



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
NATIONAL MUTUAL INSURANCE COMPANY

NAIC Group Code 0035 (Current Period) 0035 (Prior Period) NAIC Company Code 20184 Employer's ID Number 34-4312510

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

Country of Domicile United States of America

Incorporated 09/14/1914 Commenced Business 01/07/1915

Statutory Home Office 1 Insurance Square (Street and Number), Celina, OH 45822 (City or Town, State and Zip Code)

Main Administrative Office 1 Insurance Square (Street and Number), Celina, OH 45822 (City or Town, State and Zip Code), 419-586-5181 (Area Code) (Telephone Number)

Mail Address 1 Insurance Square (Street and Number or P.O. Box), Celina, OH 45822 (City or Town, State and Zip Code)

Primary Location of Books and Records 1 Insurance Square (Street and Number), Celina, OH 45822 (City or Town, State and Zip Code), 419-586-5181-8227 (Area Code) (Telephone Number)

Internet Website Address www.CelinaGroup.com

Statement Contact Philip Marion Fullenkamp (Name), 419-586-5181-8227 (Area Code) (Telephone Number) (Extension), pfullenkamp@celinagroup.com (E-mail Address), 419-586-6068 (Fax Number)

Policyowner Relations Contact 1 Insurance Square (Street and Number), Celina, OH 45822 (City or Town, State and Zip Code), 419-586-5181 (Area Code) (Telephone Number) (Extension)

OFFICERS

Chief Executive Officer & President William West Montgomery Secretary Michael Stanley Kleinhenz
Sr. VP Finance & Treasurer Philip Marion Fullenkamp

VICE PRESIDENTS

Philip Marion Fullenkamp Duane Eugene Kimball William Junior Balthis
Donald George Robinson Robert Mark Shoenfelt William Rodney Stapleton

DIRECTORS OR TRUSTEES

William West Montgomery Philip Marion Fullenkamp Donald West Montgomery
Charles Joseph Van Arsdel Nancy Montgomery Goldberg David Thomas Mellin

State of Ohio }
County of Mercer } ss

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

William West Montgomery Chief Executive Officer & President
Michael Stanley Kleinhenz Secretary
Philip Marion Fullenkamp Sr. VP Finance & Treasurer

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	17,159,431		17,159,431	18,041,859
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	324,678		324,678	182,116
2.2 Common stocks (Schedule D, Part 2, Section 2)	1,312,950		1,312,950	1,432,646
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	1,905,078		1,905,078	2,011,735
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$(931,591) Schedule E, Part 1) and short-term investments(\$1,450,245 Schedule DA, Part 2)	518,654		518,654	1,140,179
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	21,220,792	0	21,220,792	22,808,536
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	10,212,765	5,094	10,207,671	1,294,265
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$61,199 earned but unbilled premiums)	4,232,831		4,232,831	3,864,413
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	7,989,754		7,989,754	412,190
15. Federal and foreign income tax recoverable and interest thereon (including \$0 net deferred tax asset)	2,745,253	2,745,253	0	37,700
16. Guaranty funds receivable or on deposit	38,443		38,443	134,855
17. Electronic data processing equipment and software	258,317	77,854	180,463	175,111
18. Interest, dividends and real estate income due and accrued	166,269		166,269	186,099
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates			0	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations	68		68	68
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)			0	0
25. Aggregate write-ins for other than invested assets	91,535	59,823	31,712	0
26. Total assets excluding protected cell assets (Lines 9 through 25)	46,956,027	2,888,024	44,068,004	28,913,237
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	46,956,027	2,888,024	44,068,004	28,913,237
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. Prepaid Expenses	59,823	59,823	0	0
2502. State Taxes Recoverable	31,712		31,712	0
2503.				
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)	91,535	59,823	31,712	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	7,198,370	7,161,386
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	6,173,655	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	1,926,260	1,999,200
4. Commissions payable, contingent commissions and other similar charges	147,364	116,204
5. Other expenses (excluding taxes, licenses and fees)	215,855	169,765
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	233,747	186,306
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)	0	0
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 17,806,689 and including warranty reserves of \$)	7,656,987	7,825,612
10. Advance premiums	49,824	
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	11,051,018	1,334,759
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	2,210	4,672
15. Remittances and items not allocated	91,087	15,661
16. Provision for reinsurance (Schedule F, Part 7)	34,417	21,312
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding	27,970	33,599
19. Payable to parent, subsidiaries and affiliates	1,754,149	1,444,873
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	36,562,913	20,313,349
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	36,562,913	20,313,349
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock		0
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	621,000	621,000
32. Gross paid in and contributed surplus		0
33. Unassigned funds (surplus)	6,884,091	7,978,888
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	7,505,091	8,599,888
36. TOTALS (Page 2, Line 28, Col. 3)	44,068,004	28,913,237
DETAILS OF WRITE-INS		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	18,184,545	19,852,857
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	12,636,276	13,251,099
3. Loss expenses incurred (Part 3, Line 25, Column 1)	1,902,773	1,713,894
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	5,744,177	6,455,975
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	20,283,226	21,420,967
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(2,098,681)	(1,568,110)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	950,915	1,062,605
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	110,726	310,887
11. Net investment gain or (loss) (Lines 9 + 10)	1,061,640	1,373,492
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$46,582 amount charged off \$158,534)	(111,951)	(101,747)
13. Finance and service charges not included in premiums	275,599	364,548
14. Aggregate write-ins for miscellaneous income	(3,370)	(7,939)
15. Total other income (Lines 12 through 14)	160,277	254,862
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	(876,764)	60,245
17. Dividends to policyholders		0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	(876,764)	60,245
19. Federal and foreign income taxes incurred		0
20. Net income (Line 18 minus Line 19) (to Line 22)	(876,764)	60,245
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	8,599,888	8,872,053
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	(876,764)	60,245
23. Net unrealized capital gains or (losses)	(178,819)	(298,661)
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax	64,643	98,283
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	(90,752)	(178,968)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(13,105)	(21,312)
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		68,248
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	(1,094,797)	(272,165)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	7,505,091	8,599,888
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401. Miscellaneous.....	464	(437)
1402. Cash Short & Over.....	(3,834)	(7,502)
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)	(3,370)	(7,939)
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	18,498,121	19,619,726
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	15,909,118	16,596,535
3. Underwriting expenses paid	5,619,486	6,479,983
4. Other underwriting income (expenses)	45,343	(96,450)
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(2,985,140)	(3,553,242)
6. Net investment income	1,235,733	1,448,840
7. Other income (expenses):		
7.1 Agents' balances charged off	(111,951)	(101,747)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	(2,462)	(2,283)
7.4 Aggregate write-ins for miscellaneous items	272,228	356,694
7.5 Total other income (Lines 7.1 to 7.4)	157,815	252,664
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered	0	0
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(1,591,592)	(1,851,737)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	7,928,893	11,779,007
11.2 Stocks	0	34,357
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds	0	6,496
11.8 Total investment proceeds (Lines 11.1 to 11.7)	7,928,893	11,819,860
12. Cost of investments acquired (long-term only):		
12.1 Bonds	7,106,147	11,697,960
12.2 Stocks	174,466	92,182
12.3 Mortgage loans	0	0
12.4 Real estate	22,792	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	74,383	0
12.7 Total investments acquired (Lines 12.1 to 12.6)	7,377,787	11,790,142
13. Net Cash from investments (Line 11.8 minus Line 12.7)	551,106	29,719
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	309,276	403,559
14.4 Borrowed funds received	0	0
14.5 Other cash provided	141,396	22,633
14.6 Total (Lines 14.1 to 14.5)	450,672	426,192
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	0	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	31,712	0
15.5 Total (Lines 15.1 to 15.4)	31,712	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	418,960	426,192
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(621,525)	(1,395,826)
18. Cash and short-term investments:		
18.1 Beginning of year	1,140,179	2,536,005
18.2 End of year (Line 17 plus Line 18.1)	518,654	1,140,179
DETAILS OF WRITE-INS		
07.401 Finance and Service Charges Not Included in Premiums	275,599	364,548
07.402 Miscellaneous	464	(437)
07.403 Equities and Deposits in Pools and Associations	0	85
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	(3,834)	(7,502)
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	272,228	356,694

