



**ASSETS**

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Columns 1 minus 2)	Net Admitted Assets
1. Bonds	96,055,913	0	96,055,913	88,873,267
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0	0	0	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	345,511	0	345,511	348,616
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$ 0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$ 0 encumbrances)	0	0	0	0
5. Cash (\$ 25,147 Schedule E, Part 1) and short-term investments (\$ 2,418,919 Schedule DA, Part 2)	2,444,066	0	2,444,066	1,506,998
6. Other invested assets (Schedule BA)	6,922,005	0	6,922,005	5,944,338
7. Receivable for securities	0	0	0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Line 1 to Line 8)	105,767,495	0	105,767,495	96,673,219
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	4,240,827	309,427	3,931,400	3,966,452
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ 446,208 earned but unbilled premiums)	13,743,542	53,760	13,689,782	10,304,414
10.3 Accrued retrospective premiums	0	0	0	0
11. Funds held by or deposited with reinsured companies	0	0	0	0
12. Bills receivable, taken for premiums	0	0	0	0
13. Amounts receivable under high deductible policies	0	0	0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Columns 7 and 8)	2,575,528	0	2,575,528	(58,954)
15. Federal and foreign income tax recoverable and interest thereon (including \$ 3,146,802 net deferred tax asset)	3,146,802	0	3,146,802	2,570,015
16. Guaranty funds receivable or on deposit	0	0	0	0
17. Electronic data processing equipment and software	0	0	0	0
18. Interest, dividends and real estate income due and accrued	1,461,646	0	1,461,646	1,465,606
19. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Receivable from parent, subsidiaries and affiliates	539,583	0	539,583	515,592
21. Amount due from/to protected cells	0	0	0	0
22. Equities and deposits in pools and associations	329,274	0	329,274	221,460
23. Amounts receivable relating to uninsured accident and health plans	0	0	0	0
24. Other assets nonadmitted (Exhibit 1)	0	0	0	0
25. Aggregate write-ins for other than invested assets	158,464	0	158,464	0
26. Total assets excluding protected cell assets (Line 9 through Line 25)	131,963,161	363,187	131,599,974	115,657,804
27. Protected cell assets	0	0	0	0
28. TOTALS (Line 26 and Line 27)	131,963,161	363,187	131,599,974	115,657,804
<b>DETAILS OF WRITE-INS</b>				
0801.	0	0	0	0
0802.	0	0	0	0
0803.	0	0	0	0
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)	0	0	0	0
2501. Recovery for Guaranty Funds and Assessments	158,464	0	158,464	0
2502.	0	0	0	0
2503.	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	158,464	0	158,464	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ALL AMERICA INSURANCE COMPANY

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8) .....	32,402,704	27,639,585
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9) .....	9,203,777	8,321,194
4. Commissions payable, contingent commissions and other similar charges .....	1,339,165	815,252
5. Other expenses (excluding taxes, licenses and fees) .....	486,644	674,634
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	713,786	596,954
7. Federal and foreign income taxes (including \$ 406,722 on realized capital gains (losses)) (including \$ 0 net deferred tax liability) .....	183,040	90,965
8. Borrowed money \$ 0 and interest thereon \$ 0 .....	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 49,518,415 and including warranty reserves of \$ 0) .....	30,252,910	24,044,340
10. Advance premiums .....	415,844	0
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	92,776	48,474
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	1,642,609	2,281,592
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	0	0
14. Amounts withheld or retained by company for account of others .....	628,500	570,234
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (Schedule F, Part 7) .....	9,141	0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	0	0
19. Payable to parent, subsidiaries and affiliates .....	0	0
20. Payable for securities .....	0	0
21. Liability for amounts held under uninsured accident and health plans .....	0	0
22. Capital notes \$ 0 and interest thereon \$ 0 .....	0	0
23. Aggregate write-ins for liabilities .....	384,719	514,004
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23) .....	77,755,615	65,597,228
25. Protected cell liabilities .....	0	0
26. Total liabilities (Line 24 and Line 25) .....	77,755,615	65,597,228
27. Aggregate write-ins for special surplus funds .....	0	0
28. Common capital stock .....	5,250,000	5,250,000
29. Preferred capital stock .....	0	0
30. Aggregate write-ins for other than special surplus funds .....	0	0
31. Surplus notes .....	0	0
32. Gross paid in and contributed surplus .....	1,302,000	1,302,000
33. Unassigned funds (surplus) .....	47,292,359	43,508,574
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0) .....	0	0
34.2 0 shares preferred (value included in Line 29 \$ 0) .....	0	0
35. Surplus as regards policyholders (Line 27 to Line 33, less Line 34) (Page 4, Line 38) .....	53,844,359	50,060,574
36. TOTALS (Page 2, Line 28, Column 3) .....	131,599,974	115,657,802
<b>DETAILS OF WRITE-INS</b>		
2301. Reserve for Bad Faith Claims .....	1	0
2302. Reserve for Escheats .....	287,366	249,662
2303. 2002 Private Passenger Auto Escrow - North Carolina .....	97,352	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	264,342
2399. TOTALS (Line 2301 through Line 2303 plus Line 2398) (Line 23 above) .....	384,719	514,004
2701. ....	0	0
2702. ....	0	0
2703. ....	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0
2799. TOTALS (Line 2701 through Line 2703 plus Line 2798) (Line 27 above) .....	0	0
3001. ....	0	0
3002. ....	0	0
3003. ....	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page .....	0	0
3099. TOTALS (Line 3001 through Line 3003 plus Line 3098) (Line 30 above) .....	0	0

