



# ANNUAL STATEMENT

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

## Cincinnati Equitable Insurance Company

NAIC Group Code..... 838, (Current Period) (Prior Period) NAIC Company Code..... 16721 Employer's ID Number..... 31-0239840

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

Country of Domicile US

Incorporated..... January 24, 1827

Commenced Business..... April 17, 1826

Statutory Home Office 525 Vine Street ..... Cincinnati ..... OH ..... 45202  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 525 Vine Street ..... Cincinnati ..... OH ..... 45202  
(Street and Number) (City or Town, State and Zip Code)

513-621-1826  
(Area Code) (Telephone Number)

Mail Address P.O. Box 3428 ..... Cincinnati ..... OH ..... 45201-3428  
(Street and Number or P. O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 525 Vine Street ..... Cincinnati ..... OH ..... 45202  
(Street and Number) (City or Town, State and Zip Code)

513-621-1826  
(Area Code) (Telephone Number)

Internet Website Address

Statement Contact Gregory Allen Baker  
(Name)

513-621-1826  
(Area Code) (Telephone Number) (Extension)

(E-Mail Address)

(Fax Number)

Policyowner Relations Contact ..... (Street and Number) (City or Town, State and Zip Code)

(Area Code) (Telephone Number) (Extension)

### OFFICERS

President ..... James Wesley Ketring

Treasurer ..... Gregory Allen Baker

Secretary ..... Linda S. Bales #

### VICE PRESIDENTS

Janet Strausbaugh Brown  
Teresa Grace Brown

Bryan David Williams

William McAfee Sharp

Kenneth Andrew Uveges

### DIRECTORS OR TRUSTEES

Walter George Alpaugh  
Robert Michael Hutzelman

Peter Allen Alpaugh

Gregory Allen Baker

James Wesley Ketring

State of Ohio  
County of Hamilton

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

\_\_\_\_\_  
(Signature)  
James Wesley Ketring  
\_\_\_\_\_  
(Printed Name)  
President

\_\_\_\_\_  
(Signature)  
Linda S. Bales  
\_\_\_\_\_  
(Printed Name)  
Secretary

\_\_\_\_\_  
(Signature)  
Gregory Allen Baker  
\_\_\_\_\_  
(Printed Name)  
Treasurer

Subscribed and sworn to before me this  
17th 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.....

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds.....	11,632,609		11,632,609	11,801,967
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	2,162,527		2,162,527	1,399,154
2.2 Common stocks (Schedule D, Part 2, Section 2).....	14,819,620		14,819,620	14,588,530
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 (\$.....1,158,473 Schedule E, Part 1) and short-term investments (\$.....742,114 Schedule DA, Part 2).....	1,900,587		1,900,587	929,232
6. Other invested assets (Schedule BA).....			0	
7. Receivable for securities.....			0	
8. Aggregate write-ins for invested assets.....	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	30,515,342	0	30,515,342	28,718,883
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	1,290,023	31,529	1,258,494	1,034,981
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	2,527,187		2,527,187	3,096,628
10.3 Accrued retrospective premiums.....			0	
11. Funds held by or deposited with reinsured companies.....			0	
12. Bills receivable, taken for premiums.....	29,831		29,831	23,546
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).....	514,330		514,330	712,094
15. Federal and foreign income tax recoverable and interest thereon (including \$.....387,000 net deferred tax asset).....	487,000		487,000	110,600
16. Guaranty funds receivable or on deposit.....			0	
17. Electronic data processing equipment and software.....	93,028		93,028	107,884
18. Interest, dividends and real estate income due and accrued.....	229,171		229,171	196,895
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....			0	154,437
21. Amount due from/to protected cells.....			0	
22. Equities and deposits in pools and associations.....			0	
23. Amounts receivable relating to uninsured accident and health plans.....			0	
24. Other assets nonadmitted (Exhibit 1).....	444,495	444,495	0	
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding protected cell assets (Lines 9 through 25).....	36,130,408	476,024	35,654,383	34,155,948
27. Protected cell assets.....			0	
28. TOTALS (Lines 26 and 27).....	36,130,408	476,024	35,654,383	34,155,948

**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. Receivable from MGAs.....			0	
2502. ....			0	
2503. ....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	0	0

**Cincinnati Equitable Insurance Company**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	4,468,515	3,051,457
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	695,116	594,181
4. Commissions payable, contingent commissions and other similar charges.....	475,894	399,064
5. Other expenses (excluding taxes, licenses and fees).....	181,337	274,557
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	187,676	202,030
7. Federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) (including \$.....0 net deferred tax liability).....		
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 \$...661,281 and including warranty reserves of \$.....0).....	6,562,047	4,962,723
10. Advance premiums.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	373,919	1,347,670
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....	8,467	8,450
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	130,042	186,284
20. Payable for securities.....		
21. Liability for amounts held under uninsured accident and health plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	1,405,302	1,460,676
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	14,488,315	12,487,092
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	14,488,315	12,487,092
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	1,000,000	1,000,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	9,753,831	9,753,831
33. Unassigned funds (surplus).....	10,412,237	10,915,027
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).....	21,166,068	21,668,858
36. TOTALS (Page 2, Line 28, Col. 3).....	35,654,383	34,155,950

**DETAILS OF WRITE-INS**

2301. Asset One Returnable Deposits.....	1,405,302	1,451,676
2302. Premium Deficiency.....		9,000
2303. ....		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	1,405,302	1,460,676
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

**UNDERWRITING AND INVESTMENT EXHIBIT**

	1 Current Year	2 Prior Year
<b>STATEMENT OF INCOME</b>		
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 34, Column 4).....	15,809,539	12,968,247
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	10,819,966	8,894,602
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	1,401,508	956,389
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	5,880,236	5,252,009
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	18,101,710	15,102,999
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(2,292,171)	(2,134,752)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	1,265,948	1,173,885
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	(420,948)	(227,396)
11. Net investment gain (loss) (Lines 9 + 10).....	845,000	946,489
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....38,300).....	(38,300)	(49,544)
13. Finance and service charges not included in premiums.....	963,522	893,482
14. Aggregate write-ins for miscellaneous income.....	0	0
15. Total other income (Lines 12 through 14).....	925,222	843,938
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	(521,949)	(344,325)
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	(521,949)	(344,325)
19. Federal and foreign income taxes incurred.....	(140,494)	(41,138)
20. Net income (Line 18 minus Line 19) (to Line 22).....	(381,455)	(303,187)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	21,668,857	21,930,552
<b>GAINS AND (LOSSES) IN SURPLUS</b>		
22. Net income (from Line 20).....	(381,455)	(303,187)
23. Net unrealized capital gains or (losses).....	433,794	155,607
24. Change in net unrealized foreign exchange capital gains (loss).....		
25. Change in net deferred income tax.....	319,000	99,600
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	(374,128)	(82,116)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
28. Change in surplus notes.....		
29. Surplus (contributed to) withdrawn from protected cells.....		
30. Cumulative effect of changes in accounting principles.....		(31,600)
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.....	(500,000)	(100,000)
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).....	(502,790)	(261,695)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	21,166,068	21,668,857