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	408,559	259,909	207,256	461,212
2.	Allied lines	231,145	153,963	120,171	264,937
3.	Farmowners multiple peril	1,581,023	746,315	768,083	1,559,255
4.	Homeowners multiple peril	2,801,547	1,290,012	1,382,528	2,709,031
5.	Commercial multiple peril	599,832	208,171	307,679	500,324
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	279,742	170,744	134,462	316,024
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	57,629	27,225	25,221	59,632
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	193,762	132,575	104,338	221,999
17.1	Other liability - occurrence	408,215	237,036	138,828	506,423
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	125,097	74,567	55,851	143,814
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	5,774,247	2,202,167	2,151,151	5,825,263
19.3,19.4	Commercial auto liability	731,043	447,208	317,901	860,350
21.	Auto physical damage	4,812,525	1,845,881	1,916,647	4,741,759
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	4,860	2,264	1,914	5,210
24.	Surety	791	308	321	778
26.	Burglary and theft	7,649	4,078	3,194	8,533
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	18,017,665	7,802,423	7,635,544	18,184,545
DETAILS OF WRITE-INS					
3301.				
3302.				
3303.				
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
Line of Business					
1. Fire	207,256				207,256
2. Allied lines	120,171				120,171
3. Farmowners multiple peril	768,083				768,083
4. Homeowners multiple peril	1,382,528				1,382,528
5. Commercial multiple peril	307,679				307,679
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine	134,462				134,462
10. Financial guaranty					0
11.1 Medical malpractice - occurrence					0
11.2 Medical malpractice - claims-made					0
12. Earthquake	25,221				25,221
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation	110,739		(6,402)		104,338
17.1 Other liability - occurrence	153,870		(15,042)		138,828
17.2 Other liability - claims-made					0
18.1 Products liability - occurrence	55,851				55,851
18.2 Products liability - claims-made					0
19.1,19.2 Private passenger auto liability	2,151,151				2,151,151
19.3,19.4 Commercial auto liability	317,901				317,901
21. Auto physical damage	1,916,647				1,916,647
22. Aircraft (all perils)					0
23. Fidelity	1,914				1,914
24. Surety	321				321
26. Burglary and theft	3,194				3,194
27. Boiler and machinery					0
28. Credit					0
29. International					0
30. Reinsurance - Nonproportional Assumed Property					0
31. Reinsurance - Nonproportional Assumed Liability					0
32. Reinsurance - Nonproportional Assumed Financial Lines					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	7,656,987	0	(21,444)	0	7,635,544
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					21,444
37. Balance (Sum of Line 34 through 36)					7,656,987
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	275,141	1,581,349		758,753	689,178	408,559
2. Allied lines	103,193	1,021,529		429,270	464,307	231,145
3. Farmowners multiple peril		4,684,655		2,936,186	167,446	1,581,023
4. Homeowners multiple peril	6,513,011	2,763,450		5,202,874	1,272,040	2,801,547
5. Commercial multiple peril		2,854,004		1,113,974	1,140,199	599,832
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine	343,657	819,539		519,522	363,932	279,742
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake	99,818	88,506		107,025	23,671	57,629
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation		1,363,386	(2)	359,843	809,779	193,762
17.1 Other liability - occurrence	326,774	1,639,381		758,113	799,827	408,215
17.2 Other liability - claims-made						0
18.1 Products liability - occurrence		516,365		232,323	158,945	125,097
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability	10,225,005	7,498,794		10,723,602	1,225,950	5,774,247
19.3,19.4 Commercial auto liability		3,550,464		1,357,651	1,461,771	731,043
21. Auto physical damage	8,048,109	6,094,252		8,937,547	392,288	4,812,525
22. Aircraft (all perils)						0
23. Fidelity		13,885		9,025		4,860
24. Surety		2,260		1,469		791
26. Burglary and theft		21,853		14,205		7,649
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	25,934,707	34,513,672	(2)	33,461,378	8,969,333	18,017,665
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire	55,587	1,319,481	944,382	430,686	14,611	36,206	409,091	88.7
2. Allied lines	94,272	1,067,259	839,788	321,743	4,174	60,561	265,356	100.2
3. Farmowners multiple peril		3,484,084	2,317,672	1,166,412	277,000	197,382	1,246,031	79.9
4. Homeowners multiple peril	4,820,134	3,249,098	5,555,624	2,513,608	431,693	513,216	2,432,085	89.8
5. Commercial multiple peril		862,177	575,168	287,010	117,179	182,437	221,752	44.3
6. Mortgage guaranty				.0	.0	.0	.0	0.0
8. Ocean marine				.0	.0	.0	.0	0.0
9. Inland marine	140,799	324,706	309,381	156,123	21,741	19,311	158,553	50.2
10. Financial guaranty				.0	.0	.0	.0	0.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	0.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	0.0
12. Earthquake				.0	.0	.0	.0	0.0
13. Group accident and health				.0	.0	.0	.0	0.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	0.0
15. Other accident and health				.0	.0	.0	.0	0.0
16. Workers' compensation	26,945	699,636	484,950	241,632	839,352	781,751	299,233	134.8
17.1 Other liability - occurrence	500,000	1,663,250	1,621,992	541,257	582,871	862,575	261,553	51.6
17.2 Other liability - claims-made				.0	.0	.0	.0	0.0
18.1 Products liability - occurrence		493,685	350,846	142,839	102,410	124,426	120,823	84.0
18.2 Products liability - claims-made				.0	.0	.0	.0	0.0
19.1,19.2 Private passenger auto liability	5,456,167	5,650,561	7,431,604	3,675,124	3,738,039	3,290,647	4,122,516	70.8
19.3,19.4 Commercial auto liability	1,770	1,807,603	1,234,558	574,815	907,249	932,948	549,117	63.8
21. Auto physical damage	4,328,737	3,423,142	5,203,993	2,547,886	146,444	145,518	2,548,812	53.8
22. Aircraft (all perils)				.0	.0	.0	.0	0.0
23. Fidelity			67	(67)	.0	.0	(67)	(1.3)
24. Surety				.0	3,500	3,500	.0	0.0
26. Burglary and theft		90	90	.0	1,225	.0	1,225	14.4
27. Boiler and machinery				.0	.0	.0	.0	0.0
28. Credit				.0	.0	.0	.0	0.0
29. International				.0	.0	.0	.0	0.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	0.0
31. Reinsurance - Nonproportional Assumed Liability	XXX	640	416	224	10,882	10,909	197	0.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	0.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	0.0
34. TOTALS	15,424,411	24,045,413	26,870,532	12,599,292	7,198,370	7,161,386	12,636,276	69.5
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 +5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	44,500	(14,754)	25,635	4,111	11,125	18,875	19,500	14,611	11,900
2. Allied lines	5,000	53,739	44,066	14,674	3,725	(30,000)	(15,775)	4,174	11,200
3. Farmowners multiple peril		773,429	569,194	204,235		207,000	134,235	277,000	57,260
4. Homeowners multiple peril	832,306	358,749	890,087	300,968	268,450	198,350	336,075	431,693	177,800
5. Commercial multiple peril	5,000	296,897	231,233	70,664		132,000	85,485	117,179	45,500
6. Mortgage guaranty				0				0	
8. Ocean marine				0				0	
9. Inland marine	15,000	37,118	33,877	18,241	7,025	2,975	6,500	21,741	2,275
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	109,171	2,259,346	1,644,665	723,852		400,000	284,500	839,352	147,350
17.1 Other liability - occurrence	105,000	1,180,542	957,367	328,176	96,625	889,375	731,305	582,871	509,250
17.2 Other liability - claims-made				0				0	
18.1 Products liability - occurrence		106,500	82,140	24,360		250,000	171,950	102,410	49,000
18.2 Products liability - claims-made				0				0	
19.1,19.2 Private passenger auto liability	4,529,372	3,297,695	5,425,328	2,401,739	2,698,525	1,593,775	2,956,000	3,738,039	584,850
19.3,19.4 Commercial auto liability	6,961	2,045,426	1,527,793	524,594		1,362,000	979,345	907,249	278,775
21. Auto physical damage	199,310	242,603	287,243	154,669	(81,100)	26,100	(46,775)	146,444	50,750
22. Aircraft (all perils)				0				0	
23. Fidelity				0				0	
24. Surety		10,000	6,500	3,500				3,500	175
26. Burglary and theft		3,500	2,275	1,225				1,225	175
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	31,090	20,209	10,882	XXX			10,882	
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	5,851,621	10,681,881	11,747,612	4,785,890	3,004,375	5,050,450	5,642,345	7,198,370	1,926,260
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	617,935			617,935
1.2 Reinsurance assumed	1,090,845			1,090,845
1.3 Reinsurance ceded	1,114,014			1,114,014
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	594,766	0	0	594,766
2. Commission and brokerage:				
2.1 Direct excluding contingent		3,873,733		3,873,733
2.2 Reinsurance assumed excluding contingent		1,877,416		1,877,416
2.3 Reinsurance ceded excluding contingent		3,874,332		3,874,332
2.4 Contingent-direct		252,975		252,975
2.5 Contingent-reinsurance assumed		193,527		193,527
2.6 Contingent-reinsurance ceded		182,724		182,724
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	2,140,594	0	2,140,594
3. Allowances to managers and agents		1,348		1,348
4. Advertising		13,824		13,824
5. Boards, bureaus and associations	6,386	107,764		114,149
6. Surveys and underwriting reports		170,131		170,131
7. Audit of assureds' records		8,821		8,821
8. Salary and related items:				
8.1 Salaries	762,656	1,513,996	24,015	2,300,667
8.2 Payroll taxes	56,588	115,171	1,957	173,717
9. Employee relations and welfare	105,000	225,248	1,867	332,115
10. Insurance	11,250	38,589	899	50,737
11. Directors' fees	7,205	24,120		31,325
12. Travel and travel items	54,623	87,809	327	142,759
13. Rent and rent items	80,104	211,483	1,161	292,748
14. Equipment	58,416	214,120	1,868	274,404
15. Cost or depreciation of EDP equipment and software	30,432	109,003		139,435
16. Printing and stationery	17,128	60,072	490	77,690
17. Postage, telephone and telegraph, exchange and express	69,405	122,712	2,366	194,483
18. Legal and auditing	14,035	45,094	408	59,537
19. Totals (Lines 3 to 18)	1,273,228	3,069,303	35,358	4,377,890
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 24,340		328,033		328,033
20.2 Insurance department licenses and fees		44,170		44,170
20.3 Gross guaranty association assessments		36,599		36,599
20.4 All other (excluding federal and foreign income and real estate)		564		564
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	409,367	0	409,367
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	34,780	124,912	32,787	192,478
25. Total expenses incurred	1,902,773	5,744,177	68,145	(a) 7,715,095
26. Less unpaid expenses - current year	1,926,260	596,966		2,523,226
27. Add unpaid expenses - prior year	1,999,200	472,275	0	2,471,475
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,975,713	5,619,486	68,145	7,663,344
DETAILS OF WRITE-INS				
2401. Other	34,780	124,912	32,787	192,478
2402.				
2403.				
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)	34,780	124,912	32,787	192,478