## UNDERWRITING AND INVESTMENT EXHIBIT

## STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4) .....	53,906,572	45,765,786
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7) .....	32,458,077	27,250,610
3. Loss expenses incurred (Part 3, Line 25, Column 1) .....	5,080,032	5,158,427
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	17,585,177	14,227,905
5. Aggregate write-ins for underwriting deductions .....	97,352	0
6. Total underwriting deductions (Line 2 through Line 5) .....	55,220,638	46,636,942
7. Net income of protected cells .....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7) .....	(1,314,066)	(871,156)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	4,985,454	4,688,221
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)) .....	(169,896)	3,933
11. Net investment gain (loss) (Line 9 plus Line 10) .....	4,815,558	4,692,154
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$ .....	(86,905)	(57,432)
13. Finance and service charges not included in premiums .....	324,656	272,647
14. Aggregate write-ins for miscellaneous income .....	64,304	5,372
15. Total other income (Line 12 through Line 14) .....	302,055	220,587
16. Net income before dividends to policyholders and before federal and foreign income taxes (Line 8 plus Line 11 plus Line 15) .....	3,803,547	4,041,585
17. Dividends to policyholders .....	317,962	226,911
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17) .....	3,485,585	3,814,674
19. Federal and foreign income taxes incurred .....	1,170,968	835,001
20. Net income (Line 18 minus Line 19) (to Line 22) .....	2,314,617	2,979,673
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2) .....	50,060,574	43,503,267
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20) .....	2,314,617	2,979,673
23. Net unrealized capital gains or (losses) .....	1,162,062	913,828
24. Change in net unrealized foreign exchange capital gain (loss) .....	0	0
25. Change in net deferred income tax .....	576,787	269,148
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3) .....	(67,371)	(73,277)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	(9,141)	0
28. Change in surplus notes .....	0	0
29. Surplus (contributed to) withdrawn from protected cells .....	0	0
30. Cumulative effect of changes in accounting principles .....	0	2,467,935
31. Capital changes:		
31.1 Paid in .....	0	0
31.2 Transferred from surplus (Stock Dividend) .....	0	0
31.3 Transferred to surplus .....	0	0
32. Surplus adjustments:		
32.1 Paid in .....	0	0
32.2 Transferred to capital (Stock Dividend) .....	0	0
32.3 Transferred from capital .....	0	0
33. Net remittances from or (to) Home Office .....	0	0
34. Dividends to stockholders .....	0	0
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1) .....	0	0
36. Aggregate write-ins for gains and losses in surplus .....	(193,163)	0
37. Change in surplus as regards policyholders for the year (Line 22 through Line 36) .....	3,783,791	6,557,307
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35) .....	53,844,365	50,060,574
DETAILS OF WRITE-INS		
0501. 2002 PRIVATE PASSENGER AUTO ESCROW - NORTH CAROLINA .....	97,352	0
0502. ....	0	0
0503. ....	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above) .....	97,352	0
1401. MISCELLANEOUS INCOME		
1402. ....	64,304	5,372
1403. ....	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above) .....	64,304	5,372
3601. CORRECTION OF LIABILITY FOR POST RETIREMENT BENEFITS		
3602. ....	(193,163)	0
3603. ....	0	0
3698. Summary of remaining write-ins for Line 36 from overflow page .....	0	0
3699. Totals (Line 3601 through Line 3603 plus Line 3698) (Line 36 above) .....	(193,163)	0

## CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	56,191,690	45,831,277
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	34,591,637	27,985,200
3. Underwriting expenses paid	17,114,144	14,010,752
4. Other underwriting income (expenses)	(158,464)	6,868
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	4,327,445	3,842,193
6. Net investment income	5,227,393	4,668,359
7. Other income (expenses):		
7.1 Agents' balances charged off	(86,905)	(57,432)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	(92,811)	(207,857)
7.4 Aggregate write-ins for miscellaneous items	281,146	222,680
7.5 Total other income (Line 7.1 to Line 7.4)	101,430	(42,609)
8. Dividends to policyholders on direct business, less \$ 1,048,335 dividends on reinsurance assumed or ceded (net)	273,660	209,037
9. Federal and foreign income taxes (paid) recovered	(1,056,232)	(835,099)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	8,326,376	7,423,807
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	11,989,209	8,672,144
11.2 Stocks	0	0
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	0
11.8 Total investment proceeds (Line 11.1 to Line 11.7)	11,989,209	8,672,144
12. Cost of investments acquired (long-term only):		
12.1 Bonds	19,392,229	16,175,335
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	0	0
12.7 Total investments acquired (Line 12.1 to Line 12.6)	19,392,229	16,175,335
13. Net cash from investments (Line 11.8 minus Line 12.7)	(7,403,020)	(7,503,191)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes, \$ 0 less amounts repaid \$ 0	0	0
14.3 Net transfers from affiliates	0	228,864
14.4 Borrowed funds received	0	0
14.5 Other cash provided	37,704	249,662
14.6 Total (Lines 14.1 to 14.5)	37,704	478,526
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	23,991	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	0	0
15.5 Total (Line 15.1 to Line 15.4)	23,991	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	13,713	478,526
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16)	937,069	399,142
18. Cash and short-term investments:		
18.1 Beginning of year	1,506,998	1,107,856
18.2 End of year (Line 17 plus Line 18.1)	2,444,067	1,506,998
DETAILS OF WRITE-INS		
7.401 FINANCE & SERVICE CHARGES/SCH T, COL 8 TOTAL	324,656	272,647
7.402 AGGREGATE WRITE INS - PAGE 4, LINE 14	64,304	5,372
7.403 PAGE 2, LINE 22 - EQUITIES & DEPOSITS	(107,814)	(55,339)
7.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
7.499 Totals (Line 7.401 through Line 7.403 plus Line 7.498) (Line 7.4 above)	281,146	222,680

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Column 3, Last Year's Part 2	3 Unearned Premiums December 31 Current Year- per Column 5 Part 1A	4 Premiums Earned During Year (Column 1 plus 2 minus 3)
1. Fire	971,509	371,919	486,211	857,217
2. Allied lines	1,147,863	428,397	574,771	1,001,489
3. Farmowners multiple peril	763	466	529	700
4. Homeowners multiple peril	10,202,041	4,591,096	5,672,260	9,120,877
5. Commercial multiple peril	13,124,164	4,823,204	6,350,366	11,597,002
6. Mortgage guaranty	0	0	0	0
8. Ocean marine	0	0	0	0
9. Inland marine	977,792	330,601	401,296	907,097
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	93,763	44,435	50,775	87,423
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	6,172,060	1,976,530	2,432,247	5,716,343
17.1 Other liability - occurrence	859,354	305,122	424,050	740,426
17.2 Other liability - claims-made	0	0	0	0
18.1 Products liability - occurrence	1,897,913	609,931	939,315	1,568,529
18.2 Products liability - claims-made	0	0	0	0
19.1, 19.2 Private passenger auto liability	10,155,946	4,395,659	5,242,178	9,309,427
19.3, 19.4 Commercial auto liability	4,744,040	1,871,953	2,279,892	4,336,101
21. Auto physical damage	9,656,271	3,859,924	4,858,164	8,658,031
22. Aircraft (all perils)	0	0	0	0
23. Fidelity	7,552	2,536	3,197	6,891
24. Surety	342	129	122	349
26. Burglary and theft	5,494	1,125	2,028	4,591
27. Boiler and machinery	(9,246)	1,232	(2,095)	(5,919)
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	60,007,621	23,614,259	29,715,306	53,906,574
<b>DETAILS OF WRITE-INS</b>				
3301.	0	0	0	0
3302.	0	0	0	0
3303.	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	0	0	0	0