**DETAILS OF WRITE-INS**

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

# Cincinnati Equitable Insurance Company

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	16,749,912	13,088,366
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	10,505,717	10,013,139
3. Underwriting expenses paid.....	5,895,414	5,338,303
4. Other underwriting income (expenses).....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	348,781	(2,263,076)
6. Net investment income.....	1,268,271	1,188,468
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(38,300)	(49,544)
7.2 Net funds held under reinsurance treaties.....		
7.3 Net amount withheld or retained for account of others.....	17	(4,433)
7.4 Aggregate write-ins for miscellaneous items.....	963,522	893,482
7.5 Total other income (Lines 7.1 to 7.4).....	925,239	839,505
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....	83,094	(137,462)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	2,625,386	(372,565)
<b>CASH FROM INVESTMENTS</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	6,546,293	3,139,176
11.2 Stocks.....	4,894,044	5,021,465
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.....		307
11.7 Miscellaneous proceeds.....	(16,266)	
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	11,424,071	8,160,948
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	6,486,967	3,320,561
12.2 Stocks.....	5,788,161	5,034,851
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Miscellaneous applications.....		
12.7 Total investments acquired (Lines 12.1 to 12.6).....	12,275,128	8,355,412
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(851,057)	(194,464)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
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.....	154,437	45,895
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	3,504	30,550
14.6 Total (Lines 14.1 to 14.5).....	157,941	76,445
15. Cash applied:		
15.1 Dividends to stockholders paid.....	500,000	100,000
15.2 Net transfers to affiliates.....	56,242	
15.3 Borrowed funds repaid.....		
15.4 Other applications.....	404,669	96,883
15.5 Total (Lines 15.1 to 15.4).....	960,911	196,883
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	(802,970)	(120,438)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	971,358	(687,467)
18. Cash and short-term investments:		
18.1 Beginning of year.....	929,228	1,616,695
18.2 End of year (Line 17 plus Line 18.1).....	1,900,586	929,228
<b>DETAILS OF WRITE-INS</b>		
7.401 Service Fee Income.....	963,522	893,482
7.402 .....		
7.403 .....		
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	0	0
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	963,522	893,482

**Cincinnati Equitable 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.....	167,069	68,808	85,921	149,956
2.	Allied lines.....				0
3.	Farmowners multiple peril.....				0
4.	Homeowners multiple peril.....	3,020,148	1,027,290	1,681,073	2,366,366
5.	Commercial multiple peril.....				0
6.	Mortgage guaranty.....				0
8.	Ocean marine.....				0
9.	Inland marine.....				0
10.	Financial guaranty.....				0
11.1	Medical malpractice - occurrence.....				0
11.2	Medical malpractice - claims-made.....				0
12.	Earthquake.....				0
13.	Group accident and health.....				0
14.	Credit accident and health (group and individual).....				0
15.	Other accident and health.....				0
16.	Workers' compensation.....				0
17.1	Other liability - occurrence.....	16,958	8,832	10,653	15,138
17.2	Other liability - claims-made.....				0
18.1	Products liability - occurrence.....				0
18.2	Products liability - claims-made.....				0
19.1, 19.2	Private passenger auto liability.....	8,887,712	2,479,807	2,981,837	8,385,683
19.3, 19.4	Commercial auto liability.....				0
21.	Auto physical damage.....	5,316,975	1,377,986	1,802,564	4,892,397
22.	Aircraft (all perils).....				0
23.	Fidelity.....				0
24.	Surety.....				0
26.	Burglary and theft.....				0
27.	Boiler and machinery.....				0
28.	Credit.....				0
29.	International.....				0
30.	Reinsurance - nonproportional assumed property.....				0
31.	Reinsurance - nonproportional assumed liability.....				0
32.	Reinsurance - nonproportional assumed financial lines.....				0
33.	Aggregate write-ins for other lines of business.....	0	0	0	0
34.	TOTALS.....	17,408,863	4,962,723	6,562,047	15,809,539

**DETAILS OF WRITE-INS**

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

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

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....	85,921				85,921
2.	Allied lines.....					0
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....	1,681,073				1,681,073
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....					0
10.	Financial guaranty.....					0
11.1	Medical malpractice - occurrence.....					0
11.2	Medical malpractice - claims-made.....					0
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....					0
17.1	Other liability - occurrence.....	10,653				10,653
17.2	Other liability - claims-made.....					0
18.1	Products liability - occurrence.....					0
18.2	Products liability - claims-made.....					0
19.1, 19.2	Private passenger auto liability.....	2,981,837				2,981,837
19.3, 19.4	Commercial auto liability.....					0
21.	Auto physical damage.....	1,802,564				1,802,564
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....					0
27.	Boiler and machinery.....					0
28.	Credit.....					0
29.	International.....					0
30.	Reinsurance - nonproportional assumed property.....					0
31.	Reinsurance - nonproportional assumed liability.....					0
32.	Reinsurance - nonproportional assumed financial lines.....					0
33.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
34.	<b>TOTALS.....</b>	<b>6,562,047</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,562,047</b>
35.	Accrued retrospective premiums based on experience.....					
36.	Earned but unbilled premiums.....					
37.	Balance (sum of Lines 34 through 36).....					6,562,047

**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.	<b>TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above).....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Cincinnati Equitable 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.....	197,407				30,338	167,069
2. Allied lines.....						0
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	3,548,390				528,241	3,020,148
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....						0
10. Financial guaranty.....						0
11.1 Medical malpractice - occurrence.....						0
11.2 Medical malpractice - claims-made.....						0
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....	48,799				31,841	16,958
17.2 Other liability - claims-made.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	10,781,715				1,894,003	8,887,712
19.3, 19.4 Commercial auto liability.....						0
21. Auto physical damage.....	5,898,402				581,427	5,316,975
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....						0
28. Credit.....						0
29. International.....						0
30. Reinsurance - nonproportional assumed property.....	.XXX					0
31. Reinsurance - nonproportional assumed liability.....	.XXX					0
32. Reinsurance - nonproportional assumed financial lines.....	.XXX					0
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
34. TOTALS.....	20,474,713	0	0	0	3,065,850	17,408,863

**DETAILS OF WRITE-INS**

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

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

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.