(a) Includes management fees of \$ 113,851 paid to affiliates and \$ paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 155,251	131,527
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 782,483	786,072
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 19,185	19,673
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates	16,446	16,446
3. Mortgage loans	(c)	
4. Real estate	(d) 230,628	230,628
5. Contract loans		
6. Cash/short-term investments	(e) 23,985	23,803
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	389	389
10. Total gross investment income	1,228,367	1,208,538
11. Investment expenses		(g) 68,145
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h) 60,030
14. Depreciation on real estate and other invested assets		(i) 129,448
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		257,623
17. Net Investment Income - (Line 10 minus Line 16)		950,915
DETAILS OF WRITE-INS		
0901. Other Interest Income	389	389
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	389	389
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 15,212 accrual of discount less \$ 150,754 amortization of premium and less \$ 64,797 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ 68,197 for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ 60,030 interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ 129,448 depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	48,649				48,649
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	136,460		(109,249)		27,211
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)			(15,458)		(15,458)
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)			(309,926)		(309,926)
2.21 Common stocks of affiliates			173,784		173,784
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)	(74,383)	0	0	0	(74,383)
10. Total capital gains (losses)	110,726	0	(260,849)	0	(150,123)
DETAILS OF WRITE-INS					
0901. Sale of Other Assets	(74,383)				(74,383)
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	(74,383)	0	0	0	(74,383)

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	2,828,201	2,788,519	(39,682)
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies		0	0
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	0	0	0
4. Aggregate write-ins for other assets	59,823	8,753	(51,069)
5. Total (Line 1 plus Lines 3 and 4)	2,888,024	2,797,272	(90,752)
0401. Prepaid Expenses.....	59,823	8,753	(51,069)
0402.			
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	59,823	8,753	(51,069)

NOTES TO FINANCIAL STATEMENTS

Item 1. Summary of Significant Accounting Policies

(A). Accounting Practices

The accompanying financial statements of the Company have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals.

(B). Use of Estimates in Preparation of Financial Statements

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

(C). Accounting 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 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 either amortized cost (using the interest method) or the lower of amortized cost or fair value.
- (3) Common stocks are stated at market except for investment in stocks of affiliates which are carried on the equity basis.
- (4) Preferred stocks are stated at fair value and the lower of cost or fair value.
- (5) Loan-backed securities are stated at amortized cost. The retrospective adjustment method is used to value such securities.
- (6) The Company does not anticipate investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53. Property-Casualty Contracts - Premiums.
- (7) 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 used for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.

