 2002 and 2001 totaled \$2,939,000 and \$3,115,000, respectively.

(2) At December 31, 2002, the Company had aggregate commitments of \$13,324,000. Commitments for the next five years are as follows:

<u>As of December 31,</u>	<u>Commitment</u>
2003	\$2,454,000
2004	\$1,483,000
2005	\$1,454,000
2006	\$1,361,000
2007	\$1,036,000

These aggregate commitments will be partially offset by future payments of \$1,346,000 to be received through July 2013 for subleased office space.

(3) The Company is not involved in sale-leaseback transactions.

B. The Company sub-leases office space to non-affiliated parties. This is not a significant part of the Company's business activities.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

A., B., C. The Company has no investments in financial instruments with off-balance sheet risk.

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

A. The Company had no transfers of receivables reported as sales.

B. Transfer and Servicing of Financial Assets

(1) The Company did not obtain any assets or incur any liabilities due to the transfer of assets during the period.

(2) At December 31, 2002, the Company owned fixed income and equity securities with a statement value totaling \$26,869,534 on loan to various brokers. All loaned securities are collateralized with cash or securities issued or guaranteed by the United States Government or its agencies. Collateral is maintained at 102% of market value, plus accrued interest for fixed income securities.

(3) The Company has no servicing assets or servicing liabilities.

C. Wash Sales

In the course of the Company's asset management, no securities were sold and reacquired within 30 days of the sale date to enhance the yield on its investment portfolio.

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

The Company does not serve as an Administrative Services Only (ASO) or an Administrative Services Contact (ASC) plan administrator.

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

The Company had no direct premiums written through managing general agents or third party administrators.

20. Other Items

A. Extraordinary Items

There were no extraordinary events to report in the financial statements for the periods ended December 31, 2002 and 2001.

B. Troubled Debt Restructuring: Debtors

The Company had no restructured debt.

C. Other Disclosures

(1) The Company elected to use rounding in the reporting of amounts in this statement.

(2) The following presents the Company's net unpaid loss and loss adjustment expense reserves for accident years 1988 through 1992 and prior in the statutory categories reported in Schedule P, Part 1, columns 13 through 24 of the annual statement. All amounts shown are in thousands.

Schedule P Category	Loss Year	Case Basis	Bulk & IBNR	Def & Cost Containment	Adjusting & Other Exp	Salvage & Subrogation	Loss & Exp Total Unpaid
Part 1A	1991	0	-	-	-	-	0
Homeowners/ Farmowners	1992	0	-	0	0	-	0
	Total	1	-	0	0	-	1
Part 1B	Prior	115	-	0	-	-	115
Private Passenger	1988	6	-	-	-	-	6
Auto Liability/Medical	1989	8	-	-	-	-	8
	1990	14	-	-	-	-	14
	1992	4	-	-	1	-	5
	Total	148	-	0	1	-	149
Part 1C	Prior	9	-	-	-	-	9
Commercial Auto/ Truck Liability/Medical	1988	2	-	-	-	-	2
	1989	49	-	-	-	-	49
	1990	10	-	-	-	-	10
	1991	58	-	-	-	-	58
	1992	17	0	(0)	11	-	28
	Total	145	0	(0)	11	-	156
Part 1D	Prior	1,377	371	1	-	-	1,749
Workers' Compensation	1988	148	72	-	-	-	219
	1989	214	128	-	-	-	342
	1990	391	209	-	-	-	600
	1991	289	188	-	-	-	477
	1992	326	520	133	64	-	1,043
	Total	2,744	1,488	133	64	-	4,430
Part 1E	Prior	1,307	-	0	-	-	1,307
Commercial	1988	47	-	-	-	-	47
Multiple Peril	1989	305	-	-	-	-	305

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TI-AMERICAN HARDWARE MUTUAL INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS**

	1990	21	-	0	-	-	21
	1991	45	-	-	-	-	45
	1992	(367)	(392)	8	49	-	(701)
	Total	1,359	(392)	8	49	-	1,024
Part 1F, Section 1	Prior	1	-	-	-	-	1
Medical Malpractice	Total	1	-	-	-	-	1
Part 1G	Prior	2	-	-	-	-	2
Special Liability	Total	2	-	-	-	-	2
Part 1H, Section 1	Prior	169	659	39	-	-	867
Other Liability	1988	1	-	-	-	-	1
	1989	3	-	-	-	-	3
	1990	1	-	0	-	-	1
	1991	0	-	0	-	-	0
	1992	10	-	0	6	-	16
	Total	183	659	39	6	-	887
Part 1I	Prior	0	-	0	-	-	0
Special Property	1992	0	-	-	0	-	0
	Total	1	-	0	0	-	1
Part 1J	Prior	0	-	-	-	-	0
Auto Physical	1990	0	-	-	-	-	0
Damage	1992	15	0	-	0	-	15
	Total	16	0	-	0	-	16
Part 1K	Prior	0	-	-	-	-	0
Fidelity/Surety	1990	0	-	-	-	-	0
	1991	1	-	-	-	-	1
	1992	3	-	-	0	-	3
	Total	3	-	-	0	-	4
Part 1N	Prior	133	186	12	-	-	331
Reinsurance A	1988	1	3	-	-	-	4
	1989	5	9	0	-	-	14
	1990	15	2	1	-	-	18
	1991	2	7	-	-	-	9
	1992	5	-	0	-	-	6
	Total	162	206	13	-	-	381
Part 1O	1988	-	25	-	-	-	25
Reinsurance B	1989	25	34	2	-	-	61
	1990	14	37	1	-	-	52
	1991	23	53	2	-	-	78
	1992	13	56	1	-	-	70
	Total	75	205	5	-	-	285
Part 1R, Section 1	Prior	23	-	-	-	-	23
Products Liability	1992	-	100	0	7	-	107
	Total	23	100	0	7	-	130

(3) Agents' Balance Certification [Florida Statute 625.012(5)(b)]

Agents' Balances or Uncollected Premiums per Statement	\$	26,568,632	(1)
Premiums collected from "Controlled" or "Controlling" Persons	\$	0	(2)
Premiums collected by "Controlled" or "Controlling" Person within 15 working days immediately preceding reporting period; F.S. 625.012(5)(a)1.	\$	0	(3)
Amount of Applicable Trust Fund	\$	0	(4)
Letter of Credit	\$	0	(5)
Financial Guaranty Bond	\$	0	(6)
Total of Lines (4), (5), & (6)	\$	0	(7)
(2) minus (3) minus (7): should not exceed zero	\$	0	(8)

(4) Special Disability Trust Fund Reporting [Florida Statute 625.091]

1) List the amount of credit taken for Special Disability Trust Fund recoveries by the insurer in determination of its loss reserves for:	
Prior Calendar Year	\$ 0
Current Calendar Year	\$ 0
2) List the amount of payments received by the insurer from the Special Disability Trust Fund for:	
Prior Calendar Year	\$ 18,286
Current Calendar Year	\$ 0
3) List the amount assessed by the Special Disability Trust Fund for:	
Prior Calendar Year	\$ 0
Current Calendar Year	\$ 0

The information above is believed to be a full and true report of the credit taken, the payments received, and the amounts assessed by the Special Deputy Trust Fund. This disclosure is submitted for compliance with Chapter 625.091, F.S.