**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.....	119,812			119,812	17,109	34,805	102,116	0.7
2. Allied lines.....				0			0	
3. Farmowners multiple peril.....				0			0	
4. Homeowners multiple peril.....	2,625,299		913,428	1,711,871	247,586	346,100	1,613,357	0.7
5. Commercial multiple peril.....				0			0	
6. Mortgage guaranty.....				0			0	
8. Ocean marine.....				0			0	
9. Inland marine.....				0			0	
10. Financial guaranty.....				0			0	
11.1 Medical malpractice - occurrence.....				0			0	
11.2 Medical malpractice - claims-made.....				0			0	
12. Earthquake.....				0			0	
13. Group accident and health.....				0			0	
14. Credit accident and health (group and individual).....				0			0	
15. Other accident and health.....				0			0	
16. Workers' compensation.....				0			0	
17.1 Other liability - occurrence.....				0	50,000	50,000	0	
17.2 Other liability - claims-made.....				0			0	
18.1 Products liability - occurrence.....				0			0	
18.2 Products liability - claims-made.....				0			0	
19.1, 19.2 Private passenger auto liability.....	7,092,650		2,507,384	4,585,266	3,852,704	2,352,874	6,085,096	0.7
19.3, 19.4 Commercial auto liability.....				0			0	
21. Auto physical damage.....	3,514,249		528,290	2,985,959	301,116	267,678	3,019,397	0.6
22. Aircraft (all perils).....				0			0	
23. Fidelity.....				0			0	
24. Surety.....				0			0	
26. Burglary and theft.....				0			0	
27. Boiler and machinery.....				0			0	
28. Credit.....				0			0	
29. International.....				0			0	
30. Reinsurance - nonproportional assumed property.....	.XXX			0			0	
31. Reinsurance - nonproportional assumed liability.....	.XXX			0			0	
32. Reinsurance - nonproportional assumed financial lines.....	.XXX			0			0	
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
34. TOTALS.....	13,352,009	0	3,949,102	9,402,908	4,468,515	3,051,457	10,819,966	0.7

**DETAILS OF WRITE-INS**

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

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0	17,109			17,109	5,303
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	351,086		179,404	171,682	110,481	34,577		247,586	67,353
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....				0				0	
10. Financial guaranty.....				0				0	
11.1 Medical malpractice - occurrence.....				0				0	
11.2 Medical malpractice - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....				0	50,000			50,000	2,000
17.2 Other liability - claims-made.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	4,149,751		1,079,786	3,069,965	1,030,249	247,510		3,852,704	565,454
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....	207,922		19,680	188,242	134,768	21,894		301,116	55,006
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
31. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
34. TOTALS.....	4,708,759	0	1,278,870	3,429,889	1,342,607	303,981		4,468,515	695,116

**DETAILS OF WRITE-INS**

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

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

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	824,065			824,065
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	356,253			356,253
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	467,812	0	0	467,812
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		3,016,385		3,016,385
2.2 Reinsurance assumed excluding contingent.....				0
2.3 Reinsurance ceded excluding contingent.....		786,797		786,797
2.4 Contingent - direct.....		101,783		101,783
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....				0
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	2,331,370	0	2,331,370
3. Allowances to managers and agents.....		81,098		81,098
4. Advertising.....	252	14,525	252	15,030
5. Boards, bureaus and associations.....	2,906	90,045	4,779	97,730
6. Surveys and underwriting reports.....	532	246,444		246,976
7. Audit of assureds' records.....	6,938	32,379	6,938	46,256
8. Salary and related items:				
8.1 Salaries.....	545,183	1,441,628	25,278	2,012,089
8.2 Payroll taxes.....	44,363	104,674	2,136	151,172
9. Employee relations and welfare.....	62,635	133,238	2,438	198,311
10. Insurance.....	216	31,326	1,364	32,906
11. Directors' fees.....	975	4,550	975	6,500
12. Travel and travel items.....	19,592	146,790	2,407	168,788
13. Rent and rent items.....	79,127	123,942	9,134	212,203
14. Equipment.....	85,841	167,263	(5,604)	247,500
15. Cost or depreciation of EDP equipment and software.....	15,980	75,469	16,127	107,576
16. Printing and stationery.....	10,385	154,435	5,678	170,498
17. Postage, telephone and telegraph, exchange and express.....	50,639	362,657	1,112	414,408
18. Legal and auditing.....	8,040	7,544	31,361	46,945
19. Totals (Lines 3 to 18).....	933,605	3,218,005	104,376	4,255,986
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....	2	313,690		313,692
20.2. Insurance department licenses and fees.....	8	25,471		25,479
20.3. Gross guaranty association assessments.....	82	699	82	862
20.4. All other (excluding federal and foreign income and real estate).....				0
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	91	339,860	82	340,033
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured accident and health plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	0	(9,000)	0	(9,000)
25. Total expenses incurred.....	1,401,508	5,880,236	104,457	(a).....7,386,201
26. Less unpaid expenses - current year.....	695,116	792,787	52,119	1,540,022
27. Add unpaid expenses - prior year.....	594,181	782,620	67,686	1,444,487
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).....	1,300,573	5,870,069	120,024	7,290,666

## DETAILS OF WRITE-INS

2401. Change in Premium Deficiency Reserves.....		(9,000)		(9,000)
2402. ....				0
2403. ....				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	0	(9,000)	0	(9,000)

(a) Includes management fees of \$.....60,000 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).....105,647	.....109,429
1.1 Bonds exempt from U.S. tax.....	(a).....206,028	.....183,971
1.2 Other bonds (unaffiliated).....	(a).....404,461	.....433,966
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....196,522	.....210,043
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....41,820	.....42,249
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash/short-term investments.....	(e).....4,372	.....11,467
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....379,279	.....379,279
10. Total gross investment income.....	.....1,338,129	.....1,370,405
11. Investment expenses.....	.....	(g).....104,376
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....82
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).....	.....	.....104,457
17. Net investment income (Line 10 minus Line 16).....	.....	.....1,265,948

## DETAILS OF WRITE-INS

0901. Interest and Fees from MGA.....	.....308,430	.....308,430
0902. Lease Income.....	.....70,849	.....70,849
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).....	.....379,279	.....379,279
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 \$.....11,630 accrual of discount less \$.....61,795 amortization of premium and less \$.....100,821 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 \$.....7,648 amortization of premium and less \$.....2,205 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.....	.....44,513	.....	.....	.....	.....44,513
1.1 Bonds exempt from U.S. tax.....	.....75,372	.....	.....	.....	.....75,372
1.2 Other bonds (unaffiliated).....	.....(131,959)	.....	.....	.....(47,793)	.....(179,752)
1.3 Bonds of affiliates.....	.....	.....	.....	.....	.....0
2.1 Preferred stocks (unaffiliated).....	.....(167,082)	.....	.....	.....25,480	.....(141,602)
2.11 Preferred stocks of affiliates.....	.....	.....	.....	.....	.....0
2.2 Common stocks (unaffiliated).....	.....(230,441)	.....	.....	.....(8,423)	.....(238,864)
2.21 Common stocks of affiliates.....	.....	.....	.....	.....464,529	.....464,529
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).....	.....(11,352)	.....0	.....0	.....0	.....(11,352)
10. Total capital gains (losses).....	.....(420,948)	.....0	.....0	.....433,794	.....12,846

## DETAILS OF WRITE-INS

0901. Sale of Fixed Assets.....	.....(11,352)	.....	.....	.....	.....(11,352)
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).....	.....(11,352)	.....0	.....0	.....0	.....(11,352)

**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.....	31,529	6,686	(24,843)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....			.0
2.2 Furniture, equipment and supplies.....	444,495	95,210	(349,285)
2.3 Leasehold improvements.....			.0
2.4 Loans on personal security, endorsed or not.....			.0
3. Total (Lines 2.1 to 2.4).....	444,495	95,210	(349,285)
4. Aggregate write-ins for other assets.....	.0	.0	.0
5. Total (Line 1 plus Lines 3 and 4).....	476,024	101,896	(374,128)

**DETAILS OF WRITE-INS**

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

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## NOTES TO FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

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

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. The State of Ohio has not adopted and prescribed or permitted practices that differ from NAIC SAP.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make certain estimates and assumptions that effect 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 premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

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 interest method.
- (3) Common Stocks 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 generally stated market value.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.
- (6) Loan-backed securities are stated at either amortized cost or the lower or amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (7) The Company owns 100% of Cincinnati Equitable Life Insurance Company, an Ohio domiciled life insurance company, and 100% of Southern Michigan Insurance Company, a Michigan domiciled property & casualty insurance company. The Company also indirectly owns 100% of Lakeland Insurance Company, a Pennsylvania domiciled property & casualty insurance company.
- (8) The Company has no interest in Joint Ventures.
- (9) All derivatives, if any, are stated at fair value.
- (10) The Company does not anticipate investment income as a factor in the premium deficiency calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

### 2. Accounting Changes and Corrections of Errors

#### A. Correction of errors

The Company made no corrections of prior period financial statements.