Item 2. Accounting Changes and Corrections of Errors

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

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a net change of accounting principle, as an adjustment that increased unassigned funds (surplus), of \$68,248 as of January 1, 2001. Included in this adjustment is an increase in unassigned funds of approximately \$46,000 related to earned but unbilled premiums.

Item 3. Business Combinations

None to report.

Item 4. Discontinued Operations

None to report.

NOTES TO FINANCIAL STATEMENTS

Item 5. Investments

Loan-Backed Securities - Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the retrospective method. Prepayment assumptions for loan-backed bonds or structured securities were obtained from dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. The Company used Interactive Data Corporation's pricing service in determining the market value of its loan-backed securities.

Item 6. Joint Ventures, Partnerships and Limited Liability Corporations

None to report.

Item 7. Investment Income

There is no investment income due and accrued which is past due.

Item 8. Derivative Investments

None to report

Item 9. Income Taxes

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

	<u>2002</u>	<u>2001</u>
(1) Total of all deferred tax assets (admitted and non-admitted)	2,764,206	2,649,322
(2) Total of all deferred liabilities	18,953	50,742
(3) Total deferred tax assets non-admitted in accordance with SSAP No. 10 , Income Taxes	2,745,253	2,560,880
(4) Increase (decrease) in deferred tax assets non-admitted	184,373	82,833

B. There are no deferred tax liabilities not recognized.

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

	<u>2002</u>	<u>2001</u>
Current year expense	0	0
Adjustments	0	0
Current income tax incurred	0	0

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

	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
DTA's				
Reserves	16,781,617	14,221,252	2,560,365	870,524
Unrealized losses	804,673	0	804,673	273,589
Real estate	(1,905,079)	(2,582,964)	677,885	230,481
EDP equipment	(180,463)	(307,660)	127,197	43,247
Non-admitted equipment	0	(111,351)	111,351	37,859
Other DTA's	247,632	0	247,632	84,195
NOL carryforwards		(3,600,914)	3,600,914	<u>1,224,311</u>
Total DTA's				2,764,206
DTA's non-admitted				<u>2,745,253</u>
Admitted DTA's				18,953
DTL's				
Bond discount accrual	1,328,174	1,312,861	15,313	5,206
Accrued receivables	38,443	0	38,443	13,071
Accrued dividends	1,989	0	1,989	<u>676</u>
Total DTL's				18,953

NOTES TO FINANCIAL STATEMENTS

The changes in main components of DTA's and DTL's are as follows:

DTA's resulting from book/tax differences in:	<u>2002</u>	<u>2001</u>	<u>Change</u>
Reserves	870,524	929,741	(59,217)
Unrealized losses	273,589	191,559	82,030
Real estate	230,481	227,047	3,434
EDP equipment	43,247	29,119	14,128
Non-admitted equipment	37,859	0	37,859
Other DTA's	84,195	76,442	7,753
NOL carryforwards	<u>1,224,311</u>	<u>1,195,414</u>	<u>28,897</u>
Total DTA's	<u>2,764,206</u>	<u>2,649,322</u>	<u>114,884</u>
DTA's non-admitted	<u>2,745,253</u>	<u>2,560,880</u>	<u>184,373</u>
Admitted	18,953	88,442	(69,489)

DTL's resulting from boon/tax differences in:	<u>2002</u>	<u>2001</u>	<u>Change</u>
Bond discount accrual	5,206	4,380	826
Accrued receivables	13,071	45,851	(32,780)
Accrued dividends	<u>676</u>	<u>511</u>	<u>165</u>
Total DTL's	18,953	50,742	(31,789)
Net admitted deferred tax asset	0	37,700	(37,700)

The change in net deferred income taxes before non-admitted balances is as follows:

	<u>2002</u>	<u>2001</u>	<u>Change</u>
Total deferred tax assets	2,764,206	2,649,322	114,884
Total deferred tax liabilities	<u>18,953</u>	<u>50,742</u>	<u>(31,789)</u>
Net deferred tax asset	2,745,253	2,598,580	146,673
Tax effect of unrealized gains (losses)			<u>(82,030)</u>
Change in net deferred income tax			64,643

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

	<u>Amount</u>	<u>Tax Effect</u>
Income before taxes	(876,764)	(298,100)
Book over tax reserves	(140,443)	(47,751)
Unearned premium discount	(33,725)	(11,467)
Depreciation	131,905	44,848
Accrued market discount	(3,413)	(1,160)
Dividends received deduction	(11,512)	(3,914)
Accrued expenses	119,215	40,533
Other items	(111,046)	(37,756)
Net operating loss generated	<u>925,783</u>	<u>314,767</u>
Taxable income	0	0

E. 1. At December 31, 2002, the Company had \$3,600,914 of operating loss carry forwards originating in 1994 through 2002 which expire, if unused, in years 2009 through 2022.

2. The amount of federal 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 (first preceding year)	0
2000 (second preceding year)	0

Item 10. Information Concerning Parent, Subsidiaries and Affiliates

The Company has a service agreement with Celina Financial Corporation (CFC) whereby CFC provides sales, underwriting, claims, accounting, data processing, supervisory, administrative and investment management services to the Company. The Company reimburses CFC for the cost of the services plus an additional amount based on the number of policies in-force and investment portfolio. Such fee amounted to \$113,851 and is allocated to expense category in proportion to expenses incurred by CFC.

The Company owns 58.6% of the Common Shares of Celina Financial Corporation.

NOTES TO FINANCIAL STATEMENTS

Item 11. Debt

None to report.

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

The Company and its affiliates participate in a qualified, noncontributory defined contribution pension plan, sponsored by Celina Financial Corporation, covering substantially all employees having one year of service and who have attained age 21. The Company makes annual contributions of 5.25% of each employee's compensation for employees under the age of 40 and 7% for those employees 40 and older. The Company's share of net expense for the qualified pension plan was \$139,230 and \$124,192 for 2002 and 2001. At December 31, 2002 the fair value of the entire Plan was \$6,125,205.

Liabilities include approximately \$127,939 for certain current and former employees supplemental compensation agreements.

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

The Company has surplus notes outstanding in the amount of \$1,250,000 at 10% interest and \$250,000 at 8% interest less \$879,000 of its notes received from CFC as a dividend (see table below). Repayment of principal requires approval of the Ohio Department of Insurance. Interest paid during the current year was \$60,030.

<u>Date Issued</u>	<u>Interest Rate</u>	<u>Par Value (Face Amount of Notes)</u>	<u>Carrying Value of Note</u>	<u>Principal and/or Interest Paid Current Year</u>	<u>Total Principal and/or Interest Paid</u>	<u>Unapproved Principal and/or Interest</u>	<u>Date of Maturity</u>
04/20/1978	8%	82,800	82,800	6,624	319,659	0	None
02/16/1979	8%	20,700	20,700	1,656	76,581	0	None
12/09/1980	10%	51,750	51,750	5,175	216,400	0	None
12/09/1980	10%	155,250	155,250	15,525	649,200	0	None
05/21/1985	10%	<u>310,500</u>	<u>310,500</u>	<u>31,050</u>	<u>967,150</u>	<u>0</u>	None
	Total	621,000	621,000	60,030	2,228,990	0	x x x

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Unrealized losses:	(531,084)
Nonadmitted values:	(2,888,024)
Provision for reinsurance:	(34,417)

Item 14. Contingencies

A. The Company has no contingent commitments to report.

B. The Company has received notification of the insolvency of PHICO Insurance Company and anticipates that the insolvency will result in an immaterial guaranty fund assessment against the company which has been charged to operations in the current period.