- D. The potential for losses associated with uncollectible receivable balances is not material to the Company's financial position. Premium balances over 90 days past due are recorded as nonadmitted assets.
- E. Reinsurance Accounted for as a Deposit
The Company has no reinsurance accounted for as a deposit.
- F. Multi Peril Crop Insurance
The Company does not write multi peril crop insurance.
- G. Mezzanine Real Estate Loans
The Company has no real estate or mortgage loans.
- H. Health Care Receivables
Information concerning health care receivables is not applicable.
- I. September 11 Events
The Company was exposed to losses associated with terrorists' attacks of September 11, 2001 through its reinsurance pooling arrangement with its affiliate, Motorists Mutual Insurance Company. Motorists incurred losses from the attacks through its assumption of reinsurance from the Mutual Reinsurance Bureau. The Company's share of the net loss and loss adjustment expense incurred from these events totaled \$234,778. Estimated losses arising from the September 11 events have been fully accrued.

21. Events Subsequent

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There are no known events subsequent to the closing of the financial records that would materially impact the financial information presented.

22. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company has unsecured aggregate recoverables for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium from the following reinsurers that exceed 3% of the Company's surplus.

<u>Company Name</u>	<u>NAIC Group</u>	<u>Federal ID</u>	<u>Amount Recoverable</u>
Motorists Mutual Insurance Company	291	31-4259550	\$ 122,897,000
Everest Reinsurance Company	1120	22-2005057	\$ 2,855,000

B. Reinsurance Recoverable in Dispute

The Company has no reinsurance recoverable amounts in dispute from any one reinsurer that exceed 5% of policyholder surplus. The aggregate of all disputed recoverable amounts does not exceed 10% of policyholder surplus.

C. Reinsurance Assumed and Ceded

1) The maximum amount of return commission which would have been due reinsurers if they or the Company had cancelled all of the Company's reinsurance or if the Company or a receiver had cancelled all of the Company's assumed contracts as of December 31, 2002 with the return of the unearned premium reserve are shown below.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
	<u>Premium</u>	<u>Commission</u>	<u>Premium</u>	<u>Commission</u>	<u>Premium</u>	<u>Commission</u>
	<u>Reserve</u>	<u>Equity</u>	<u>Reserve</u>	<u>Equity</u>	<u>Reserve</u>	<u>Equity</u>
a. Affiliates	\$ 33,886,659	\$ 4,829,795	\$ 33,006,143	\$ 0	\$ 880,516	\$ 4,829,795
b. All Other	\$ 443,526	\$ 101,259	\$ 718,625	\$ 186,313	\$ (275,099)	\$ (85,054)
c. Total	\$ 34,330,185	\$ 4,931,054	\$ 33,724,768	\$ 186,313	\$ 605,417	\$ 4,744,741
d. Direct Unearned Premium Reserve		\$ 33,281,242				

(2) The additional or return commissions predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>
	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
a. Contingent Commission	\$ 0	\$ 1,140,357	\$ 0	\$ 1,140,357
b. Sliding Scale Adjustments	\$ 0	\$ 0	\$ 0	\$ 0
c. Other Profit Commission Arrangements	\$ 0	\$ 0	\$ 0	\$ 0
d. Total	\$ 0	\$ 1,140,357	\$ 0	\$ 1,140,357

D. Uncollectible Reinsurance

The Company wrote off uncollectible reinsurance balances totaling \$343,636 in the current year operating results.

(1) Losses incurred	\$ 299,539
(2) Loss adjustment expense incurred	\$ 43,824
(3) Premiums Earned	\$ 0
(4) Other	\$ 0
(5) Company: Reliance Insurance Company	

E. Commutation of Ceded Reinsurance

The Company's current year operating results include the following impact from commutations with the companies listed below:

(1) Losses incurred	\$ 2,823,043
(2) Loss adjustment expense incurred	\$ 13,513
(3) Premiums Earned	\$ 0
(4) Other	\$ 0
(5) Company: American Mutual Reinsurance Company	
Commutation Amount	\$ 1,600,000

F. Retroactive Reinsurance

The Company has no retroactive reinsurance contracts.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A., B. C. The Company has no retrospectively rated contracts or contracts subject to redetermination.

24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for the Company's incurred losses and loss adjustment expenses (before intercompany pooling) attributable to insured events of prior years reflect adverse development which can be attributed, in part, to the re-estimation of unpaid losses and loss adjustment expenses principally on workers' compensation, other liability and commercial multiple peril lines of insurance. This increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Since the Company does not write retrospectively rated contracts, no premium adjustments have been made as a result of this loss and loss expense development.

25. Intercompany Pooling Arrangements

Since January 1, 1993, Motorists Mutual Insurance Company (NAIC Company Code 14621) and its affiliates, American Hardware Mutual Insurance Company (NAIC Company Code 13331) and American Merchants Casualty Company (NAIC Company Code 43630), participated in a reinsurance pooling arrangement covering premiums, losses and underwriting expenses for all lines of business from January 1, 1993 forward. Related finance and service charge income, net gains/losses from agent and premium balance charge-offs, and policyholder dividends were also subject to the pooling agreement. The pool participation rates were 77% for Motorists Mutual, 20% for American Hardware and 3% for American Merchants.

On November 19, 2001, Wilson Mutual Insurance Company (NAIC Company Code 19950) affiliated with the Motorists Insurance Group. Effective January 1, 2002, the reinsurance pooling arrangement was amended to include Wilson Mutual. Unearned premiums, unpaid losses, unpaid expenses and other underwriting related balances as of December 31, 2001 associated with accident years 1993 and subsequent were redistributed to facilitate the inclusion of Wilson Mutual. The pool participation rates were changed to 75% for Motorists Mutual, 19% for American Hardware, 3% for American Merchants and 3% for Wilson Mutual.