**UNDERWRITING AND INVESTMENT EXHIBIT**

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

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

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire	547,834	0	(61,623)	0	486,211
2. Allied lines	574,771	0	0	0	574,771
3. Farmowners multiple peril	529	0	0	0	529
4. Homeowners multiple peril	5,672,260	0	0	0	5,672,260
5. Commercial multiple peril	6,501,574	0	(151,208)	0	6,350,366
6. Mortgage guaranty	0	0	0	0	0
8. Ocean marine	0	0	0	0	0
9. Inland marine	401,296	0	0	0	401,296
10. Financial guaranty	0	0	0	0	0
11.1 Medical malpractice - occurrence	0	0	0	0	0
11.2 Medical malpractice - claims-made	0	0	0	0	0
12. Earthquake	50,775	0	0	0	50,775
13. Group accident and health	0	0	0	0	0
14. Credit accident and health (group and individual)	0	0	0	0	0
15. Other accident and health	0	0	0	0	0
16. Workers' compensation	2,741,507	0	(309,260)	0	2,432,247
17.1 Other liability - occurrence	439,559	0	(15,508)	0	424,051
17.2 Other liability - claims-made	0	0	0	0	0
18.1 Products liability - occurrence	939,315	0	0	0	939,315
18.2 Products liability - claims-made	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	5,242,178	0	0	0	5,242,178
19.3, 19.4 Commercial auto liability	2,279,892	0	0	0	2,279,892
21. Auto physical damage	4,858,164	0	0	0	4,858,164
22. Aircraft (all perils)	0	0	0	0	0
23. Fidelity	3,197	0	0	0	3,197
24. Surety	122	0	0	0	122
26. Burglary and theft	2,028	0	0	0	2,028
27. Boiler and machinery	(2,095)	0	0	0	(2,095)
28. Credit	0	0	0	0	0
29. International	0	0	0	0	0
30. Reinsurance - Nonproportional Assumed Property	0	0	0	0	0
31. Reinsurance - Nonproportional Assumed Liability	0	0	0	0	0
32. Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0	0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	30,252,906	0	(537,599)	0	29,715,307
35. Accrued retrospective premiums based on experience					0
36. Earned but unbilled premiums					537,600
37. Balance (Sum of Line 34 through Line 36)					30,252,907
<b>DETAILS OF WRITE-INS</b>					
3301.	0	0	0	0	0
3302.	0	0	0	0	0
3303.	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399. Totals (Lines 3301 through 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 ( ) No (X)

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

**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 Columns 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	769,987	1,012,405	0	617,184	193,699	971,509
2. Allied lines	903,007	1,181,319	0	829,063	107,400	1,147,863
3. Farmowners multiple peril	0	799	0	36	0	763
4. Homeowners multiple peril	13,309,329	10,728,040	0	13,828,347	6,980	10,202,042
5. Commercial multiple peril	21,650,199	13,623,367	0	20,705,461	1,443,941	13,124,164
6. Mortgage guaranty	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0
9. Inland marine	926,497	1,032,675	0	981,010	370	977,792
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	383,231	95,005	0	375,273	9,200	93,763
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	7,681,729	6,355,951	0	7,865,621	0	6,172,059
17.1 Other liability - occurrence	276,952	874,859	0	285,796	6,661	859,354
17.2 Other liability - claims-made	0	0	0	0	0	0
18.1 Products liability - occurrence	2,492,323	1,940,014	0	2,534,424	0	1,897,913
18.2 Products liability - claims-made	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	26,217,551	10,263,462	0	26,325,067	0	10,155,946
19.3, 19.4 Commercial auto liability	7,713,765	4,828,742	0	7,797,823	644	4,744,040
21. Auto physical damage	23,044,642	9,738,470	0	23,122,691	4,150	9,656,271
22. Aircraft (all perils)	0	0	0	0	0	0
23. Fidelity	9,336	7,795	0	9,579	0	7,552
24. Surety	0	354	0	12	0	342
26. Burglary and theft	1,746	5,566	0	1,818	0	5,494
27. Boiler and machinery	102,152	(9,160)	0	(8,192)	110,430	(9,246)
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
31. Reinsurance - Nonproportional Assumed Liability	XXX	0	0	0	0	0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	0	0	0	0	0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	105,482,446	61,679,663	0	105,271,013	1,883,475	60,007,621
<b>DETAILS OF WRITE-INS</b>						
3301.	0	0	0	0	0	0
3302.	0	0	0	0	0	0
3303.	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Line 3301 through Line 3303 plus Line 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 \$ 0  
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$ 0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ALL AMERICA INSURANCE COMPANY