#### B. Cumulative effect of change in accounting principles

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

The Company made no changes in Accounting Principals in 2002.

### 3. Business Combinations and Goodwill

The Company has not participated in a business combination in the current year.

### 4. Discontinued Operations

The Company had no discontinued operations in the current year.

### 5. Investments

## NOTES TO FINANCIAL STATEMENTS

- A. Mortgage Loans  
The Company has no new Mortgage Loans or Loans in default.
- B. Debt Restructuring  
The Company has not restructured any debt in the current year.
- C. Reverse Mortgages  
The Company has no Reverse Mortgages.
- D. Loan-Backed Securities  
The Company has no Loan-Backed Securities.
- E. Repurchase Agreements  
The Company has no Repurchase Agreements.

### 6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no Joint Ventures, Partnerships or Limited Liability Companies.

### 7. Investment Income

The Company has no excluded investment income due and accrued.

### 8. Derivative Instruments

The Company has no investments in derivative financial instruments.

### 9. Income Taxes

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

	2002	2001
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$719,000	\$464,000
(2) Total of all deferred tax liabilities	332,000	396,000
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10	0	0
(4) Increase (decrease) in deferred tax assets nonadmitted	\$ 0	0

B. All Deferred tax liabilities are recognized.

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

	2002	2001
(1) Current year expenses	(\$ 100,000)	(\$ 7,000)
(2) Tax Credits	0	0
(3) Current year equity tax	0	0
(4) Prior year under/(over) accrual	( 40,494)	( 34,138)
(5) Current income taxes incurred	(\$ 140,494)	(\$ 41,138)

The main components of the 2002 deferred tax amounts are as follows:

DTAs	Statutory	Tax	Difference	Tax Effect
(6) Reserves	\$11,725,678	\$9,611,138	\$2,114,540	\$ 719,000
(7) Unrealized Losses	0	0	0	0
(8) Total DTAs	\$11,725,678	\$9,611,138	\$2,114,540	719,000
(9) DTAs Nonadmitted				( 0 )
DTLs				
(10) Unrealized Gains	\$16,729,127	\$15,786,974	\$ 942,153	\$ 320,000
(11) Bonds	102,512	51,895	50,617	17,000
(12) Depreciable Assets	298,176	290,643	( 9,178)	( 2,000)
(13) Accrued Dividends	27,253	0	27,253	9,000
(14) Accrued Commissions	396,363	361,606	( 34,757)	( 12,000)
(15) Total DTLs	\$17,553,431	\$16,491,118	\$ 976,088	\$ 332,000

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

DTAs resulting from book/tax differences

	2002	2001	Change
(16) Reserves	\$ 719,000	\$ 464,000	\$ 255,000
(17) Total DTAs	719,000	464,000	255,000
(18) DTAs nonadmitted	0	0	0

DTLs resulting from book/tax differences

	2002	2001	Change
(19) Unrealized Gains	\$ 320,000	\$ 389,000	(\$ 69,000)
(20) Bonds	17,000	18,400	( 1,400)
(21) Depreciable Assets	( 2,000)	3,100	( 5,100)
(22) Accrued dividends	9,000	4,500	4,500
(23) Accrued Commissions	( 12,000)	( 19,000)	7,000
(24) Total DTLs	322,000	396,000	64,000

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

	Amount	Tax Effect
(1) Income before taxes	(\$521,949)	(\$ 177,000)
(2) Book over tax reserves	334,000	114,000
(3) Accrued Commission	( 2,700)	( 1,000)
(4) Dividends received deduction	( 12,000)	( 4,000)
(5) Tax exempt interest	( 184,000)	( 63,000)
(6) Accrual of bond discount	4,000	1,000
(7) Non-Deductible Expenses	89,000	30,000
(8) Taxable Income	(\$293,649)	(\$ 100,000)

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## NOTES TO FINANCIAL STATEMENTS

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E. (1) At December 31, 2002, the Company had no operating loss carry forwards.

(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)	\$ 0
2001 (current year - 1)	\$ 0
2000 (current year -2)	\$ 282,000

F. (1) The Company's federal Income Tax return is consolidated with the following entities:

Cincinnati Equitable Companies, Inc.  
Cincinnati Equitable Insurance Company  
Lakeland Insurance Company  
Southern Michigan Insurance Company

(2) The method of allocation between the companies is subject to a 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 within 90 days from the date the tax return is filed or estimated payments are made.

### 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. Cincinnati Equitable Insurance Company is a wholly owned subsidiary of Cincinnati Equitable Insurance Company, an insurance holding company domiciled in the State of Ohio.
- B. Cincinnati Equitable Insurance Company shares common management with Cincinnati Equitable Life Insurance Company and Lakeland Insurance Company. Certain processing functions are also shared between these these companies, such as accounting, underwriting and mail processing.
- C. Cincinnati Equitable Insurance Company pays \$60,000 per year under a management agreement for the general management of the company. Processing expenses are paid from Cincinnati Equitable Insurance Company and allocated directly to Cincinnati Equitable Life Insurance Company and Lakeland Insurance Company, proportionate to the premium written by these Companies.
- D. At December 31, 2002, the Company reported \$130,042 due to Afiliates. The terms of the settlement require that these amounts be settled within 90 days.
- E. The Company has made no guarantees on behalf of the Parent Company.
- F. Cincinnati Equitable Insurance Company has agreed to provide Management and certain processing functions to Cincinnati Equitable Life Insurance Company and Lakeland Insurance Company(see 10.B. above)
- G. All outstanding stock of Cincinnati Equitable Insurance Company is owned by Cincinnati Equitable Companies, Inc. (see Schedule Y of this statement).
- H. The Company owns no shares of the Parent Companies' outstanding stock.

### 11. Debt

The Company has no outstanding debt.

### 12. Retirement Plans, Deferred Compensation, Postretirement Benefit Plans and Compensated Absences and Other Postretirement Benefit Plans.

- A. Defined Benefit Plan  
The Company has no Defined Benefit Pension Plan.
- B. Other Retirement Plans  
The Company participates in a 401(k) plan sponsored by Cincinnati Equitable Companies, Inc, the Parent Company.