Each company recognizes facultative (quota share and excess) and treaty (excess and catastrophe) reinsurance cessions with non-affiliated reinsurers, prior to the administration of the pooling agreement. Reinsurance assumed business from voluntary and involuntary pools and associations is also recorded before pooling. As the lead insurer, Motorists Mutual assumes all net premiums, losses, adjustment expenses and underwriting expenses subject to pooling and cedes back to each company their respective share of the pool. Underwriting related balance sheet items such as premiums, losses, and expenses receivable/recoverable and payable are pooled in the same

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manner. Write-offs of uncollectible premiums and reinsurance balances are pooled in the year the write-offs are recognized.

Effective December 31, 2002, the pooling agreement was amended to include the runoff of loss and expense reserves associated with accident year 1992 and prior claims. Unpaid losses, unpaid expenses and other underwriting related balances associated with these reserves were redistributed between the pooling companies to facilitate this change. For comparative purposes, the historical data presented in the enclosed Schedule P exhibits has been restated to reflect the reporting company's share of the combined pool business as if the pooling arrangement had been in effect for all calendar years shown in Schedule P.

Reinsurance assumed premium receivable and loss payable amounts included in Schedule F, Part 1, do not reconcile with the corresponding reinsurance ceded premium payable and loss recoverable amounts shown on Schedule F, Part 3, due to the inclusion of each company's share of pooled reinsurance assumed and ceded balance sheet accounts as of December 31, 2002. The Provision for Reinsurance as shown on Schedule F, Part 7, is computed for each company independently and is not subject to the pooling arrangement.

26. Structured Settlements

The Company has purchased annuities for structured settlements, under which the claimant is the payee, but for which the Company is contingently liable. The total amount of this contingent liability as of December 31, 2002 and 2001 were \$10,897,995 and \$8,448,216, respectively .

A. Loss Reserves Eliminated by Annuities	\$ 7,057,086
Unrecorded Loss Contingencies	\$ 10,897,995
B. Amounts due from individual life insurance companies for annuities which exceed 1% of the Company's policyholders' surplus are as follows:	
American International Life Assurance Company New York, New York	\$ 2,691,130
CIGNA Retirement and Investment Company Hartford, Connecticut	\$ 1,375,454
First Colony Life Insurance Company Lynchburg, Virginia	\$ 4,276,005

27. High Deductibles

The Company had nonpaid claims on policies with high deductibles.

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

Workers' compensation unpaid case and/or IBNR reserves for accident years 1992 and prior have been discounted on a non-tabular basis using a rate of 4%. The discount rate used is based on Ohio statute. The amount of discount recorded at December 31, 2002 and 2001 is shown below.

	<u>2002</u>	<u>2001</u>
Case Reserves	\$ 0	\$ 454,000
IBNR	\$ 0	\$ 0,000
Total	\$ 0	\$ 454,000

29. Asbestos/Environmental Reserves

A. Yes, the Company has exposure to asbestos losses. The exposure arises from the sale of general liability and commercial multiple peril business. The Company estimates the impact of its direct exposure by establishing case reserves on all known losses and computing incurred but not reported (IBNR) losses based on previous experience. The Company also relies on case and IBNR reserves established by Paragon Risk Management Services, Inc. to measure its exposure from reinsurance assumed business.

(1) <u>Gross of Reinsurance:</u>	(1) <u>1998</u>	(2) <u>1999</u>	(3) <u>2000</u>	(4) <u>2001</u>	(5) <u>2002</u>
a. Beginning reserves:	8,635,619	8,966,335	8,516,103	8,387,601	9,642,178
b. Incurred losses and loss adjustment expense:	919,351	1,357,204	402,660	2,204,681	4,632,888
c. Calendar year payments for losses and loss adjustment expenses:	<u>588,635</u>	<u>1,807,436</u>	<u>531,161</u>	<u>950,105</u>	<u>1,591,597</u>
d. Ending reserves:	8,966,335	8,516,103	8,387,601	9,642,178	12,683,468
(2) <u>Net of Reinsurance (before pooling):</u>	(1) <u>1998</u>	(2) <u>1999</u>	(3) <u>2000</u>	(4) <u>2001</u>	(5) <u>2002</u>
a. Beginning reserves:	3,091,251	3,125,648	3,557,023	3,327,476	2,429,169
b. Incurred losses and loss adjustment expense:	291,793	1,373,696	102,813	(235,109)	4,450,015
c. Calendar year payments for losses and loss adjustment expenses:	<u>257,396</u>	<u>942,321</u>	<u>332,359</u>	<u>663,198</u>	<u>1,025,095</u>
d. Ending reserves:	3,125,648	3,557,023	3,327,476	2,429,169	5,854,090
(3) <u>Net of Reinsurance (after pooling):</u>	(1) <u>1998</u>	(2) <u>1999</u>	(3) <u>2000</u>	(4) <u>2001</u>	(5) <u>2002</u>
a. Beginning reserves:	1,039,077	1,078,978	1,006,479	896,823	713,106
b. Incurred losses and loss adjustment expense:	119,182	195,311	4,637	(26,893)	2,118,834
c. Calendar year payments for losses and loss adjustment expenses:	<u>79,281</u>	<u>267,810</u>	<u>114,293</u>	<u>156,824</u>	<u>256,803</u>
d. Ending reserves:	1,078,978	1,006,479	896,823	713,106	2,575,138

B. The amount of ending reserves for Bulk and IBNR included in "A" (Loss and LAE) above is as follows:

(1) Gross of Reinsurance:	\$ 4,299,161
(2) Net of Reinsurance (before pooling):	\$ 2,216,945
(3) Net of Reinsurance (after pooling):	\$ 1,692,938

C. The amount of ending reserves for loss adjustment expenses included in "A" (Case, Bulk and IBNR) above is as follows:

(1) Gross of Reinsurance:	\$ 2,016,845
(2) Net of Reinsurance (before pooling):	\$ 1,017,234
(3) Net of Reinsurance (after pooling):	\$ 466,268

D. Yes, the Company has exposure to environmental losses. The exposure arises from the sale of general liability, commercial auto liability and commercial multiple peril business. The Company estimates the impact of its direct exposure by establishing case reserves on all known losses and computing incurred but not reported (IBNR) losses based on previous experience. The Company also relies on case and IBNR reserves established by Paragon Risk Management Services, Inc. to measure its exposure from reinsurance assumed business.