**UNDERWRITING AND INVESTMENT EXHIBIT**

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5	6	7	8
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 plus 2 minus 3)	Net Losses Unpaid Current Year (Part 2A Column 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Column 4 plus 5 minus 6)	Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
1. Fire	1,008,644	557,465	1,008,644	557,465	101,358	125,419	533,404	62.2
2. Allied lines	326,988	526,194	326,988	526,194	95,850	36,771	585,273	58.4
3. Farmowners multiple peril	0	0	0	0	0	0	0	0.0
4. Homeowners multiple peril	16,231,396	7,335,029	16,231,396	7,335,029	2,727,456	1,775,662	8,286,823	90.9
5. Commercial multiple peril	14,895,380	4,787,022	14,895,380	4,787,022	6,759,211	5,971,253	5,574,980	48.1
6. Mortgage guaranty	0	0	0	0	0	0	0	0.0
8. Ocean marine	0	0	0	0	0	0	0	0.0
9. Inland marine	528,964	326,033	528,964	326,033	45,265	38,954	332,344	36.6
10. Financial guaranty	0	0	0	0	0	0	0	0.0
11.1 Medical malpractice - occurrence	0	0	0	0	0	0	0	0.0
11.2 Medical malpractice - claims-made	0	0	0	0	0	0	0	0.0
12. Earthquake	0	1,160	0	1,160	0	0	1,160	1.3
13. Group accident and health	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	0.0
15. Other accident and health	0	0	0	0	0	0	0	0.0
16. Workers' compensation	7,045,992	2,304,245	7,045,992	2,304,245	6,871,318	5,902,402	3,273,161	57.3
17.1 Other liability - occurrence	200,771	(1,160,772)	200,771	(1,160,772)	1,769,755	800,317	(191,334)	(25.8)
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0.0
18.1 Products liability - occurrence	1,294,899	476,475	1,294,899	476,475	2,459,363	1,655,557	1,280,281	81.6
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability	15,297,050	5,426,529	15,297,050	5,426,529	5,907,085	6,082,268	5,251,346	56.4
19.3, 19.4 Commercial auto liability	7,174,809	2,102,601	7,174,809	2,102,601	5,297,237	4,961,018	2,438,820	56.2
21. Auto physical damage	14,297,706	4,861,657	14,297,706	4,861,657	(21,307)	(165,539)	5,005,889	57.8
22. Aircraft (all perils)	0	0	0	0	0	0	0	0.0
23. Fidelity	0	(402)	0	(402)	80,000	1,600	77,998	1,132.0
24. Surety	0	0	0	0	0	0	0	0.0
26. Burglary and theft	0	33	0	33	16	31	18	0.4
27. Boiler and machinery	8,911	(20)	8,911	(20)	(1,757)	(474)	(1,303)	22.0
28. Credit	0	0	0	0	0	0	0	0.0
29. International	0	0	0	0	0	0	0	0.0
30. Reinsurance- Nonproportional Assumed Property	X X X	0	0	0	0	0	0	0.0
31. Reinsurance- Nonproportional Assumed Liability	X X X	151,711	0	151,711	311,853	454,348	9,216	0.0
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X	0	0	0	0	0	0	0.0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
34. TOTALS	78,311,510	27,694,960	78,311,510	27,694,960	32,402,703	27,639,587	32,458,076	17.0
DETAILS OF WRITE-INS								
3301	0	0	0	0	0	0	0	0.0
3302	0	0	0	0	0	0	0	0.0
3303	0	0	0	0	0	0	0	0.0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0.0
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ALL AMERICA 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 (Columns 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire	32,276	75,501	32,276	75,501	39,414	25,857	39,414	101,358	58,529
2. Allied lines	231,660	62,641	231,660	62,641	33,783	33,209	33,783	95,850	15,196
3. Farmowners multiple peril	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril	2,920,986	1,773,796	2,920,986	1,773,796	2,719,371	953,660	2,719,371	2,727,456	436,150
5. Commercial multiple peril	9,999,078	3,111,552	9,999,078	3,111,552	10,148,148	3,647,659	10,148,148	6,759,211	3,191,577
6. Mortgage guaranty	0	0	0	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0	0	0	0
9. Inland marine	4,854	8,054	4,854	8,054	79,479	37,211	79,479	45,265	8,767
10. Financial guaranty	0	0	0	0	0	0	0	0	0
11.1 Medical malpractice - occurrence	0	0	0	0	0	0	0	0	0
11.2 Medical malpractice - claims-made	0	0	0	0	0	0	0	0	0
12. Earthquake	0	0	0	0	0	0	0	0	0
13. Group accident and health	0	0	0	0	0	0	0	(a) 0	0
14. Credit accident and health (group and individual)	0	0	0	0	0	0	0	(a) 0	0
15. Other accident and health	0	0	0	0	0	0	0	0	0
16. Workers' compensation	13,945,403	5,524,570	13,945,403	5,524,570	5,291,536	1,346,748	5,291,536	6,871,318	947,732
17.1 Other liability - occurrence	284,420	280,399	284,420	280,399	313,079	1,489,356	313,079	1,769,755	612,648
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence	894,274	1,058,358	894,274	1,058,358	3,082,437	1,401,005	3,082,437	2,459,363	1,243,544
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	10,246,404	3,673,348	10,246,404	3,673,348	7,683,253	2,233,737	7,683,253	5,907,085	1,180,245
19.3, 19.4 Commercial auto liability	5,988,247	2,672,103	5,988,247	2,672,103	8,171,974	2,625,135	8,171,974	5,297,238	1,387,041
21. Auto physical damage	822,163	306,168	822,163	306,168	(987,125)	(327,475)	(987,125)	(21,307)	120,597
22. Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23. Fidelity	0	80,000	0	80,000	0	0	0	80,000	256
24. Surety	0	0	0	0	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0	16	0	16	5
27. Boiler and machinery	9,000	(1,760)	9,000	(1,760)	30	3	30	(1,757)	1,671
28. Credit	0	0	0	0	0	0	0	0	0
29. International	0	0	0	0	0	0	0	0	0
30. Reinsurance- Nonproportional Assumed Property	X X X	0	0	0	X X X	0	0	0	0
31. Reinsurance- Nonproportional Assumed Liability	X X X	203,109	0	203,109	X X X	108,744	0	311,853	0
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X	0	0	0	X X X	0	0	0	0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
34. TOTALS	45,378,765	18,827,839	45,378,765	18,827,839	36,575,379	13,574,865	36,575,379	32,402,704	9,203,958
DETAILS OF WRITE-INS									
3301.	0	0	0	0	0	0	0	0	0
3302.	0	0	0	0	0	0	0	0	0
3303.	0	0	0	0	0	0	0	0	0
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