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

- (1) The Company has 1,000,000 shares authorized, 1,000,000 shares issued and 1,000,00 shares outstanding.
- (2) The Company has no preferred stock outstanding.
- (3) Without the approval of the domiciliary commissioner, dividends to the shareholders are limited by the laws of the Company's state of incorporation, Ohio, to \$2,116,606, an amount that is based on restrictions related to statutory surplus.
- (4) Within the limits 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 are no restrictions placed on the Company's surplus, including for whom the surplus is being held, other than the minimum surplus requirements of the state of Ohio.
- (6) There are no advances to surplus.
- (7) The Company holds no stock for special purposes.
- (8) The Company made no changes to special surplus balances from prior years.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 

a. Unrealized gains and losses	\$ 433,794
b. Nonadmitted asset value	(\$ 374,128)
c. Separate account business	\$ 0
d. Asst valuation reserves	\$ 0
e. Provision for reinsurance	\$ 0

### 14. Contingencies

- A. Contingent Commitments  
The Company has no Contingent Commitments.
- B. Assessments  
The Company has been notified of several insolvencies. The actual amount of these insolvencies will not be known until some time in the future. However, the Company has enough information to establish a reasonable estimate of future Guarantee Fund Assessments. The Company has establish a liability of \$21,550 for future Guarantee Fund Assessments.
- C. Gain Contingencies  
The Company has established no contingencies for gains.
- D. All Other Contingencies  
The Company has established no other contingencies.

### 15. Leases

The Company has no material lease commitments.

### 16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

## NOTES TO FINANCIAL STATEMENTS

The Company has no Financial Instruments with Off-Balance Sheet Risk.

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

- A. The Company has not transferred receivable balances.
- B. The Company has no transaction in accordance with SSAP No.18.
- C. The Company has made no wash sale transactions.

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

The Company has no such gain or loss.

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

The Company has no written premium produced by Managing General Agents or Third Party Administrators.

20. Other Items

The Company has no other items to.

21. Events Subsequent

The Company has no events subsequent to the date of these financial statements.

22. Reinsurance

A. Unsecured Reinsurance Recoverable

The Company has the following unsecured reinsurance recoveries which exceed 3% of policyholder's surplus;

NAIC#	Federal ID#	Name	Unsecured Recovery
22969	36-2667627	GE Reinsurance	\$ 742,113

B. Reinsurance Recoverable in Dispute

The Company has no reinsurance recoverable in dispute.

C. Reinsurance Assumed and Ceded

(1)

	Assumed Reinsurance		Ceded Reinsurance		Net	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. All Other	\$ 0	\$ 0	\$ 661,281	\$ 200,810	\$ 661,281	\$ 200,810
c. Total	\$ 0	\$ 0	\$ 661,281	\$ 200,810	\$ 661,281	\$ 200,810
d. Direct Unearned Premium Reserves	\$ 7,223,328					

A. Uncollectable Reinsurance

The Company has no uncollectable Reinsurance.

B. Commutation of Ceded Reinsurance

The Company has no Commuted Reinsurance.

F. Retroactive Reinsurance

The Company has no Retroactive Reinsurance agreements.

23. Retrospectively rated Contracts & Contracts Subject to Redetermination

The Company has no retrospectively rated contracts or contracts subject to redetermination.

24. Change in Incurred Losses and Loss Adjustment Expenses

There have been no significant changes in the Loss and Loss Adjustment Expense reserves for losses incurred in prior accident years.

25. Intercompany Pooling Agreements

The Company has no Intercompany Pooling Agreements.

26. Structured Settlements

The Company currently has no structured settlement agreements.

27. Health Care Receivables

The Company has no health care receivables.

28. Participating Policies

The Company does not write participating policies.

29. Premium Deficiency Reserves

As of December 31, 2002 the Company had liabilities of \$0 related to premium deficiency reserves. The Company does not consider anticipated investment income when calculating its premium deficiency reserves.

30. High Deductables

The Company has not taken a reserve credit for high deductible policies.

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

The Company does not discount its unpaid loss or unpaid loss adjustment expense reserves.

32. Asbestos/Environmental Reserves

The Company has no reserves for asbestos/environmental claims.

33. Subscriber Savings Accounts

The Company does not offer subscriber savings accounts.

34. Multiple Peril Crop Insurance

The Company has no Multiple Peril Crop Insurance exposures.

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	1,129,198	3.7	1,129,198	3.7
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....	561,540	1.8	561,540	1.8
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.....	3,095,696	10.1	3,095,696	10.1
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....		0.0		0.0
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....		0.0		0.0
1.512 Issued by FNMA and FHLMC.....		0.0		0.0
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....		0.0		0.0
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....	316,868	1.0	316,868	1.0
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).....	6,529,306	21.4	6,529,306	21.4
2.2 Unaffiliated foreign securities.....		0.0		0.0
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.....	2,162,527	7.1	2,162,527	7.1
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	2,143,443	7.0	2,143,443	7.0
3.4 Other equity securities:				
3.41 Affiliated.....	12,627,742	41.4	12,627,742	41.4
3.42 Unaffiliated.....	48,434	0.2	48,434	0.2
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.....		0.0		0.0
8. Cash and short-term investments.....	1,900,587	6.2	1,900,587	6.2
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	30,515,341	100.0	30,515,341	100.0

**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES**

**GENERAL**

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

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

1.3 State regulating? Ohio

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

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

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

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). 07/15/1999

3.4 By what department or departments? Ohio

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

4.11 sales of new business? Yes  No

4.12 renewals? Yes  No

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

4.21 sales of new business? Yes  No

4.22 renewals? Yes  No

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

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

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

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

6.2 If yes, give full information: \_\_\_\_\_

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

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

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

1 Nationality	2 Type of Entity

**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?  
 BKD  
 312 Walnut Street, Cincinnati, Ohio 45201
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?  
 Glen Walker of G.M. Walker Actuarial Services - No Affiliation  
 4313 Fruitwood CT., Bowie, MD 20720
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?  
 None
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ X ] 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 [ X ] No [ ]
- 16.2 If answer is yes:
- 16.21 Amount paid as losses or risk adjustment \$.....0
- 16.22 Amount paid as expenses \$.....284
- 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 [ X]..
Common.....	.....1,000,000.000	.....1,000,000.000	.....1.00	.....XXX.....	.....XXX.....XXX.....	.....XXX.....XXX.....