(1) <u>Gross of Reinsurance</u>	(1) <u>1998</u>	(2) <u>1999</u>	(3) <u>2000</u>	(4) <u>2001</u>	(5) <u>2002</u>
a. Beginning reserves:	3,045,071	4,860,772	3,838,889	2,366,550	912,323
b. Incurred losses and loss adjustment expense:	3,538,627	1,848,391	183,102	(1,013,706)	2,844,934
c. Calendar year payments for losses and loss adjustment expenses:	<u>1,722,925</u>	<u>2,870,274</u>	<u>1,655,441</u>	<u>440,520</u>	<u>208,869</u>
d. Ending reserves:	4,860,772	3,838,889	2,366,550	912,323	3,548,388

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(2) <u>Net of Reinsurance (before pooling):</u>	(1) <u>1998</u>	(2) <u>1999</u>	(3) <u>2000</u>	(4) <u>2001</u>	(5) <u>2002</u>
a. Beginning reserves:	2,821,769	4,533,611	3,629,756	2,047,631	339,186
b. Incurred losses and loss adjustment expense:	3,376,846	1,300,669	(822,553)	(1,321,899)	2,903,627
c. Calendar year payments for losses and loss adjustment expenses:	<u>1,665,003</u>	<u>2,204,524</u>	<u>759,572</u>	<u>386,546</u>	<u>843,144</u>
d. Ending reserves:	4,533,611	3,629,756	2,047,631	339,186	2,399,669

(3) <u>Net of Reinsurance (after pooling):</u>	(1) <u>1998</u>	(2) <u>1999</u>	(3) <u>2000</u>	(4) <u>2001</u>	(5) <u>2002</u>
a. Beginning reserves:	841,380	1,076,658	905,132	767,414	346,154
b. Incurred losses and loss adjustment expense:	614,185	259,902	35,803	(317,705)	550,144
c. Calendar year payments for losses and loss adjustment expenses:	<u>378,907</u>	<u>431,428</u>	<u>173,522</u>	<u>103,554</u>	<u>180,393</u>
d. Ending reserves:	1,076,658	905,132	767,414	346,154	715,906

E. The amount of ending reserves for Bulk and IBNR included in "D" (Loss and LAE) above is as follows:

(1) Gross of Reinsurance:	\$ 3,279,296
(2) Net of Reinsurance (before pooling):	\$ 2,205,249
(3) Net of Reinsurance (after pooling):	\$ 597,732

F. The amount of ending reserves for loss adjustment expenses included in "D" (Case, Bulk + IBNR) above is as follows:

(1) Gross of Reinsurance:	\$ 915,252
(2) Net of Reinsurance (before pooling):	\$ 675,218
(3) Net of Reinsurance (after pooling):	\$ 139,491

30. Subscriber Savings Accounts

Information concerning subscriber savings accounts is not applicable.

31. Financial Guaranty Insurance Exposures

The Company has no exposure to Financial Guaranty Claims.

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.....	13,896,368	8.2	13,896,368	8.2
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	40,606,092	24.1	40,606,092	23.9
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	14,002,110	8.3	14,002,110	8.2
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	2,559,156	1.5	2,559,156	1.5
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....	9,287,842	5.5	9,287,842	5.5
1.512 Issued by FNMA and FHLMC.....		0.0		0.0
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....		0.0		0.0
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....		0.0		0.0
1.523 All other privately issued.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	38,952,316	23.1	36,096,565	21.2
2.2 Unaffiliated foreign securities.....	4,682,930	2.8	4,682,930	2.8
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....	500,000	0.3	535,000	0.3
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	11,890,325	7.1	10,740,373	6.3
3.4 Other equity securities:				
3.41 Affiliated.....	20,802,762	12.3	26,860,895	15.8
3.42 Unaffiliated.....	2,455,355	1.5	1,785,084	1.1
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....		0.0		0.0
6. Policy loans.....		0.0		0.0
7. Receivables for securities.....	91,118	0.1	91,118	0.1
8. Cash and short-term investments.....	8,803,822	5.2	8,803,822	5.2
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	168,530,195	100.0	169,947,354	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

1.3 State regulating? Ohio

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

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

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1998

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. 12/31/1998

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/15/2000

3.4 By what department or departments? Ohio and Delaware

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [] No [X]

4.12 renewals? Yes [] No [X]

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

4.21 sales of new business? Yes [] No [X]

4.22 renewals? Yes [] No [X]

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

5.2 If yes, provide 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 [X]

6.2 If yes, give full information: _____

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

7.2 If yes,0.000 %

7.21 State the percentage of foreign control.

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

1 Nationality	2 Type of Entity

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE AMERICAN HARDWARE MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES (continued)**

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, 41 South High Street, Columbus, OH 43215
-
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Peter A. Weisenberger, FCAS, Vice President Actuarial Division, Motorists Mutual Insurance Company, 471 East Broad Street, Columbus, OH 43215
-
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
-
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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

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

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

The company participates in a securities lending program which is administered by its custodian, Bank One Trust Company, N.A.

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

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

19.21 Loaned to others	\$.....26,869,534
19.22 Subject to repurchase agreements	\$.....0
19.23 Subject to reverse repurchase agreements	\$.....0
19.24 Subject to dollar repurchase agreements	\$.....0
19.25 Subject to reverse dollar repurchase agreements	\$.....0
19.26 Pledged as collateral	\$.....0
19.27 Placed under option agreements	\$.....0
19.28 Letter stock or securities restricted as to sale	\$.....0
19.29 Other	\$.....0

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

19.31 Various brokers, filed with state of domicile	_____
19.32	_____
19.33	_____
19.34	_____
19.35	_____
19.36	_____
19.37	_____
19.38	_____
19.39	_____

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

21.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank One Investment Management Group	1111 Polaris Parkway, Building 54101-2B, Columbus, OH 43240
US Bank	425 Walnut Street, Cincinnati, OH 45264

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
107394	ABN AMRO Asset Management, Inc.	150 East Broad Street, Suite 206, Columbus, OH 43215
104518	Deutsche Asset Management	222 S. Riverside Plaza, 29th Fl, Chicago, IL 60606-5808
105794	R Meeder Advisor Funds	6000 Memorial Drive, P O Box 7177, Dublin, OH 43017