## UNDERWRITING AND INVESTMENT EXHIBIT

## PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct	6,111,201	0	0	6,111,201
1.2 Reinsurance assumed	2,597,177	0	0	2,597,177
1.3 Reinsurance ceded	5,914,871	0	0	5,914,871
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	2,793,507	0	0	2,793,507
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	15,706,061	0	15,706,061
2.2 Reinsurance assumed excluding contingent	0	11,095,756	0	11,095,756
2.3 Reinsurance ceded excluding contingent	0	17,762,461	0	17,762,461
2.4 Contingent - direct	0	2,287,196	0	2,287,196
2.5 Contingent - reinsurance assumed	0	1,380,168	0	1,380,168
2.6 Contingent - reinsurance ceded	0	2,493,608	0	2,493,608
2.7 Policy and membership fees	0	0	0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	10,213,112	0	10,213,112
3. Allowances to manager and agents	0	95,294	0	95,294
4. Advertising	0	8,872	0	8,872
5. Boards, bureaus and associations	(32,214)	724,787	0	692,573
6. Surveys and underwriting reports	311	370,760	0	371,071
7. Audit of assureds' records	0	76,170	0	76,170
8. Salary and related items:				
8.1 Salaries	1,304,661	2,444,515	116,521	3,865,697
8.2 Payroll taxes	97,967	178,153	0	276,120
9. Employee relations and welfare	256,751	478,443	21,728	756,922
10. Insurance	17,568	34,080	0	51,648
11. Directors' fees	3,817	7,212	587	11,616
12. Travel and travel items	123,140	287,495	5,468	416,103
13. Rent and rent items	162,460	217,843	25,886	406,189
14. Equipment	103,263	189,006	18,999	311,268
15. Cost or Depreciation of EDP equipment and software	35,274	80,688	3,328	119,290
16. Printing and stationery	24,967	78,037	7,298	110,302
17. Postage, telephone and telegraph, exchange and express	133,513	248,580	6,927	389,020
18. Legal and auditing	12,940	34,479	0	47,419
19. Totals (Lines 3 to 18)	2,244,418	5,554,414	206,742	8,005,574
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 3,199	0	1,592,178	0	1,592,178
20.2 Insurance department licenses and fees	0	63,996	0	63,996
20.3 Gross guaranty association assessments	0	51,310	0	51,310
20.4 All other (excluding federal and foreign income and real estate)	0	3,126	0	3,126
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	1,710,610	0	1,710,610
21. Real estate expenses	0	0	0	0
22. Real estate taxes	0	0	0	0
23. Reimbursements by uninsured accident and health plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	42,108	107,040	1,478	150,626
25. Total expenses incurred	5,080,033	17,585,176	208,220	(a) 22,873,429
26. Less unpaid expenses - current year	9,203,777	2,539,595	0	11,743,372
27. Add unpaid expenses - prior year	8,321,194	2,086,840	0	10,408,034
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	4,197,450	17,132,421	208,220	21,538,091
DETAILS OF WRITE-INS				
2401. MISCELLANEOUS EXPENSES	42,108	(27,743)	1,478	15,843
2402. DONATIONS	0	134,783	0	134,783
2403. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	42,108	107,040	1,478	150,626

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

**EXHIBIT OF NET INVESTMENT INCOME**

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a) 296,834	300,803
1.1 Bonds exempt from U. S. tax	(a) 2,681,546	2,647,333
1.2 Other bonds (unaffiliated)	(a) 1,982,722	2,008,635
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 0	0
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	0	0
2.21 Common stocks of affiliates	0	0
	200,000	200,000
3. Mortgage loans	(c) 0	0
4. Real estate	(d) 0	0
5. Contract loans	0	0
6. Cash/short-term investments	(e) 36,533	36,903
7. Derivative instruments	(f) 0	0
8. Other invested assets	0	0
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	5,197,635	5,193,674
11. Investment expenses		(g) 208,220
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 0
13. Interest expense		(h) 0
14. Depreciation on real estate and other invested assets		(i) 0
15. Aggregate write-ins for deductions from investment income		0
16. Totals deductions (Line 11 through Line 15)		208,220
17. Net investment income (Line 10 minus Line 16)		4,985,454
<b>DETAILS OF WRITE-INS</b>		
0901.	0	0
0902.	0	0
0903.	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus Line 0998 ) (Line 9 above)	0	0
1501.		0
1502.		0
1503.		0
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Totals (Lines 1501 through 1503 plus Line 1598) (Line 15 above)		0
(a) Includes \$ 52,603 accrual of discount less \$ 290,581 amortization of premium and less \$ 165,306 paid for accrued interest on purchases.	(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.	
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.	(g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.	(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.	
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.	(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.	
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1. U. S. Government bonds	0	0	0	0	0
1.1 Bonds exempt from U. S. tax	40,197	0	0	0	40,197
1.2 Other bonds (unaffiliated)	(210,093)	0	187,500	0	(22,593)
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	0	0	0	0	0
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	0	0	1,820	0	1,820
2.21 Common stocks of affiliates	0	0	(4,925)	0	(4,925)
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash/short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	978,257	0	978,257
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(169,896)	0	1,162,652	0	992,756
<b>DETAILS OF WRITE-INS</b>					
0901.	0	0	0	0	0
0902.	0	0	0	0	0
0903.	0	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus Line 0998 ) (Line 9 above)	0	0	0	0	0

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Line 10 to Line 17 and Line 19 to Line 23, Column 2 .....	363,187	295,816	(67,371)
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....	0	0	0
2.2 Furniture, equipment and supplies .....	0	0	0
2.3 Leasehold improvements .....	0	0	0
2.4 Loans on personal security, endorsed or not .....	0	0	0
3. Total (Line 2.1 to Line 2.4) .....	0	0	0
4. Aggregate write-ins for other assets .....	0	0	0
5. Total (Line 1 plus Line 3 and Line 4) .....	363,187	295,816	(67,371)
<b>DETAILS OF WRITE-INS</b>			
0401. ....	0	0	0
0402. ....	0	0	0
0403. ....	0	0	0
0498. Summary of remaining write-ins for Line 4 from overflow page .....	0	0	0
0499. Totals (Line 0401 through Line 0403 plus Line 0498) (Line 4 above) .....	0	0	0

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

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

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual - Version effective January 1, 2001, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount 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 prorata methods for direct business and are based on reports received from ceding companies for reinsurance.