C. The Company has no gain contingencies to report.

D. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

Item 15. Leases

The Company leases home office real estate with its affiliated companies. The Company's annual rent expense under a lease commencing on January 1, 1999 for a fifteen year term was \$116,375 in 2002 and 2001.

The Company also leases equipment, automobiles and other office space under various noncancelable operating lease agreements that expire through May 2005. Rental expense for 2002 and 2001 was approximately \$134,190 and \$127,085, respectively.

NOTES TO FINANCIAL STATEMENTS

At January 1, 2002, the minimum aggregate rental commitments are approximately \$697,000. Future minimum aggregate rental payments for the five succeeding years are as follows:

<u>Year ending December 31</u>	<u>Operating Leases</u>
2003	198,000
2004	142,000
2005	125,000
2006	116,000
2007	116,000

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

None to report.

Item 17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

None to report.

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

None to report.

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

None to report.

Item 20. Other Items

None to report.

Item 21. Events Subsequent

On January 24, 2003, West Virginia Fire and Casualty Company announced its intention to withdraw from writing new business in West Virginia and to cancel or non-renew all policies which do not have statutory renewal protection. This decision will result in a decline in written premium in excess of \$8 million for the Celina Property and Casualty Pool. The Companies anticipate that much of this premium will be replaced by policy growth in other states.

Item 22. Reinsurance

(A) Unsecured Reinsurance Recoverables

The Company has an unsecured aggregate recoverable for losses, loss adjustment expenses and unearned premiums that exceeds 3% of surplus from the following reinsurers:

	<u>NAIC #</u>	<u>FEIN #</u>	<u>Amount</u>
General Reinsurance Corp.	22039	13-2673100	3,607,633
Republic Mutual Insurance Company	20192	34-1328060	5,168,016

(B) Reinsurance Recoverable in Dispute

None to report.

NOTES TO FINANCIAL STATEMENTS

(C) Reinsurance Assumed and Ceded

(1) The following table presents the maximum amount of return commission which would be due to or from reinsurers in the event all reinsurance contracts were canceled at December 31, 2002, with a return of the unearned premium reserve.

	Assumed Premium <u>Reserve</u>	Reinsurance Commission <u>Equity</u>	Ceded Premium <u>Reserve</u>	Reinsurance Commission <u>Equity</u>	Net Premium <u>Reserve</u>	Commission <u>Equity</u>
a. Affiliates	13,884,030	1,841,701	14,220,120	1,481,736	(336,090)	359,965
b. All other			<u>3,586,569</u>	<u>1,417,119</u>	<u>(3,586,569)</u>	<u>(1,417,119)</u>
c. Total	13,884,030	1,841,701	17,806,689	2,898,855	(3,922,659)	(1,057,154)

d. Direct Unearned Premium Reserve \$11,579,646

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

	Direct	Reinsurance <u>Assumed</u>	Ceded	Net
Contingent	229,243	362,437	384,592	207,088
Sliding Scale Adjustments		(117,340)	(76,271)	(41,069)
Other			<u>18,655</u>	<u>(18,655)</u>
Total	<u>229,243</u>	<u>245,097</u>	326,976	147,364

(D) Uncollectible Reinsurance

None to report.

(E) Commutation of Ceded Reinsurance

None to report.

(F) Retroactive Reinsurance

None to report.

Item 23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

None to report

Item 24. Change in Incurred Losses and Loss Adjustment Expenses

There were no material changes in 2002 in the reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years.

Item 25. Inter-company Pooling Arrangements

The Company maintains a reinsurance pooling agreement with certain affiliated companies. All net retained business is ceded into the pool and retroceded back to individual companies on a predetermined basis.

Participation percentages are:

<u>NAIC #</u>	<u>Company</u>	<u>Percent</u>
20184	National Mutual Insurance Company	35%
20176	Celina Mutual Insurance Company	30%
20192	Republic Mutual Insurance Company	20%
38504	West Virginia Fire & Casualty Company	15%

National Mutual acts as the lead pooling company.

NOTES TO FINANCIAL STATEMENTS

Item 26. Structured Settlements

The company has purchased several annuities on which claimants are payees in settlement of claims under the company's policies. The company has obtained releases from the respective claimants acknowledging that receipt of the structured settlement under each annuity is full payment of the claim. The company has no contingent liability for these annuities since ownership has been transferred to another insurance company.

Item 27. High Deductibles

None to report.

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

None to report.

Item 29. Asbestos/Environmental Reserves

A. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses?

Yes (X) No ()

The Company's exposure to asbestos losses arises from the sale of general liability insurance.

The Company tries to estimate the full impact of asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

Asbestos related losses (including coverage dispute costs) for each of the five most recent calendar years, based upon the Company's pool participation percentage, were as follows:

(1) Gross of Reinsurance -

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
A. Beginning reserves:	4,025	8,853	0	0	0
B. Incurred losses and loss adjustment expenses:	5,301	(8,853)	0	0	29,626
C. Calendar year payments for losses and loss adjustment expenses:	<u>473</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>597</u>
D. Ending reserves:	8,853	0	0	0	29,030

(2) Net of Reinsurance -

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
A. Beginning reserves:	4,025	8,853	0	0	0
B. Incurred losses and loss adjustment expenses:	5,301	(8,853)	0	0	29,626
C. Calendar year payments for losses and loss adjustment expenses:	<u>473</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>597</u>
D. Ending reserves:	8,853	0	0	0	29,030

State the amount of ending reserves held for Bulk + IBNR included in A (Loss & LAE):

1. Gross of Reinsurance Basis: 0
2. Net of Reinsurance Basis: 0

State the amount of ending reserves for loss adjustment expenses included in A (Case, Bulk + IBNR):

1. Gross of Reinsurance Basis: 7,155
2. Net of Reinsurance Basis: 7,155

NOTES TO FINANCIAL STATEMENTS

D. Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to environmental losses?

Yes (X) No ()

The Company's exposure to environmental losses arises primarily from the sale of general liability insurance.

The Company tries to estimate the full impact of environmental exposure by establishing full case basis reserves on all known losses and computing incurred but not reported losses based on previous experience.