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

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

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

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

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

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

19.31	_____
19.32	_____
19.33	_____
19.34	_____
19.35	_____
19.36	_____
19.37	_____
19.38	_____
19.39	_____

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

21.2 If yes, state the amount thereof at December 31 of the current year: \$.....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
Fifth Third Bank	38 Fountain Square Plaza, Cincinnati, OH 45263
U.S. Bancorp	425 Walnut Street, Cincinnati, OH 45201

**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

**OTHER**

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....51,195

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 Service Office	40,375

24.1 Amount of payments for legal expenses, if any? \$.....1,194

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
Wilson & Markesbery Co., LPA	690

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....28,872

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
Ohio Insurance Institute	28,872

**GENERAL INTERROGATORIES (continued)**

**Part 2 - Property and Casualty Interrogatories**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ ]	No [ X ]
1.2	If yes, indicate premium earned on U.S. business only.	\$.....0	
1.3	What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$.....0	
1.31	Reason for excluding:		
<hr/>			
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$.....0	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$.....0	
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$.....0	
1.62	Total incurred claims	\$.....0	
1.63	Number of covered lives	.....0	
	All years prior to most current three years:		
1.64	Total premium earned	\$.....0	
1.65	Total incurred claims	\$.....0	
1.66	Number of covered lives	.....0	
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$.....0	
1.72	Total incurred claims	\$.....0	
1.73	Number of covered lives	.....0	
	All years prior to most current three years:		
1.74	Total premium earned	\$.....0	
1.75	Total incurred claims	\$.....0	
1.76	Number of covered lives	.....0	
2.1	Does the reporting entity issue both participating and non-participating policies?	Yes [ ]	No [ X ]
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 [ ]	No [ X ]
3.2	Does the reporting entity issue non-assessable policies?	Yes [ ]	No [ X ]
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 [ ]	No [ X ]
4.2	If yes, is the commission paid:		
4.21	Out of Attorney's-in-fact compensation	Yes [ ]	No [ X ] N/A [ ]
4.22	As a direct expense of the exchange	Yes [ ]	No [ X ] N/A [ ]
4.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?		
<hr/>			
4.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?	Yes [ ]	No [ X ]
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? N/A		
<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: Our Reinsurance Carrier uses RMS Cat Modeling System		
<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? Cat Reinsurance - 97.5% pf \$9,750,000 excess \$250,000		
<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 [ X ]	No [ ]
5.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured 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 [ ]	No [ X ]
6.2	If yes, indicate the number of reinsurance contracts containing such provisions.	.....	

**GENERAL INTERROGATORIES (continued)**

**Part 2 - Property and Casualty Interrogatories (continued)**

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

7.2 If yes, give full information:

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

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 [ ] N/A [X]

10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

10.41 From .....0.0 %

10.42 To .....0.0 %

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): \$.....0

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. ....0

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 involved .....0

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: .....

## 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
<b>Gross Premiums Written</b> (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).....	10,830,514	9,865,212	10,029,557	8,204,314	3,040,256
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	6,095,809	5,138,872	4,905,771	3,959,484	1,772,663
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,548,390	2,762,029	2,283,112	1,731,383	1,197,224
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....		2,434,329	10,166,692	10,510,287	11,515,083
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
6. Total (Line 34).....	20,474,713	20,200,442	27,385,132	24,405,468	17,525,226
<b>Net Premiums Written</b> (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).....	8,904,670	6,514,274	4,092,733	2,467,455	1,818,264
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	5,484,044	3,974,549	2,677,666	1,855,163	1,565,062
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,020,148	1,802,175	1,266,112	1,141,417	996,797
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....		2,316,157	9,931,395	10,229,614	2,681,266
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
12. Total (Line 34).....	17,408,863	14,607,155	17,967,906	15,693,649	7,061,389
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	(2,292,171)	(2,134,752)	(1,419,805)	(598,676)	(222,468)
14. Net investment gain (loss) (Line 11).....	845,000	946,490	1,506,963	1,122,753	2,315,255
15. Total other income (Line 15).....	925,222	843,939	882,520	418,515	(13,924)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	(140,494)	(41,138)	348,000	282,999	20,000
18. Net income (Line 20).....	(381,455)	(303,185)	621,678	659,593	2,058,863
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	35,654,383	34,155,950	32,360,182	28,478,018	28,199,790
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	1,258,494	1,034,981	612,777	94,987	104,763
20.2 Deferred and not yet due (Line 10.2).....	2,527,187	3,096,628	1,868,750	567,405	335,968
20.3 Accrued retrospective premiums (Line 10.3).....					11,000
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	14,488,315	12,487,092	10,429,632	8,568,883	8,076,120
22. Losses (Page 3, Lines 1 & 2).....	4,468,515	3,051,457	3,858,059	3,727,761	3,840,112
23. Loss adjustment expenses (Page 3, Line 3).....	695,116	594,181	604,530	572,137	576,239
24. Unearned premiums (Page 3, Line 9).....	6,562,047	4,962,723	3,323,815	1,958,222	1,558,676
25. Capital paid up (Page 3, Lines 28 & 29).....	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	21,166,068	21,668,858	21,930,550	19,909,135	20,123,670
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital.....	21,515,927	21,880,172	22,119,894	20,240,401	20,261,451
28. Authorized control level risk-based capital.....	3,889,976	4,225,000	3,400,641	1,801,737	1,837,071
<b>Percentage Distribution of Cash and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1).....	38.1	41.1	39.6	42.0	39.8
30. Stocks (Lines 2.1 & 2.2).....	55.7	55.7	54.9	50.4	53.7
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).....	6.2	3.2	5.5	7.6	6.5
34. Other invested assets (Line 6).....					
35. Receivable for securities (Line 7).....					
36. Aggregate write-ins for invested assets (Line 8).....					
37. Cash and invested assets (Line 9).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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).....	12,627,742	12,163,213	12,103,112	11,001,282	11,256,241
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.....	12,627,742	12,163,213	12,103,112	11,001,282	11,256,241
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).....	59.7	56.1	55.2	55.3	55.9

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
<b>Capital and Surplus Accounts</b> (Page 4)					
46. Net unrealized capital gains (losses) (Line 23).....	433,794	155,607	1,380,987	(849,870)	(220,910)
47. Dividends to stockholders (Line 34).....	(500,000)	(100,000)			(600,000)
48. Change in surplus as regards policyholders for the year (Line 37).....	(502,790)	(261,694)	2,021,412	(214,536)	2,331,235
<b>Gross Losses Paid</b> (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).....	7,092,650	6,442,051	6,654,552	3,330,035	1,706,379
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,634,060	3,086,503	3,609,739	1,936,275	874,430
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,625,299	1,717,550	979,701	487,983	838,278
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....		1,814,120	6,666,126	8,265,187	8,401,262
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....					
54. Total (Line 34).....	13,352,009	13,060,224	17,910,118	14,019,480	11,820,349
<b>Net Losses Paid</b> (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).....	4,585,266	3,228,633	1,916,123	1,535,474	1,491,983
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,105,771	2,182,783	1,328,501	970,413	837,301
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,711,871	957,143	607,551	433,586	766,042
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....		3,332,645	6,552,636	8,213,129	(217,764)
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....					
60. Total (Line 34).....	9,402,908	9,701,204	10,404,811	11,152,602	2,877,562
<b>Operating Percentages</b> (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
62. Losses incurred (Line 2).....	68.4	68.6	63.5	72.2	53.8
63. Loss expenses incurred (Line 3).....	8.9	7.4	5.0	2.4	6.0
64. Other underwriting expenses incurred (Line 4).....	37.2	40.5	40.1	29.4	43.4
65. Net underwriting gain (loss) (Line 8).....	(14.5)	(16.5)	(8.6)	(3.9)	(3.2)
<b>Other Percentages</b>					
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).....	28.5	30.2	32.1	25.9	42.5
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	77.3	76.0	68.5	74.6	59.9
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).....	82.2	67.4	81.9	78.8	35.1
<b>One Year Loss Development (000 omitted)</b>					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	490	(117)	(670)	(425)	(1,371)
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).....	2.3	(0.5)	(3.4)	(2.1)	(7.7)
<b>Two Year Loss Development (000 omitted)</b>					
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).....	73	(626)	(462)	(1,382)	(2,803)
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).....	0.3	(3.1)	(2.3)	(7.8)	(19.0)