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

In addition, All America Insurance Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common stocks are stated at market value except investments in stocks of uncombined subsidiaries and affiliates in which All America Insurance Company has an interest of 20% or more are carried on the equity basis.
- (4) All America Insurance Company owns no preferred stocks.
- (5) All America Insurance Company holds no mortgage loans on real estate.
- (6) Loan-backed securities are stated at amortized cost.  
Prepayment assumptions for loan-backed bonds and structured securities are obtained from dealer surveys. These assumptions are consistent with the current interest rate and economic environment. The prospective adjustment method is used to value these securities.
- (7) All America Insurance Company owns 100% of the common stock of Central Insurex Agency, Inc., a surplus and excess lines insurance agency. All America Insurance Company owns 100% of the common stock of CAFCO, Inc., a premium finance company. Stocks held in all subsidiaries are carried at their Admitted Asset Equivalent.
- (8) All America Insurance Company has no investments in joint ventures, partnerships or limited liability companies.
- (9) All America Insurance Company owns no derivatives.
- (10) All America Insurance Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts- Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

### 2. Accounting Changes and Correction of Errors

A. During the second quarter of 2002, the company recognized that the claim history being used for the calculation of the company's liability for postretirement healthcare benefits has not included the Part B Medicare premium reimbursement paid to retirees. These payments have been missing from the claim history for this calculation since these reserves were first established in 1992. For 2001, it is estimated that Net Income was overstated by \$36,687, Liabilities were understated by \$215,824, and Surplus was overstated by \$193,162. In the second quarter of 2002, the company increased its liability for these postretirement benefits by \$215,824 (divided between Liabilities, Line 3 and Line 14) and decreased Surplus by \$193,162 (Gains and Losses in Surplus, Line 36) to adjust for the impact of this missed data over the past ten years.

**NOTES TO FINANCIAL STATEMENTS****3. Business Combinations and Goodwill**

All America Insurance Company has not purchased or merged with another entity during the prior two years. No goodwill is recorded in the company's assets.

**4. Discontinued Operations**

No operations were discontinued that required reporting.

**5. Investments**

- A. Mortgage Loans - None
- B. Debt Restructuring - None
- C. Reverse Mortgages - None
- D. Loan-Backed Securities - None
- E. Repurchase Agreements - None

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

All America Insurance Company has no investments in Joint Ventures, Partnerships or Limited Liability companies that exceed 10% of admitted assets.

**7. Investment Income**

- A. Due and accrued income was excluded from surplus on the following bases:  
All income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.
- B. No amount was excluded.

**8. Derivative Instruments**

All America Insurance Company owns no derivative instruments.

**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 nonadmitted)	\$ 4,860,312	\$ 3,962,178
(2) Total of all deferred tax liabilities	\$ 314,431	\$ 292,534
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	\$ 1,399,079	\$ 1,099,629
(4) Increase (decrease) in deferred tax assets nonadmitted	\$ 299,450	\$ 1,099,629

- B. Deferred tax liabilities not recognized: None

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

	<u>2002</u>	<u>2001</u>
(1) Current tax expense or benefit:	\$ 1,170,968	\$ 835,001
(2) Change in DTA's or DTL's	\$ 576,787	\$ 2,570,015
(3) Investment tax credit	\$ 0	\$ 0
(4) Benefits of operating loss carry forwards	\$ 0	\$ 0
(5) Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity	\$ 0	\$ 0
0199. Current income taxes incurred	\$ 1,183,270	\$ 832,631

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

<u>DTA's</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Reserves	\$71,859,390	\$60,744,907	\$ 11,114,483	\$ 3,890,069
Accrued deferred compensation	\$ 370,882	\$ 0	\$ 370,882	\$ 129,809
0299. Total DTA's	\$74,360,200	\$60,473,594	\$13,886,606	\$ 4,860,312
0399. DTA's nonadmitted	\$ 0	\$ 0	\$ 3,997,368	\$ 1,399,079
<u>DTL's</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Bonds	\$ 227,408	\$ 0	\$ 227,408	\$ 79,593
0499. Total DTL's	\$2,518,214	\$1,619,839	\$ 898,376	\$ 314,431

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	\$3,890,069	\$3,228,737	\$ 661,332
Accrued deferred compensation	\$ 129,809	\$ 121,781	\$ 8,028
0599. Total DTA's	\$4,860,312	\$3,962,178	\$ 898,134
0699. DTA's nonadmitted	\$1,399,079	\$1,099,629	\$ 299,450

**NOTES TO FINANCIAL STATEMENTS**

DTL's resulting from book/tax differences in	<u>2002</u>	<u>2001</u>	<u>Change</u>
Bonds	\$ 79,593	\$ 131,215	\$ (51,622)
0799. Total DTL's	\$ 314,431	\$ 292,534	\$ 21,897

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

	<u>Amount</u>	<u>Tax Effect</u>
Income before taxes	\$ 3,973,438	\$ 1,390,703
Book over tax reserves	\$ 1,908,147	\$ 667,851
Accrued market discount	\$ 52,603	\$ 18,411
Tax exempt interest	\$ 2,620,655	\$ 917,229
Accrued deferred compensation	\$ 27,244	\$ 9,535
0399. Total adjustments	\$ ( 559,883)	\$ (195,959)
0499. Taxable income	\$ 3,413,555	\$ 1,194,744

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

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

2002	\$1,160,609
2001	\$ 820,329
2000	\$ 521,913

F. (1) All America Insurance Company's Federal Income Tax return is consolidated with its parent company Central Mutual Insurance Company and the following entities:

Cafo, Inc.  
Central Insurex Agency  
CMI Lloyds  
Security Central Corp

(2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. It is agreed among the companies that the tax liability of the subsidiaries shall be determined as if each was filing an individual tax return and the amount of tax so determined, if any, shall be paid to Central Mutual Insurance Company, which, in turn, shall be responsible for payment of the total tax liability calculated in the consolidated return. It is further agreed between the companies that any available tax exemption credits will be allocated first to CMI Lloyds, and any remaining balance to Central Mutual. In the event the subsidiary produces a tax loss, which is utilized by Central Mutual in the consolidated return to reduce its tax liability, Central Mutual shall pay to the subsidiary the tax cash benefit so utilized in the consolidated tax return.

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

- A., B, & C. There were no transactions with affiliated companies other than reinsurance transactions and cost allocation transactions that are based on generally accepted accounting principles.
- D. At December 31, 2002, All America Insurance Company reported \$555,131 as amounts due from its parent Central Mutual Insurance Company. The terms of the settlement require that this amount be settled within 30 days.
- E. No guarantees or undertakings have been taken for the benefit of an affiliate or related party that result in a material contingent exposure for All America Insurance Company.
- F. All America Insurance Company has a service agreement to receive employees and facilities from its parent Central Mutual Insurance Company. Underwriting and claims expenses are shared in accordance with the pooling arrangement discussed below. Investment expenses are allocated based on number of securities held in each company.
- G. All America Insurance Company is owned 100% by Central Mutual Insurance Company which is domiciled in the State of Ohio. All America Insurance Company controls CMI Lloyds which is domiciled in Texas through a trust agreement with twelve underwriters.
- H. All America Insurance Company owns no shares of an upstream company.
- I. All America Insurance Company has no Subsidiary, Controlled or Affiliate companies whose carrying value is equal to or exceeds 10% of admitted assets.
- J. All America Insurance Company did not recognize any impairment written down for its investments in Subsidiary, Controlled or Affiliated companies during the statement period.