Environmental related losses (including coverage dispute costs) for each of the five most recent calendar years, based upon the Company's pool participation percentage, were as follows:

(1) Gross of Reinsurance

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
A. Beginning reserves:	333,578	78,375	69,666	10,116	19,780
B. Incurred losses and loss adjustment expenses:	1,257,388	45,750	57,150	18,284	13,566
C. Calendar year payments for losses and loss adjustment expenses:	<u>1,512,591</u>	<u>54,459</u>	<u>116,701</u>	<u>8,621</u>	<u>28,535</u>
D. Ending reserves:	78,375	69,666	10,116	19,780	4,810

(2) Net of Reinsurance -

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
A. Beginning reserves:	333,578	78,375	69,666	10,116	19,780
B. Incurred losses and loss adjustment expenses:	(219,468)	45,061	57,150	9,391	10,460
C. Calendar year payments for losses and loss adjustment expenses:	<u>35,735</u>	<u>53,769</u>	<u>116,701</u>	<u>(272)</u>	<u>25,429</u>
D. Ending reserves:	78,375	69,666	10,116	19,780	4,810

State the amount of ending reserves held for Bulk + IBNR included in D (Loss & LAE):

- Gross of Reinsurance Basis: \$ 0
- Net of Reinsurance Basis: \$ 0

State the amount of ending reserves for loss adjustment expenses included in D (Case, Bulk + IBNR):

- Gross of Reinsurance Basis: \$ 960
- Net of Reinsurance Basis: \$ 960

Item 30. Subscriber Savings Accounts

None to report.

Item 31. Financial Guaranty Insurance Exposures

None to report.

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	1,032,360	4.865	1,032,360	4.865
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies	2,266,037	10.678	2,266,037	10.678
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	0	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	773,958	3.647	773,958	3.647
1.43 Revenue and assessment obligations	1,247,639	5.879	1,247,639	5.879
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	0	0.000	0	0.000
1.512 Issued by FNMA and FHLMC	572,490	2.698	572,490	2.698
1.513 Privately issued	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	3,983,695	18.773	3,983,695	18.773
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	0	0.000	0	0.000
1.523 All other privately issued	3,048,319	14.365	3,048,319	14.365
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	4,192,184	19.755	4,192,184	19.755
2.2 Unaffiliated foreign securities	42,750	0.201	42,750	0.201
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	1,102,482	5.195	1,102,482	5.195
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	324,678	1.530	324,678	1.530
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	0	0.000	0	0.000
3.4 Other equity securities:				
3.41 Affiliated	210,468	0.992	210,468	0.992
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	1,905,078	8.977	1,905,078	8.977
5.2 Property held for the production of income (includes \$ 0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Policy loans	0	0.000	0	0.000
7. Receivables for securities	0	0.000	0	0.000
8. Cash and short-term investments	518,654	2.444	518,654	2.444
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	21,220,792	100.000	21,220,792	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] NA []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1999
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1999
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).11/08/2000
- 3.4 By what department or departments? Ohio.....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 1100 Huntington Center, 41 South High Street, Columbus, Ohio 43215.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Peter G. Wick, 15800 Bluemound Road, Brookfield, WI 53005-6069 - actuary associated with Milliman USA.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

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

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

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

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

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

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

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

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

19.4. For category (19.28) provide the following:

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

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

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

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

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

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

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

1	2
Name of Custodian(s)	Custodian's Address
Community First Bank & Trust.....	225 N. Main Street, Celina, Ohio.....
.....

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

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

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

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

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

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
109875.....	Asset Allocation & Management.....	30 N. LaSalle Street, 35th Floor, Chicago, IL 60602.....
104751.....	Zazove & Associates.....	940 Southwood Blvd. Suite 200, Incline Village, NV 89451.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....92,768

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

1 Name	2 Amount Paid
Insurance Services Office.....	\$.....53,527
	\$.....
	\$.....

24.1 Amount of payments for legal expenses, if any?..... \$.....16,108

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
Taft, Stettinius & Hollister.....	\$.....16,108
	\$.....
	\$.....

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

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

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

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

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

- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 Not applicable.....
- 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.
 Risk Management Solutions, Inc. provided estimates of probable maximum losses using a series of simulated tornado/hail storms encompassing a range of probable United States events. These analyses included an OEP analysis and an average annual loss analysis. Concentrations of exposures with a higher potential exist in western Ohio and central Indiana.....
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 The company has purchased catastrophe protection for 95% of \$14.65 million of property losses in excess of \$1.5 million per occurrence.....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [X] No []
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

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

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

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 7.2 If yes, give full information
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [X] No [] NA []
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [] No [X] NA []
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [] No [X]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$
- 10.62 Collateral and other funds..... \$
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No [X]
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$ 250,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [] No [X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount..... 3
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?..... Yes [] No [X]
- 14.11 Name of real estate holding company
- 14.12 Number of parcels involved
- 14.13 Total book/adjusted carrying value \$
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business?..... Yes [] No [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	25,120,166	25,728,231	28,689,023	30,275,198	31,327,218
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	18,496,946	18,808,317	19,408,418	19,153,079	19,038,413
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	16,815,120	14,370,843	11,935,911	11,551,564	11,431,552
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	16,145	20,287	38,182	30,468	24,690
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	2	0
6. Total (Line 34)	60,448,377	58,927,678	60,071,534	61,010,311	61,821,873
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	7,232,363	8,527,147	8,375,386	8,570,021	8,952,438
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	5,797,249	6,382,997	6,008,410	5,735,792	5,720,882
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	4,982,402	4,813,083	3,730,458	3,383,309	3,568,268
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	5,651	7,460	12,093	10,664	8,642
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	1	0
12. Total (Line 34)	18,017,665	19,730,687	18,126,346	17,699,786	18,250,230
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(2,098,681)	(1,568,110)	(1,746,976)	(1,557,894)	(1,851,682)
14. Net Investment Gain (Loss) (Line 11)	1,061,640	1,373,492	1,766,605	1,178,477	1,760,806
15. Total Other Income (Line 15)	160,277	254,862	96,707	169,885	156,294
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	0	0	0	0	0
18. Net Income (Line 20)	(876,764)	60,245	116,335	(209,533)	65,418
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	44,068,004	28,913,237	29,024,530	31,064,633	32,324,968
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	10,207,671	1,294,265	(565,711)	(562,903)	(159,227)
20.2 Deferred and not yet due (Line 10.2)	4,232,831	3,864,413	4,255,164	4,439,041	4,102,643
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	36,562,913	20,313,349	20,152,478	21,058,707	22,431,903
22. Losses (Page 3, Lines 1 and 2)	13,372,025	7,161,386	7,573,320	8,864,013	9,309,290
23. Loss Adjustment Expenses (Page 3, Line 3)	1,926,260	1,999,200	2,220,750	2,331,700	2,489,200
24. Unearned premiums (Page 3, Line 9)	7,656,987	7,825,612	7,973,440	7,819,402	7,824,131
25. Capital Paid Up (Page 3, Lines 28 & 29)	0	0	0	0	0
26. Surplus as Regards Policyholders (Page 3, Line 35)	7,505,091	8,599,888	8,872,053	10,005,927	9,893,065
Risk-Based Capital Analysis					
27. Total Adjusted Capital	7,505,091	8,599,888	8,872,053	10,005,927	9,893,065
28. Authorized Control Level Risk-Based Capital	1,717,867	1,897,192	1,965,667	1,641,789	1,744,692
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	80.9	79.1	73.1	76.2	67.8
30. Stocks (Lines 2.1 & 2.2)	7.7	7.1	7.5	8.4	6.9
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	9.0	8.8	9.1	9.0	9.4
33. Cash and Short-Term Investments (Line 5)	2.4	5.0	10.3	6.4	15.9
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	210,468	36,684	124,308	455,240	446,242
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	210,468	36,684	124,308	455,240	446,242
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)	2.8	0.4	1.4	4.5	4.5