**SCHEDULE D - SUMMARY BY COUNTRY**

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States.....	1,129,198	1,302,175	1,119,993	1,150,000
	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	1,129,198	1,302,175	1,119,993	1,150,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	3,412,564	3,423,280	3,496,712	3,311,180
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	3,412,564	3,423,280	3,496,712	3,311,180
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.....	561,541	575,939	562,448	550,000
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	561,541	575,939	562,448	550,000
Public Utilities (unaffiliated)	17. United States.....				
	18. Canada.....				
	19. Other Countries.....				
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	6,529,307	6,686,363	6,687,275	6,533,204
	22. Canada.....				
	23. Other Countries.....				
	24. Totals.....	6,529,307	6,686,363	6,687,275	6,533,204
Parent, Subsidiaries and Affiliates	25. Totals.....				
	26. <b>Total Bonds.....</b>	<b>11,632,610</b>	<b>11,987,757</b>	<b>11,866,428</b>	<b>11,544,384</b>
<b>PREFERRED STOCKS</b>					
Public Utilities (Unaffiliated)	27. United States.....	426,328	426,328	479,731	
	28. Canada.....				
	29. Other Countries.....				
	30. Totals.....	426,328	426,328	479,731	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....				
	32. Canada.....				
	33. Other Countries.....				
	34. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	1,736,199	1,741,666	1,747,027	
	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	1,736,199	1,741,666	1,747,027	
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. <b>Total Preferred Stocks....</b>	<b>2,162,527</b>	<b>2,167,993</b>	<b>2,226,758</b>	
<b>COMMON STOCKS</b>					
Public Utilities (Unaffiliated)	41. United States.....				
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	1,693,335	1,693,335	450,103	
	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	1,693,335	1,693,335	450,103	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	498,543	498,543	609,006	
	50. Canada.....				
	51. Other Countries.....				
	52. Totals.....	498,543	498,543	609,006	
Parent, Subsidiaries and Affiliates	53. Totals.....	12,627,742	12,627,742	8,572,213	
	54. <b>Total Common Stocks.....</b>	<b>14,819,620</b>	<b>14,819,620</b>	<b>9,631,322</b>	
	55. <b>Total Stocks.....</b>	<b>16,982,147</b>	<b>16,987,613</b>	<b>11,858,080</b>	
	56. <b>Total Bonds and Stocks...</b>	<b>28,614,757</b>	<b>28,975,370</b>	<b>23,724,508</b>	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....4,528,190.

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year.....	27,878,287	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	12,275,128	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.....	(115,576)	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....	15,861	6.4 Column 11, Part 4.....	0
3.3 Column 10, Part 2, Section 2.....	246,062	7. Book/adjusted carrying value at end of current period.....	28,614,756
3.4 Column 10, Part 4.....	164,930	8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....	(409,599)	9. Subtotal (Lines 7 plus 8).....	28,614,756
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4.....	11,440,337	10. Total nonadmitted amounts.....	
		11. Statement value of bonds and stocks, current period.....	28,614,756

**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							10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	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					
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	XXX.....	XXX.....	XXX.....							2	0	XXX.....	
2. 1993.....	35,599.....	4,279.....	31,320.....	21,344.....	2,526.....	1,027.....	46.....	649.....		361	20,448	XXX.....	
3. 1994.....	36,796.....	5,012.....	31,784.....	22,463.....	4,732.....	1,186.....	208.....	670.....		302	19,379	XXX.....	
4. 1995.....	37,220.....	26,642.....	10,578.....	18,517.....	11,951.....	988.....	206.....	366.....		169	7,714	XXX.....	
5. 1996.....	35,759.....	17,779.....	17,980.....	19,038.....	10,054.....	726.....	(30).....	338.....		99	10,078	XXX.....	
6. 1997.....	34,907.....	22,688.....	12,219.....	13,380.....	6,477.....	374.....	(71).....	285.....	1	98	7,632	XXX.....	
7. 1998.....	16,783.....	9,887.....	6,896.....	12,042.....	7,448.....	93.....	13.....	367.....	3	111	5,038	XXX.....	
8. 1999.....	21,239.....	5,947.....	15,292.....	15,332.....	4,737.....	366.....	261.....	906.....	535	149	11,071	XXX.....	
9. 2000.....	27,026.....	10,419.....	16,607.....	19,246.....	8,324.....	357.....	225.....	1,313.....	555	257	11,812	XXX.....	
10. 2001.....	19,197.....	6,228.....	12,969.....	10,362.....	1,800.....	130.....	57.....	1,130.....	322	324	9,443	XXX.....	
11. 2002.....	20,162.....	4,353.....	15,809.....	8,841.....	1,808.....	48.....	11.....	1,029.....	211	139	7,888	XXX.....	
12. Totals.....	XXX.....	XXX.....	XXX.....	160,565.....	59,857.....	5,295.....	926.....	7,053.....	1,627.....	2,011.....	110,503.....	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.....											0	XXX.....	
2. 1993.....											0	XXX.....	
3. 1994.....											0	XXX.....	
4. 1995.....											0	XXX.....	
5. 1996.....											0	XXX.....	
6. 1997.....	20.....						1.....		1.....		22	XXX.....	
7. 1998.....							5.....	3.....			2	XXX.....	
8. 1999.....	153.....	73.....	4.....	1.....			41.....	27.....	7.....		104	XXX.....	
9. 2000.....	573.....	327.....	29.....	10.....			116.....	66.....	27.....		342	XXX.....	
10. 2001.....	996.....	318.....	163.....	55.....			133.....	41.....	55.....		933	XXX.....	
11. 2002.....	2,966.....	560.....	1,145.....	237.....			223.....	37.....	258.....		3,758	XXX.....	
12. Totals.....	4,708.....	1,278.....	1,341.....	303.....	0.....	0.....	519.....	174.....	348.....	0.....	5,161.....	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.....	0.....	0.....
2. 1993.....	23,020.....	2,572.....	20,448.....	64.7.....	60.1.....	65.3.....				0.....	0.....
3. 1994.....	24,319.....	4,940.....	19,379.....	66.1.....	98.6.....	61.0.....				0.....	0.....
4. 1995.....	19,871.....	12,157.....	7,714.....	53.4.....	45.6.....	72.9.....				0.....	0.....
5. 1996.....	20,102.....	10,024.....	10,078.....	56.2.....	56.4.....	56.1.....				0.....	0.....
6. 1997.....	14,061.....	6,407.....	7,654.....	40.3.....	28.2.....	62.6.....				20.....	2.....
7. 1998.....	12,507.....	7,467.....	5,040.....	74.5.....	75.5.....	73.1.....				0.....	2.....
8. 1999.....	16,809.....	5,634.....	11,175.....	79.1.....	94.7.....	73.1.....				83.....	21.....
9. 2000.....	21,661.....	9,507.....	12,154.....	80.1.....	91.2.....	73.2.....				265.....	77.....
10. 2001.....	12,969.....	2,593.....	10,376.....	67.6.....	41.6.....	80.0.....				786.....	147.....
11. 2002.....	14,510.....	2,864.....	11,646.....	72.0.....	65.8.....	73.7.....				3,314.....	444.....
12. Totals.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0.....	0.....	XXX.....	4,468.....	693.....