**11. Debt**

All America Insurance Company has no debt obligations.

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans****A. Defined Benefit Plan**

Qualified Pension Plan - All America Insurance Company sponsors a non-contributory defined benefit pension plan covering substantially all of its employees. No pension cost was recognized in 2001 as the plan was subject to the full funding limitation under the Internal Revenue Code. No pension cost

## NOTES TO FINANCIAL STATEMENTS

was recognized in 2002 as the expense was offset by recognizing a portion of the Net Asset at initial date of application.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans areas follows at December 31, 2002 and 2001 and were estimated by measuring employee data as of October 1.

Per the correction of error described in Note 2., the affected line items in the 2001 Other Benefits column below have been adjusted to reflect the corrected year-end figures as adjusted via the re-evaluation of the liability of post retirement health care benefits.

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
(1) Change in benefit obligation				
a. Benefit obligation at beginning of year	\$39,446,431	\$34,445,402	\$8,813,150	\$4,902,562
b. Service cost	1,292,071	1,068,888	538,302	504,924
c. Interest cost	2,898,196	2,694,252	619,093	364,581
d. Contribution by plan participants	0	0	0	0
e. Actuarial gain (loss)	(5,246,093)	(2,723,093)	(1,142,425)	(3,470,368)
f. Foreign currency exchange rate changes	0	0	0	0
g. Benefits paid	1,631,595	1,485,204	690,552	429,285
h. Plan amendments	354,144	0	0	0
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	0	0	0	0
j. Benefit obligation at end of year	\$47,605,584	\$39,446,431	\$10,422,418	\$8,813,150
(2) Change in plan assets				
a. Fair value of plan assets at beginning of year	\$34,893,828	\$43,196,184	0	0
b. Actual return on plan assets	(1,985,975)	(6,817,152)	0	0
c. Foreign currency exchange rate changes	0	0	0	0
d. Employer contributions	0	0	0	0
e. Plan participants' contributions	0	0	0	0
f. Benefits paid	1,631,595	1,485,204	0	0
g. Business combinations, divestitures and settlements	0	0	0	0
h. Fair value of plan assets at end of year	\$31,276,258	\$34,893,828	0	0
(3) Funded status				
a. Unamortized prior service cost	354,144	0	0	0
b. Unrecognized net gain or (loss)	(22,509,829)	(13,146,704)	1,444,640	(302,215)
c. Net asset at initial date of application	6,534,647	8,594,101	0	0
d. Accrued liabilities	0	0	8,977,778	8,510,935
e. Intangible asset	0	0	0	0
(4) Benefit obligation for non-vested employees	\$341,368	\$269,569	0	0
(5) Components of net periodic benefit cost				
a. Service cost	\$ 1,292,071	1,068,888	\$ 538,302	\$ 504,924
b. Interest cost	2,898,196	2,694,252	619,093	364,581
c. Expected return on plan assets	2,897,651	3,606,459	0	0
d. Amortization of unrecognized transition obligation or transition asset	1,292,616	159,681	0	0
e. Amount of recognized gains and (losses)	0	0	0	94,928
f. Amount of prior service cost recognized	0	0	0	0
g. Amount of gain or loss recognized due to settlement or curtailment	0	0	0	0
h. Total net periodic benefit cost	0	0	1,157,395	774,577

(6) A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. No liability for the Qualified portion of the Employee Retirement Plan is required to be carried in the Annual Statement.

(7) Weighted-average assumptions as of December 31,

	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
(a) Discount rate	6.75%	7.5%	6.75%	7.25%
(b) Rate of compensation increase	5.5%	5.5%	N/A	N/A
(c) Expected long-term rate of return on plan assets	8.5%	8.5%	N/A	N/A

For measurement purposes, an 8.5 percent annual rate of increase in the per capita cost of covered

## NOTES TO FINANCIAL STATEMENTS

health care benefits was assumed for 2002. The rate was assumed to decrease gradually to 6 percent for 2007 and remain at that level thereafter.

(8) All America Insurance Company has non pension post retirement benefit plans which provide health care and life insurance benefits for retired employees. Substantially all full-time employees may become eligible for these benefits if they reach retirement age while working for the company. Life insurance benefits are generally set at a fixed amount.

(9) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1 Percentage Point Increase	1 Percentage Point Decrease
(a) Effect on total of service and interest rate components	\$ 213,177	\$ 176,905
(b) Effect on postretirement benefit obligation	\$1,191,717	\$1,018,225

Non-Qualified Pension Plan - All America Insurance Company also has a non-qualified pension plan to pay benefits to certain employees whose pension benefits under the qualified plan are limited by Sections 415 and 401(a)(17) of the Internal Revenue Code. The non-qualified plan is unfunded and will pay the difference of (1) the benefit determined by the qualified plan formula with no IRC limits applied less (2) the benefit determined by the qualified plan formula after the IRC limits are applied. All America's share of this liability as of December 31, 2002 is \$333,372 and is included with the liability for Other Expenses on Line 3, Page 3.

### B. Defined Contribution Plan

(1) Qualified Defined-Contribution Plan - All America Insurance Company has a qualified Savings and Profit Sharing Plan (SPP) for which substantially all employees are eligible. Up to 5% of each employee's savings is matched at 20% by contributions by the company each year. Additionally, 5% of the combined insurance companies' net income before federal income taxes is contributed to the plan each year. All America Insurance Company's contribution for the plan was \$2.2 million for 2002 and \$1.6 million for 2001, respectively. At December 31, 2002, the fair value of plan assets was \$39.5 million.

(2) Non-Qualified Defined-Contribution Plan - All America Insurance Company also has a non-qualified Savings and Profit Participation Equalization Plan (Plan), which coordinates with the benefits available under the Central Employees' Savings and Profit Participation Plan (SPP), to provide a supplemental savings program for key executive employees who are limited by Sections 401(a)(17), 415, and 402(g) of the Internal Revenue Code. The non-qualified Plan is unfunded and a participant is eligible to defer compensation under the non-qualified Plan only if he has made the maximum elective contributions which are permitted under the qualified SPP Plan. All America's share of this liability as of December 31, 2002 is \$37,510 and is included with the liability for Other Expenses on Line 3, Page 3.