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	(178,819)	(298,661)	(1,111,765)	293,339	(11,489)
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	(1,094,797)	(272,165)	(1,133,874)	112,861	97,433
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	16,299,619	18,612,771	20,274,498	21,332,739	21,053,017
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	10,754,072	11,564,616	11,502,906	10,617,548	12,450,439
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	12,415,493	10,480,533	7,190,448	6,448,509	8,929,442
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	4,588	0	0	11,184
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	640	5	11	(1,653)	1,541
54. Total (Line 34)	39,469,824	40,662,512	38,967,863	38,397,144	42,445,623
Net Losses Paid (Page 9, Part 2, Col. 4)					
55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	5,175,667	6,067,025	6,682,680	7,164,455	7,310,111
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	3,456,438	4,043,430	3,991,587	3,569,732	3,818,346
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	3,967,030	3,550,971	2,491,589	2,171,478	2,534,445
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	(67)	1,606	0	0	3,914
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	224	2	4	(578)	539
60. Total (Line 34)	12,599,292	13,663,033	13,165,859	12,905,087	13,667,355
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums Earned (Line 1)	100.0	100.0	100.0	100.0	100.0
62. Losses Incurred (Line 2)	69.5	66.7	66.1	70.4	70.9
63. Loss Expenses Incurred (Line 3)	10.5	8.6	10.0	10.6	10.7
64. Other Underwriting Expenses Incurred (Line 4)	31.6	32.5	33.7	27.8	28.6
65. Net Underwriting gain (loss) (Line 8)	(11.5)	(7.9)	(9.7)	(8.8)	(10.2)
Other Percentages					
66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	31.0	31.4	32.9	26.8	27.7
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	80.0	75.4	76.0	81.0	81.6
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)	240.1	229.4	204.3	176.9	184.5
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(195)	22	(283)	509	504
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	(2.3)	0.2	(2.8)	5.1	5.1
Two Year Loss Development (000 omitted)					
71. Development in Estimated Losses and Loss Expenses Incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	132	(345)	(211)	798	(248)
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	1.5	(3.4)	(2.1)	8.1	(2.8)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 3,298,397 2. Canada 0 3. Other Countries 0 4. Totals 3,298,397	3,389,563 0 0 3,389,563	3,323,624 0 0 3,323,624	3,100,000 0 0 3,100,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 0 7. Other Countries 0 8. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 773,958 10. Canada 0 11. Other Countries 0 12. Totals 773,958	773,958 0 0 773,958	781,585 0 0 781,585	710,000 0 0 710,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 5,300,014 14. Canada 0 15. Other Countries 0 16. Totals 5,300,014	5,300,014 0 0 5,300,014	5,361,894 0 0 5,361,894	5,164,237 0 0 5,164,237
Public Utilities (unaffiliated)	17. United States 0 18. Canada 0 19. Other Countries 19,500 20. Totals 19,500	0 0 19,500 19,500	0 0 29,775 29,775	0 0 30,000 30,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 7,744,313 22. Canada 0 23. Other Countries 23,250 24. Totals 7,767,563	7,940,892 0 23,250 7,964,142	7,899,253 0 30,964 7,930,217	8,001,307 0 50,000 8,051,307
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 17,159,431	0 17,447,176	0 17,427,095	0 17,055,543
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 11,800 28. Canada 0 29. Other Countries 0 30. Totals 11,800	11,800 0 0 11,800	38,188 0 0 38,188	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 107,070 32. Canada 0 33. Other Countries 0 34. Totals 107,070	107,070 0 0 107,070	94,754 0 0 94,754	
Industrial and Miscellaneous (unaffiliated)	35. United States 205,808 36. Canada 0 37. Other Countries 0 38. Totals 205,808	208,793 0 0 208,793	202,595 0 0 202,595	
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 324,678	0 327,663	0 335,538	
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0	0 0 0 0	0 0 0 0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0	0 0 0 0	0 0 0 0	
Industrial and Miscellaneous (unaffiliated)	49. United States 1,102,482 50. Canada 0 51. Other Countries 0 52. Totals 1,102,482	1,102,482 0 0 1,102,482	1,980,415 0 0 1,980,415	
Parent, Subsidiaries and Affiliates	53. Totals 210,468 54. Total Common Stocks 1,312,950	210,468 1,312,950	0 1,980,415	
	55. Total Stocks 1,637,628 56. Total Bonds and Stocks 18,797,059	1,640,612 19,087,788	2,315,953 19,743,048	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 9,626,102 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 19,656,622	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 7,280,612	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 (211,650)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 (15,458)	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 (136,142)	
3.4 Column 10, Part 4 (396,391)	7. Book/adjusted carrying value at end of current period 18,797,059
4. Total gain (loss), Col. 14, Part 4 185,109	8. Total valuation allowance 0
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 7,928,893	9. Subtotal (Lines 7 plus 8) 18,797,059
	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 18,797,059

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	196	41	65	5	11	0	6	226	XXX
2. 1993	28,693	6,920	21,773	17,289	3,118	828	151	1,760	0	499	16,609	XXX
3. 1994	28,307	9,298	19,009	19,428	6,105	726	90	1,839	0	548	15,798	XXX
4. 1995	26,133	7,721	18,412	16,618	5,690	1,017	262	1,731	0	490	13,414	XXX
5. 1996	23,249	4,365	18,885	14,752	2,322	704	156	1,535	0	486	14,514	XXX
6. 1997	22,487	5,519	16,968	13,504	1,836	667	71	1,494	0	553	13,757	XXX
7. 1998	22,333	4,121	18,213	14,310	2,201	341	29	1,456	5	582	13,873	XXX
8. 1999	21,824	4,119	17,705	14,607	2,375	309	12	1,447	5	531	13,972	XXX
9. 2000	21,859	3,887	17,972	14,108	2,035	231	7	1,346	6	466	13,638	XXX
10. 2001	21,732	1,879	19,853	11,594	333	138	4	1,221	1	376	12,616	XXX
11. 2002	21,777	3,593	18,185	9,918	929	61	5	1,055	9	222	10,092	XXX
12. Totals	XXX	XXX	XXX	146,325	26,984	5,086	791	14,897	25	4,759	138,508	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.	827	215	(2)	0	0	0	60	8	26	0	2	687	XXX
2.	112	89	(2)	0	0	0	10	0	2	0	2	34	XXX
3.	34	0	3	0	0	0	12	0	3	0	2	52	XXX
4.	42	0	0	0	0	0	20	0	4	0	4	65	XXX
5.	92	18	3	0	0	0	26	1	7	0	4	108	XXX
6.	132	49	8	0	0	0	42	0	13	0	6	146	XXX
7.	202	110	53	18	0	0	47	2	35	0	10	207	XXX
8.	381	66	104	53	0	0	101	3	66	0	20	529	XXX
9.	810	737	295	272	0	0	160	7	133	1	39	381	XXX
10.	1,171	19	690	131	0	0	204	11	223	2	119	2,125	XXX
11.	2,842	556	2,052	318	0	0	266	16	525	5	253	4,790	XXX
12. Totals	6,644	1,858	3,203	791	0	0	948	49	1,037	10	461	9,125	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	610	78
2.	20,001	3,358	16,643	69.7	48.5	76.4	0	0	35.0	22	12
3.	22,046	6,195	15,850	77.9	66.6	83.4	0	0	35.0	37	15
4.	19,432	5,952	13,480	74.4	77.1	73.2	0	0	35.0	42	23
5.	17,118	2,497	14,622	73.6	57.2	77.4	0	0	35.0	76	32
6.	15,860	1,957	13,903	70.5	35.5	81.9	0	0	35.0	91	55
7.	16,444	2,364	14,080	73.6	57.4	77.3	0	0	35.0	128	79
8.	17,015	2,514	14,501	78.0	61.0	81.9	0	0	35.0	366	163
9.	17,083	3,064	14,018	78.1	78.8	78.0	0	0	35.0	96	284
10.	15,242	500	14,742	70.1	26.6	74.3	0	0	35.0	1,711	415
11.	16,719	1,837	14,882	76.8	51.1	81.8	0	0	35.0	4,020	770
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	7,198	1,926