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....430,799

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

1 Name	2 Amount Paid
Insurance Services Office, Inc.	244,725
NCCI Holdings, Inc.	110,537

24.1 Amount of payments for legal expenses, if any? \$.....19,984

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
Baker & Hostetler	9,232

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
NONE	

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES (continued)**

Part 2 - Property and Casualty Interrogatories

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
1.2	If yes, indicate premium earned on U.S. business only.	\$.....	97,162
1.3	What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$.....	0
1.31	Reason for excluding:		
<hr/>			
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$.....	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$.....	139,433
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	\$.....	97,162
1.65	Total incurred claims	\$.....	139,433
1.66	Number of covered lives	.....	41
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$.....	0
1.72	Total incurred claims	\$.....	0
1.73	Number of covered lives	.....	0
	All years prior to most current three years:		
1.74	Total premium earned	\$.....	0
1.75	Total incurred claims	\$.....	0
1.76	Number of covered lives	.....	0
2.1	Does the reporting entity issue both participating and non-participating policies?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
2.2	If yes, state the amount of calendar year premiums written on:		
2.21	Participating	\$.....	0
2.22	Non-participating policies	\$.....	0
3.	For Mutual Reporting Entities and Reciprocal Exchange only:		
3.1	Does the reporting entity issue assessable policies?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
3.2	Does the reporting entity issue non-assessable policies?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
3.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?	.....	0.0 %
3.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$.....	0
4.	For Reciprocal Exchanges only:		
4.1	Does the exchange appoint local agents?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.2	If yes, is the commission paid:		
4.21	Out of Attorney's-in-fact compensation	Yes <input type="checkbox"/>	No <input type="checkbox"/> N/A <input type="checkbox"/>
4.22	As a direct expense of the exchange	Yes <input type="checkbox"/>	No <input type="checkbox"/> N/A <input type="checkbox"/>
4.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?		
4.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
4.5	If yes, give full information:		
<hr/>			
5.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? Member of Minnesota Workers' Compensation Reinsurance Association and excess of loss reinsurance contract.		
<hr/>			
5.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: Profiling and PML analysis on the exposures of the Motorists Insurance Group is done by Aon Re Services using the CLASIC (Catastrophe Loss Analysis for Insurance Companies) model. Analysis is performed for the perils of wind, hail and earthquake. The PML arises from wind and hail. The major concentration of exposures is in Ohio. Catastrophe excess of loss reinsurance is purchased to protect against excessive loss.		
<hr/>			
5.3	What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss? Catastrophe excess of loss reinsurance contract.		
<hr/>			
5.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
5.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.		
<hr/>			
6.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
6.2	If yes, indicate the number of reinsurance contracts containing such provisions.	.....

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TI-AMERICAN HARDWARE MUTUAL INSURANCE COMPANY
GENERAL INTERROGATORIES (continued)**

Part 2 - Property and Casualty Interrogatories (continued)

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [X] No []
- 7.2 If yes, give full information:
The company commuted ceded workers' compensation balances to American Mutual Reinsurance Company as reported in item 22.E of the Notes to the Financial Statements.
8. If the reporting entity has assumed risks from another entity, there should be a charge on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 9.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 9.2 If yes, give full information:

- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses \$.....0
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 10.2 Of the amount on Line 10.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$.....0
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From0.0 %
- 10.42 To0.0 %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit \$.....0
- 10.62 Collateral and other funds \$.....0
- 11.1 What amount of installment notes is owned and now held by the reporting entity? \$.....0
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes [] No [X]
- 11.3 If yes, what amount? \$.....0
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....285,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.2
- 13.1 Has the 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 involved0
- 14.13 Total book/adjusted carrying value \$.....0
- 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 TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	79,189,222	69,161,707	58,129,826	53,767,539	54,619,085
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	38,336,273	32,369,091	28,269,235	25,857,101	24,798,509
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	40,049,243	30,687,727	27,081,143	24,528,785	24,488,840
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	1,203,956	968,061	955,743	886,689	596,250
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	1,967,607	2,087,680	1,342,821	1,181,339	1,061,862
6. Total (Line 34).....	160,746,302	135,274,266	115,778,768	106,221,453	105,564,546
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).....	37,773,649	35,283,668	29,535,333	27,053,958	27,365,059
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	22,515,284	19,478,324	16,977,888	15,613,936	15,105,083
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	24,027,556	16,783,418	14,616,509	12,986,054	12,379,931
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	225,541	195,537	158,766	133,263	121,107
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	1,974,919	2,073,302	1,348,604	1,181,175	1,070,486
12. Total (Line 34).....	86,516,949	73,814,249	62,637,100	56,968,387	56,041,666
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	(14,688,595)	(2,425,200)	(259,462)	(1,157,430)	(3,729,399)
14. Net investment gain (loss) (Line 11).....	7,960,322	10,051,160	8,839,230	8,409,786	10,268,126
15. Total other income (Line 15).....	(6,245,219)	403,255	335,974	691,544	249,176
16. Dividends to policyholders (Line 17).....	151,423	110,862	80,914	34,341	31,016
17. Federal and foreign income taxes incurred (Line 19).....	(1,681,067)	501,848	(376,760)	(356,651)	(214,970)
18. Net income (Line 20).....	(11,443,849)	7,416,505	9,211,588	8,266,210	6,971,857
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	209,979,801	213,770,949	194,221,048	191,523,166	189,360,122
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	9,984,465	9,553,851	3,427,305	3,958,202	4,280,828
20.2 Deferred and not yet due (Line 10.2).....	16,584,167	14,470,239	11,518,176	9,675,072	9,122,088
20.3 Accrued retrospective premiums (Line 10.3).....			(1,893,174)	(1,892,027)	(1,376,676)
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	127,913,353	113,296,643	105,163,524	110,979,178	120,268,477
22. Losses (Page 3, Lines 1 & 2).....	54,227,562	58,166,945	59,189,919	65,368,050	73,875,764
23. Loss adjustment expenses (Page 3, Line 3).....	10,959,789	10,897,993	10,384,621	11,014,692	11,943,202
24. Unearned premiums (Page 3, Line 9).....	33,886,659	28,003,034	24,305,567	22,146,708	21,299,836
25. Capital paid up (Page 3, Lines 28 & 29).....					
26. Surplus as regards policyholders (Page 3, Line 35).....	82,066,448	100,474,307	89,057,524	80,543,988	69,091,645
Risk-Based Capital Analysis					
27. Total adjusted capital.....	82,066,448	100,020,307	90,085,043	81,503,092	69,778,565
28. Authorized control level risk-based capital.....	10,318,350	9,306,665	10,122,508	10,175,832	11,099,063
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).....	71.3	72.2	70.0	63.3	70.9
30. Stocks (Lines 2.1 & 2.2).....	23.5	25.1	29.5	27.0	27.1
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
32. Real estate (Lines 4.1, 4.2 & 4.3).....					
33. Cash and short-term investments (Line 5).....	5.2	2.7	0.5	9.6	2.0
34. Other invested assets (Line 6).....					
35. Receivable for securities (Line 7).....	0.1		0.0	0.1	
36. Aggregate write-ins for invested assets (Line 8).....					
37. Cash and invested assets (Line 9).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....					
39. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
40. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....	26,860,895	27,304,424	25,271,324	24,140,624	22,368,559
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11).....					
42. Affiliated mortgage loans on real estate.....					
43. All other affiliated.....					
44. Total of above lines 38 to 43.....	26,860,895	27,304,424	25,271,324	24,140,624	22,368,559
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).....	32.7	27.2	28.4	30.0	32.4