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.....	2,032	2,020	1,740	1,633	1,697	1,733	1,733	1,732	1,732	1,733	1	1
2. 1993.....	21,499	20,183	20,039	19,864	19,802	19,786	19,802	19,804	19,800	19,799	(1)	(5)
3. 1994.....	XXX	21,573	19,365	18,869	18,704	18,628	18,703	18,710	18,709	18,709	0	(1)
4. 1995.....	XXX	XXX	8,283	8,179	7,502	7,417	7,398	7,346	7,348	7,348	0	2
5. 1996.....	XXX	XXX	XXX	11,668	10,090	9,902	9,745	9,736	9,741	9,740	(1)	4
6. 1997.....	XXX	XXX	XXX	XXX	8,294	7,254	7,340	7,384	7,371	7,369	(2)	(15)
7. 1998.....	XXX	XXX	XXX	XXX	XXX	5,069	4,651	4,624	4,718	4,676	(42)	52
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	11,397	10,765	10,726	10,797	71	32
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,366	11,205	11,369	164	3
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,213	9,513	300	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,570	XXX	XXX
12. Totals.....											490	73

**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	649	1,330	1,504	1,670	1,733	1,734	1,733	1,733	1,733	XXX	XXX
2. 1993.....	15,987	17,506	18,471	18,873	19,309	19,307	19,359	19,362	19,359	19,799	XXX	XXX
3. 1994.....	XXX	13,681	17,321	17,772	18,285	18,504	18,627	18,710	18,709	18,709	XXX	XXX
4. 1995.....	XXX	XXX	4,410	6,367	7,019	7,220	7,327	7,344	7,348	7,348	XXX	XXX
5. 1996.....	XXX	XXX	XXX	6,983	9,277	9,601	9,631	9,691	9,733	9,740	XXX	XXX
6. 1997.....	XXX	XXX	XXX	XXX	6,531	6,823	7,084	7,265	7,347	7,348	XXX	XXX
7. 1998.....	XXX	XXX	XXX	XXX	XXX	1,921	4,218	4,302	4,588	4,674	XXX	XXX
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	8,384	10,160	10,496	10,700	XXX	XXX
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,363	10,599	11,054	XXX	XXX
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,855	8,635	XXX	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,070	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.....	849	337	129	27	3					
2. 1993.....	5,152	880	409	54	13					
3. 1994.....	XXX	4,786	925	212	64	48				
4. 1995.....	XXX	XXX	2,291	365	135	105	37			
5. 1996.....	XXX	XXX	XXX	3,401	171	116	40	19	6	
6. 1997.....	XXX	XXX	XXX	XXX	734	84	59	31	3	1
7. 1998.....	XXX	XXX	XXX	XXX	XXX	1,641	133	38	39	2
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	1,604	77	44	17
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,744	97	69
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	825	200
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,094

**Cincinnati Equitable 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	No.....								
2. Alaska.....AK	No.....								
3. Arizona.....AZ	Yes.....								
4. Arkansas.....AR	No.....								
5. California.....CA	No.....								
6. Colorado.....CO	No.....								
7. Connecticut.....CT	No.....								
8. Delaware.....DE	No.....								
9. District of Columbia.....DC	No.....								
10. Florida.....FL	No.....								
11. Georgia.....GA	No.....								
12. Hawaii.....HI	No.....								
13. Idaho.....ID	No.....								
14. Illinois.....IL	Yes.....								
15. Indiana.....IN	Yes.....	5,980,521	5,786,463		3,369,261	4,083,276	1,599,425	353,572	
16. Iowa.....IA	No.....								
17. Kansas.....KS	No.....								
18. Kentucky.....KY	No.....								
19. Louisiana.....LA	No.....								
20. Maine.....ME	No.....								
21. Maryland.....MD	No.....								
22. Massachusetts.....MA	No.....								
23. Michigan.....MI	No.....								
24. Minnesota.....MN	No.....								
25. Mississippi.....MS	No.....								
26. Missouri.....MO	No.....								
27. Montana.....MT	No.....								
28. Nebraska.....NE	No.....								
29. Nevada.....NV	No.....								
30. New Hampshire.....NH	No.....								
31. New Jersey.....NJ	No.....								
32. New Mexico.....NM	No.....								
33. New York.....NY	No.....								
34. North Carolina.....NC	No.....								
35. North Dakota.....ND	No.....								
36. Ohio.....OH	Yes.....	14,494,192	14,376,305		9,982,749	10,015,312	4,451,941	609,950	
37. Oklahoma.....OK	No.....								
38. Oregon.....OR	No.....								
39. Pennsylvania.....PA	No.....								
40. Rhode Island.....RI	No.....								
41. South Carolina.....SC	No.....								
42. South Dakota.....SD	No.....								
43. Tennessee.....TN	No.....								
44. Texas.....TX	No.....								
45. Utah.....UT	No.....								
46. Vermont.....VT	No.....								
47. Virginia.....VA	No.....								
48. Washington.....WA	No.....								
49. West Virginia.....WV	No.....								
50. Wisconsin.....WI	No.....								
51. Wyoming.....WY	No.....								
52. American Samoa.....AS	No.....								
53. Guam.....GU	No.....								
54. Puerto Rico.....PR	No.....								
55. 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).....4	20,474,713	20,162,768	0	13,352,010	14,098,588	6,051,366	963,522	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.

(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

**Walter George Alpaugh**

An Individual



**Alpha Investment Partnership**

A Limited Partnership Controlled by W.G. Alpaugh



**Cincinnati Equitable Companies, Inc.**

An Ohio Corporation 98% owned by Alpha Investment Partnership

Federal ID # 31-1154154



**Cincinnati Equitable Insurance Company**

An Ohio Property Casualty Insurance Company

100% Owned By Cincinnati Equitable Companies, Inc.

NAIC # 16721, Federal ID# 31-0239840



**Cincinnati Equitable Life Insurance Company**

An Ohio Life Insurance Company

100% Owned by Cincinnati Equitable Ins. Co.

NAIC # 88064, Federal ID# 35-1452221



**Lakeland Insurance Company**

A Pennsylvania Property Casualty Insurance Co.

100% Owned by Cincinnati Equitable Life Ins. Co.

NAIC # 17507, Federal ID# 25-1428074

**Southern Michigan Insurance Company**

A Michigan Property Casualty Insurance Company

100% Owned by Cincinnati Equitable Ins. Co.

NAIC # 30457, Federal ID # 38-1659168

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

PART 1 – ORGANIZATIONAL CHART

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