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE National Mutual Insurance Company

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$'000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	9,178	9,537	9,485	9,167	9,099	8,781	8,872	8,785	8,887	9,021	134	235
2. 1993	14,667	14,784	14,987	14,866	14,924	14,883	14,887	14,882	14,886	14,880	(6)	(2)
3. 1994	XXX	13,779	14,045	14,175	14,128	14,043	13,863	13,835	13,879	14,008	129	173
4. 1995	XXX	XXX	11,951	11,604	11,704	11,920	12,003	11,803	11,756	11,745	(11)	(58)
5. 1996	XXX	XXX	XXX	13,382	13,245	13,320	13,428	13,106	13,075	13,079	4	(27)
6. 1997	XXX	XXX	XXX	XXX	11,607	12,264	12,453	12,508	12,447	12,396	(51)	(112)
7. 1998	XXX	XXX	XXX	XXX	XXX	12,759	12,974	12,840	12,622	12,594	(28)	(246)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	12,478	12,915	13,059	12,993	(66)	79
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,458	12,541	12,547	5	89
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,604	13,300	(305)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,315	XXX	XXX
12. Totals											(195)	132

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$'000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	000	2,738	5,370	6,578	7,327	7,631	7,967	7,996	8,143	8,359	XXX	XXX
2. 1993	8,025	11,590	13,147	13,711	14,340	14,489	14,684	14,815	14,827	14,849	XXX	XXX
3. 1994	XXX	8,537	11,394	12,334	12,957	13,431	13,648	13,710	13,789	13,959	XXX	XXX
4. 1995	XXX	XXX	6,302	8,689	9,804	10,674	11,268	11,580	11,649	11,683	XXX	XXX
5. 1996	XXX	XXX	XXX	7,965	10,845	12,062	12,658	12,837	12,946	12,978	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	7,835	10,484	11,450	11,941	12,120	12,263	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	8,477	11,050	11,883	12,325	12,421	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	8,002	10,809	12,109	12,529	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,843	11,761	12,298	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,928	11,395	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	9,045	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$'000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	3,683	2,422	1,247	635	422	261	103	59	43	51
2. 1993	3,994	1,722	1,028	435	281	176	75	23	22	8
3. 1994	XXX	2,933	1,300	948	711	459	119	46	24	15
4. 1995	XXX	XXX	3,386	1,644	1,091	608	407	125	39	20
5. 1996	XXX	XXX	XXX	3,107	1,404	697	523	184	73	27
6. 1997	XXX	XXX	XXX	XXX	1,990	953	539	293	122	50
7. 1998	XXX	XXX	XXX	XXX	XXX	2,333	1,085	444	203	80
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	2,152	889	383	149
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	941	335	176
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,334	752
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,984

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No	0	0	0	0	0	0	0
2. Alaska	AK	No	0	0	0	0	0	0	0
3. Arizona	AZ	No	0	0	0	0	0	0	0
4. Arkansas	AR	No	0	0	0	0	0	0	0
5. California	CA	No	0	0	0	0	0	0	0
6. Colorado	CO	No	0	0	0	0	0	0	0
7. Connecticut	CT	No	0	0	0	0	0	0	0
8. Delaware	DE	No	0	0	0	0	0	0	0
9. District of Columbia	DC	No	0	0	0	0	0	0	0
10. Florida	FL	No	0	0	0	0	0	0	0
11. Georgia	GA	No	0	0	0	0	0	0	0
12. Hawaii	HI	No	0	0	0	0	0	0	0
13. Idaho	ID	No	0	0	0	0	0	0	0
14. Illinois	IL	No	0	0	0	0	0	0	0
15. Indiana	IN	Yes	6,807,614	6,018,344	0	3,761,898	3,091,282	1,840,114	80,090
16. Iowa	IA	No	0	0	0	0	0	0	0
17. Kansas	KS	No	0	0	0	0	0	0	0
18. Kentucky	KY	Yes	0	0	0	16,926	0	87,309	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	No	0	0	0	0	0	0	0
22. Massachusetts	MA	No	0	0	0	0	0	0	0
23. Michigan	MI	No	0	0	0	3,975	(2,500)	3,253	0
24. Minnesota	MN	No	0	0	0	0	0	0	0
25. Mississippi	MS	No	0	0	0	0	0	0	0
26. Missouri	MO	No	0	0	0	0	0	0	0
27. Montana	MT	No	0	0	0	0	0	0	0
28. Nebraska	NE	No	0	0	0	0	0	0	0
29. Nevada	NV	No	0	0	0	0	0	0	0
30. New Hampshire	NH	No	0	0	0	0	0	0	0
31. New Jersey	NJ	No	0	0	0	0	0	0	0
32. New Mexico	NM	No	0	0	0	0	0	0	0
33. New York	NY	No	0	0	0	0	0	0	0
34. North Carolina	NC	No	0	0	0	0	0	0	0
35. North Dakota	ND	No	0	0	0	0	0	0	0
36. Ohio	OH	Yes	19,127,093	18,330,641	0	11,626,298	12,207,727	6,537,687	215,410
37. Oklahoma	OK	No	0	0	0	0	0	0	0
38. Oregon	OR	No	0	0	0	0	0	0	0
39. Pennsylvania	PA	Yes	0	0	0	13,889	9,677	230,441	0
40. Rhode Island	RI	No	0	0	0	0	0	0	0
41. South Carolina	SC	No	0	0	0	0	0	0	0
42. South Dakota	SD	No	0	0	0	0	0	0	0
43. Tennessee	TN	Yes	0	252	0	0	(30,243)	7,197	0
44. Texas	TX	No	0	0	0	0	0	0	0
45. Utah	UT	No	0	0	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0	0	0
47. Virginia	VA	No	0	0	0	0	0	0	0
48. Washington	WA	No	0	0	0	0	0	0	0
49. West Virginia	WV	Yes	0	0	0	1,425	(6,075)	149,994	0
50. Wisconsin	WI	No	0	0	0	0	0	0	0
51. Wyoming	WY	No	0	0	0	0	0	0	0
52. American Samoa	AS	No	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 6		25,934,707	24,349,238	0	15,424,411	15,269,868	8,855,996	295,500
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
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	0	0	0	0	0	0

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

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

Actual premiums entered for all coverages by location of risk or address of insured, whichever is applicable.

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

PART 1 - ORGANIZATIONAL CHART