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY
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).....	.....(3,993,773)	.....(1,290,309)	.....804,771	.....2,409,153	.....1,693,906
47. Dividends to stockholders (Line 34).....					
48. Change in surplus as regards policyholders for the year (Line 37).....	.....(18,407,859)	.....11,416,782	.....8,513,536	.....11,452,343	.....6,053,355
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).....	.....37,678,989	.....33,448,591	.....34,978,371	.....49,140,003	.....51,637,739
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....22,213,489	.....18,896,403	.....16,048,639	.....14,100,973	.....14,927,402
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....20,937,632	.....18,758,529	.....15,850,066	.....18,178,028	.....14,772,743
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	.....280,184	.....523,024	.....1,686,080	.....3,772,396	.....7,698,670
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	.....1,117,290	.....1,703,155	.....1,357,209	.....1,309,482	.....1,481,924
54. Total (Line 34).....	.....82,227,584	.....73,329,702	.....69,920,365	.....86,500,882	.....90,518,478
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).....	.....31,241,289	.....18,353,606	.....18,107,080	.....20,822,178	.....24,940,250
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....12,279,366	.....11,012,783	.....9,419,357	.....8,252,788	.....8,309,716
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....15,209,025	.....10,744,024	.....9,202,344	.....8,527,305	.....7,881,409
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	.....(31,180)	.....59,652	.....83,801	.....90,742	.....128,745
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	.....1,634,536	.....1,325,287	.....1,028,786	.....880,697	.....779,153
60. Total (Line 34).....	.....60,333,035	.....41,495,351	.....37,841,369	.....38,573,711	.....42,039,273
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).....	.....71.3	.....56.1	.....52.4	.....52.9	.....63.4
63. Loss expenses incurred (Line 3).....	.....14.1	.....13.1	.....13.2	.....13.5	.....9.6
64. Other underwriting expenses incurred (Line 4).....	.....32.9	.....33.6	.....34.8	.....35.6	.....34.6
65. Net underwriting gain (loss) (Line 8).....	.....(18.2)	.....(3.2)	.....(0.4)	.....(2.1)	.....(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).....	.....37.8	.....31.7	.....33.1	.....33.9	.....33.4
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	.....85.4	.....69.3	.....65.6	.....66.5	.....73.0
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).....	.....105.4	.....73.5	.....70.3	.....70.7	.....81.1
One Year Loss Development (000 omitted)					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	.....4,556	.....(1,389)	.....(4,070)	.....(6,229)	.....(1,596)
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Col. 1 x 100).....	.....4.5	.....(1.6)	.....(5.1)	.....(9.0)	.....(2.5)
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).....	.....3,269	.....(4,301)	.....(7,667)	.....(4,656)	.....586
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second year end (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0).....	.....3.7	.....(5.3)	.....(11.1)	.....(7.4)	.....1.1

ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	63,790,303	65,500,006	64,853,365	61,834,348
	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	63,790,303	65,500,006	64,853,365	61,834,348
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	14,002,109	14,002,109	14,060,305	13,500,000
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	14,002,109	14,002,109	14,060,305	13,500,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada.....				
	11. Other Countries.....				
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	2,559,156	2,559,156	1,985,658	11,610,000
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	2,559,156	2,559,156	1,985,658	11,610,000
Public Utilities (unaffiliated)	17. United States.....	4,711,236	4,735,115	4,740,950	4,500,000
	18. Canada.....				
	19. Other Countries.....				
	20. Totals.....	4,711,236	4,735,115	4,740,950	4,500,000
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	26,482,699	26,053,871	27,090,550	26,134,864
	22. Canada.....	1,472,180	1,472,180	1,954,860	2,000,000
	23. Other Countries.....	8,113,380	8,202,100	10,207,751	10,000,000
	24. Totals.....	36,068,259	35,728,151	39,253,161	38,134,864
Parent, Subsidiaries and Affiliates	25. Totals.....				
	26. Total Bonds.....	121,131,063	122,524,537	124,893,439	129,579,212
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....				
	28. Canada.....				
	29. Other Countries.....				
	30. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....				
	32. Canada.....				
	33. Other Countries.....				
	34. Totals.....	0	0	0	0
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	535,000	535,000	500,000	
	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	535,000	535,000	500,000	
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. Total Preferred Stocks.....	535,000	535,000	500,000	
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....	251,987	251,987	260,164	
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	251,987	251,987	260,164	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	1,992,983	1,992,983	2,174,072	
	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	1,992,983	1,992,983	2,174,072	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	8,332,803	8,332,802	9,259,372	
	50. Canada.....				
	51. Other Countries.....	1,947,684	1,947,684	2,652,077	
	52. Totals.....	10,280,487	10,280,486	11,911,449	
Parent, Subsidiaries and Affiliates	53. Totals.....	26,860,894	26,860,895	20,802,762	
	54. Total Common Stocks.....	39,386,351	39,386,351	35,148,447	
	55. Total Stocks.....	39,921,351	39,921,351	35,648,447	
	56. Total Bonds and Stocks...	161,052,414	162,445,888	160,541,886	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....52,305,376.

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	168,962,428	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	55,855,266	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....	(2,293,991)	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	0
3.3 Column 10, Part 2, Section 2.....	(2,787,439)	7. Book/adjusted carrying value at end of current period.....	161,052,413
3.4 Column 10, Part 4.....	(577,779)	8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....	(320,587)	9. Subtotal (Lines 7 plus 8).....	161,052,413
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4...	57,785,485	10. Total nonadmitted amounts.....	
		11. Statement value of bonds and stocks, current period.....	161,052,413

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.....	1,586	1,766	248	(5)	41		19	113	XXX.....
2. 1993.....	82,795	10,327	72,468	53,178	6,703	3,693	88	4,608	2	1,725	54,686	XXX.....
3. 1994.....	76,267	7,586	68,681	50,170	6,320	3,776	296	4,149	22	1,937	51,457	XXX.....
4. 1995.....	69,585	6,605	62,979	43,384	5,256	3,425	512	4,198	13	1,653	45,226	XXX.....
5. 1996.....	66,191	6,139	60,052	45,055	5,813	3,060	106	4,226	66	1,786	46,356	XXX.....
6. 1997.....	61,918	4,479	57,440	36,604	4,139	2,322	55	4,427	33	1,660	39,126	XXX.....
7. 1998.....	57,705	2,287	55,417	34,858	4,041	1,792	17	4,566	57	1,529	37,101	XXX.....
8. 1999.....	59,891	4,528	55,363	31,780	1,759	1,565	10	4,507	31	1,506	36,052	XXX.....
9. 2000.....	63,101	4,017	59,084	33,471	2,627	1,079	6	4,742	39	1,596	36,619	XXX.....
10. 2001.....	71,259	3,483	67,777	33,555	2,143	577		5,108	37	1,458	37,060	XXX.....
11. 2002.....	83,029	2,405	80,625	29,954	40	181		4,953		829	35,048	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	393,595	40,609	21,717	1,085	45,526	301	15,698	418,843	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	8,731	3,870	3,803	1,537			215	17	139			7,465	XXX.....
2. 1993.....	459	92	711				287	3	12			1,374	XXX.....
3. 1994.....	449	48	485				124		24			1,034	XXX.....
4. 1995.....	617	30	285				87		28			987	XXX.....
5. 1996.....	474		339				158		43			1,013	XXX.....
6. 1997.....	649	8	423	11			188		57			1,298	XXX.....
7. 1998.....	1,050	117	672	63			206		108	2		1,852	XXX.....
8. 1999.....	1,969	58	1,122	204			427		223	2		3,476	XXX.....
9. 2000.....	3,541	541	2,101	624			887	0	485	1		5,848	XXX.....
10. 2001.....	5,105	76	4,511	426			1,519		913	1		11,546	XXX.....
11. 2002.....	10,327	15	9,391	261			2,392		2,464			24,297	XXX.....
12. Totals..	33,370	4,855	23,841	3,125	0	0	6,491	20	4,495	6	0	60,191	XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....			XXX.....	7,127	338
2. 1993.....	62,947	6,888	56,059	76.0	66.7	77.4			19.00	1,078	296
3. 1994.....	59,177	6,685	52,492	77.6	88.1	76.4			19.00	886	148
4. 1995.....	52,024	5,811	46,213	74.8	88.0	73.4			19.00	871	115
5. 1996.....	53,355	5,986	47,369	80.6	97.5	78.9			19.00	813	201
6. 1997.....	44,670	4,246	40,424	72.1	94.8	70.4			19.00	1,053	245
7. 1998.....	43,251	4,298	38,953	75.0	187.9	70.3			19.00	1,541	311
8. 1999.....	41,593	2,065	39,528	69.4	45.6	71.4			19.00	2,829	647
9. 2000.....	46,304	3,837	42,467	73.4	95.5	71.9			19.00	4,477	1,371
10. 2001.....	51,289	2,683	48,606	72.0	77.0	71.7			19.00	9,114	2,432
11. 2002.....	59,661	316	59,345	71.9	13.1	73.6			19.00	19,442	4,856
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	49,231	10,960

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	11 One Year	12 Two Year
1. Prior.....	50,313	51,145	51,276	51,308	51,194	51,427	51,126	51,013	51,095	53,833	2,738	2,820
2. 1993.....	52,108	51,183	50,142	50,545	50,446	50,517	50,724	50,848	50,757	51,442	684	594
3. 1994.....	XXX	50,675	49,287	49,567	48,859	48,603	48,433	48,273	48,291	48,341	50	67
4. 1995.....	XXX	XXX	45,157	43,970	43,187	42,719	42,197	42,239	41,873	42,000	127	(239)
5. 1996.....	XXX	XXX	XXX	46,305	44,872	44,034	43,429	43,018	42,930	43,166	236	148
6. 1997.....	XXX	XXX	XXX	XXX	39,191	37,075	36,137	35,809	35,664	35,973	309	164
7. 1998.....	XXX	XXX	XXX	XXX	XXX	37,840	34,801	34,083	34,147	34,338	191	255
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	36,834	34,287	34,319	34,832	513	546
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	38,367	37,276	37,281	5	(1,086)
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	42,920	42,622	(298)	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	51,928	XXX	XXX
12. Totals.....											4,556	3,269

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior.....	.000	17,365	28,371	35,055	39,334	42,023	43,957	45,433	46,435	46,507	XXX	XXX
2. 1993.....	24,550	34,559	39,984	44,055	46,555	47,947	48,482	48,835	49,022	50,080	XXX	XXX
3. 1994.....	XXX	24,874	34,354	39,627	42,961	44,922	46,112	46,780	47,129	47,330	XXX	XXX
4. 1995.....	XXX	XXX	21,658	30,549	34,882	37,872	39,302	40,215	40,644	41,041	XXX	XXX
5. 1996.....	XXX	XXX	XXX	23,880	32,380	36,408	39,098	40,623	41,487	42,195	XXX	XXX
6. 1997.....	XXX	XXX	XXX	XXX	20,347	26,676	29,819	32,046	33,687	34,732	XXX	XXX
7. 1998.....	XXX	XXX	XXX	XXX	XXX	19,544	25,811	28,971	31,110	32,591	XXX	XXX
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	19,421	25,449	28,762	31,576	XXX	XXX
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	21,195	28,533	31,917	XXX	XXX
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,181	31,988	XXX	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30,095	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior.....	24,748	16,499	9,868	6,724	4,551	3,232	1,649	1,047	695	2,465
2. 1993.....	17,387	9,755	4,864	3,117	2,077	1,422	1,556	1,583	1,317	995
3. 1994.....	XXX	16,558	8,546	5,378	3,142	1,961	1,210	862	674	609
4. 1995.....	XXX	XXX	14,666	8,314	4,314	2,663	1,485	958	554	372
5. 1996.....	XXX	XXX	XXX	13,538	7,720	4,149	2,444	1,302	706	497
6. 1997.....	XXX	XXX	XXX	XXX	12,086	6,536	3,178	1,861	976	600
7. 1998.....	XXX	XXX	XXX	XXX	XXX	11,073	4,857	2,417	1,288	814
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	9,684	4,371	2,101	1,344
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,080	4,596	2,364
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,299	5,604
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,522

ANNUAL STATEMENT FOR THE YEAR 2002 OF TIAMERICAN HARDWARE MUTUAL INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	YES		(1,835)		48,281	(68,318)	569,050		
2. Alaska.....AK	YES	98,765	12,346		1,449	1,449			
3. Arizona.....AZ	YES	1,395,517	1,467,494		2,457,479	2,897,587	1,510,935	1,264	
4. Arkansas.....AR	YES	9	9			2	15,002		
5. California.....CA	YES	12,835,531	12,124,498		5,598,975	6,654,865	8,999,008	39,950	
6. Colorado.....CO	YES	5,504,097	4,835,876	11,747	4,161,844	3,591,377	3,395,331	5,013	
7. Connecticut.....CT	YES	1,088,680	1,026,822	21,364	689,894	1,926,413	2,622,432	2,087	
8. Delaware.....DE	YES	97,395	98,369	781	66,211	288,595	352,331	186	
9. District of Columbia.....DC	YES		88						
10. Florida.....FL	YES	12,585	27,157		225,530	832,503	1,675,009	48	
11. Georgia.....GA	YES				121,690	65,238	149,196		
12. Hawaii.....HI	NO								
13. Idaho.....ID	YES	2,961,792	2,649,796		1,015,475	1,723,191	1,670,278	4,493	
14. Illinois.....IL	YES	2,042,397	1,945,778	53,228	992,311	1,292,248	4,868,513	2,607	
15. Indiana.....IN	YES	723,664	631,869	7,008	157,148	461,324	642,620	430	
16. Iowa.....IA	YES	1,656,434	1,360,452	28,464	374,614	581,280	434,246	956	
17. Kansas.....KS	YES	351	351		12,209	12,204	0	5	
18. Kentucky.....KY	YES	1,861,993	1,794,093		1,014,466	1,155,152	2,222,716	5,236	
19. Louisiana.....LA	YES	550	550		20,935	3,586,443	3,912,458		
20. Maine.....ME	YES	300	295		41,823	21,486	199,367		
21. Maryland.....MD	YES	611,848	531,434		154,932	194,552	184,925	791	
22. Massachusetts.....MA	YES	3,562,180	3,354,515		1,261,019	1,221,568	2,116,373	15,267	
23. Michigan.....MI	YES	1,534,133	1,381,313	20,234	1,059,218	808,662	1,377,109	1,482	
24. Minnesota.....MN	YES	2,157,582	2,242,216	12,730	1,082,538	861,674	4,715,667	7,360	
25. Mississippi.....MS	YES					(25)	47		
26. Missouri.....MO	YES	2,757	2,770		3,949	4,031	16,046		
27. Montana.....MT	YES	8,341	5,740		12,289	17,409	123,456		
28. Nebraska.....NE	YES	323,039	146,813		62,334	90,891	36,577		
29. Nevada.....NV	YES	2,857,552	2,689,595	19,787	4,119,144	3,271,393	2,503,254	4,971	
30. New Hampshire.....NH	YES	1,642,634	1,525,953		912,712	701,476	1,307,631	4,965	
31. New Jersey.....NJ	YES	1,224,366	1,172,687	22,767	1,516,076	1,790,293	6,716,123	3,053	
32. New Mexico.....NM	YES	1,810	18,189		8,511	14,554	9,503		
33. New York.....NY	YES	4,714,817	4,554,659	101,790	2,417,380	2,920,319	7,906,624	8,353	
34. North Carolina.....NC	YES	9,199	7,734		73,232	20,299	410,421	37	
35. North Dakota.....ND	YES	604,486	928,096		219,146	(123,064)	837,867	2,347	
36. Ohio.....OH	YES	3,277,996	3,095,262		1,402,927	1,479,369	1,777,867	6,718	
37. Oklahoma.....OK	YES	11,915	12,254			122	321		
38. Oregon.....OR	YES	8,320,313	7,523,730	12,176	3,166,256	3,145,406	5,466,632	13,191	
39. Pennsylvania.....PA	YES	1,047,494	929,234	36,024	1,418,442	760,980	1,173,130	2,576	
40. Rhode Island.....RI	YES	100	100			(2)	0		
41. South Carolina.....SC	YES	238,847	288,258		49,128	251,865	526,692	600	
42. South Dakota.....SD	YES	116,108	174,934	3,617	102,657	187,396	894,658	250	
43. Tennessee.....TN	YES	7,419	7,420		33,175	11,988	257,221		
44. Texas.....TX	YES	941,880	343,212		288,897	327,184	573,597		
45. Utah.....UT	YES	163,084	314,238		27,904	(10,663)	121,733	404	
46. Vermont.....VT	YES	117,404	114,137		64,502	40,966	130,854	404	
47. Virginia.....VA	YES	811,789	783,052	12,113	240,229	272,461	365,447	1,492	
48. Washington.....WA	YES	3,817,586	3,428,977		1,290,205	1,473,043	2,172,817	9,150	
49. West Virginia.....WV	YES	77,178	33,907		1,755	3,349	3,108	48	
50. Wisconsin.....WI	YES	4,605,159	4,544,439	147,411	2,855,730	2,525,594	4,047,554	8,959	
51. Wyoming.....WY	YES	11,235	11,159			19	661		
52. American Samoa.....AS	NO								
53. Guam.....GU	NO								
54. Puerto Rico.....PR	NO								
55. US Virgin Islands.....VI	NO								
56. Canada.....CN	NO								
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
58. Totals.....	(a).....50	73,100,313	68,140,032	511,241	40,844,620	47,286,149	79,012,406	154,692	0

DETAILS OF WRITE-INS

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

Explanation of Basis of Allocation of Premiums by States, etc.

Premiums are allocated based upon the annual statement lines of business as follows: 1,2,4,5,9,12,16,26 and 31 on location of risk; 13 on place of employment; 15 on address to which billing notice is sent; 17 and 18 on location of insured's operation; 19 and 21 on location of principal garaging; 23 on location of employer; 24 on location of obligee; 3,6,8,10,11,14,22,27 and 28 there are no direct premiums written.

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

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

PART 1 – ORGANIZATIONAL CHART

**The Motorists Insurance Group
Organizational Chart**