### C. Multiemployer Plans - None

### D. Consolidated/ Holding Company Plans - None

E. Postemployment Benefits and Compensated Absences - No obligation for postemployment benefits other than health care and pensions exist and therefore not accrued by the company.

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

- (1) All America Insurance Company has 15,000 shares authorized, issued and outstanding.
- (2) All America Insurance Company has no preferred stock outstanding.
- (3) All America Insurance Company has no restrictions on dividends paid to shareholders.
- (4) All America Insurance Company has no restrictions placed on the portion of the Company's profits that may be paid as ordinary dividends to stockholders.
- (5) There are no restrictions placed on All America Insurance Company's surplus.
- (6) There are no advances on surplus.
- (7) There is no stock of affiliated companies held for special purposes.
- (8) There are no balances held in special surplus funds.
- (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 

(a) Unrealized gains and losses:	\$6,974,016
(b) Nonadmitted asset values	\$ 363,187
(c) Provision for reinsurance	\$ 9,141
- (10) No surplus debentures or similar obligations exist.
- (11) & (12) No quasi-reorganization has taken place.

## 14. Contingencies

### A. Contingent Commitments - None

**NOTES TO FINANCIAL STATEMENTS**

B. Assessments - It is expected that various insolvencies will result in guaranty fund assessments against the company of \$51,310 and have been charged to operations in 2002. A premium tax credit of \$41,572 was established to offset premium taxes in multiple states over the next ten years.

C. Gain Contingencies - None.

D. All Other Contingencies - None

**15. Leases****A. Lessee Operating Lease**

(1) a. Central Mutual Insurance Company leases office space under various noncancelable operating lease agreements that expire through December, 2008. All America Insurance company's share of this Rental expense for 2002, and 2001 was approximately \$ 131,436, and \$107,205, respectively.

b. Central Mutual Insurance Company leases computer hardware and software under various noncancelable operating lease agreements that expire through December, 2006. All America's share of this rental expense for 2002, and 2001, was approximately \$79,893, and \$73,585, respectively.

c. Central Mutual Insurance Company leases automobiles under various noncancelable operating lease agreements that expire through December, 2005. All America's share of this rental expense for 2002, and 2001, was approximately \$ 73,806, and \$ 70,837, respectively.

(2) a. At January 1, 2003, All America Insurance Company's share of the minimum aggregate rental commitments are as follows:  
(Dollars in thousands)

Year ending December 31	Operating Leases
1. 2003	\$174
2. 2004	\$141
3. 2005	\$120
4. 2006	\$118
5. 2007	\$100
6. 2008	\$112

b. None of the property included above is subleased.

(3) All America Insurance Company is not involved in any materials sales leaseback transactions.

B. (1) Lessor Leases - None

(2) Leveraged Leases - None

**16. Information about Financial Instruments with Concentration of Credit Risk**

None.

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

A. Transfers of Receivables Reported as Sales - None.

B. Transfer of Servicing of Financial Assets - None.

C. Wash Sales - None.

**18. Gain or Loss from Uninsured A&H Plans and Uninsured Portion of Partially Insured Plans**

The gain from operations from uninsured accident and health plans and the uninsured portion of partially insured plans was as follows during 2002:

UNINSURED PORTION OF PARTIALLY INSURED PLAN

Net reimbursement for administrative expenses	
over (under) actual expenses	0
Other income	<u>\$(415,615)</u>
Net gain(loss) from operations:	<u>\$(415,615)</u>

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

All America Insurance Company does not write business through managing general agents or third party administrators.

**20. Other Items**

A. Extraordinary Items - None

B. Troubled Debt Restructuring: None

C. Other Disclosures

## NOTES TO FINANCIAL STATEMENTS

Assets in the amount of \$ 4,935,838 and \$4,937,638 at December 31, 2002 and 2001, respectively, were on deposit with government authorities or trustees as required by law. No assets were maintained as compensating balances or pledged as collateral for bank loans or other financing agreements.

D. At December 31, 2002 and 2001, the company had admitted assets of \$17,621,182 and \$13,596,694, respectively, in accounts receivable amounts due from agents and insureds. All America Mutual Insurance Company routinely assesses the collectibility of these receivables. Based on All America's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to All America's financial condition.

E. Reinsurance Accounted for as a Deposit - None

F. Multiple Peril Crop Insurance - Not applicable

G. Mezzanine Real Estate Loans - None

H. Health Care Receivables - None

I. September 11 Events - All America did not incur any additional claim activity as a result of the events of September 11, 2001 in 2002.

J. Segregated Funds - A private passenger automobile rate filing in the state of North Carolina effective on April 1, 2002 is being disputed. The amount of additional premium charged insureds as a result of this rate increase is charged against Underwriting Income (Aggregate Write-In for Underwriting Deductions, Line 5) and correspondingly increased Liabilities (Aggregate Write-In for Liabilities, Line 23). An escrow account has been established with Bank One, N.A. to be used for funding premium to insureds if required after this rate dispute is settled.

M. Noncash Transactions - None.

### 21. Events Subsequent

No subsequent event took place that is of a nature to require disclosure.

### 22. Reinsurance

A. Unsecured Reinsurance Recoverables

All America Insurance Company has the following unsecured reinsurance recoverables in excess of 3% of Policyholders' Surplus.

	<u>NAIC #</u>	<u>FEIN</u>	<u>Amount</u>
American Mutual Reinsurance Company	13358	(36-0727470)	\$ 2,232,000
American Reinsurance Company	10227	(13-4924125)	\$15,589,000
Swiss Re America Corp	25364	(13-1675535)	\$ 3,339,000
Central Mutual Insurance Company	20230	(34-4202560)	\$113,930,000

B. Reinsurance Recoverable in Dispute

Reinsurance recoverable on losses from any company in dispute do not exceed 5% of All America's Policyholders' Surplus.

C. Reinsurance Assumed and Ceded

(1) Maximum amount of return commission which would have been due reinsurers if they or All America had cancelled all of the Company's reinsurance or if All America or a receiver had cancelled all of the company's insurance assumed as of the end of the period covered by this Annual Statement with the return of the unearned premium reserve.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>	<u>Premium Reserve</u>	<u>Commission Equity</u>
a. Affiliates	\$29,715,308	\$4,973,549	\$48,746,629	\$8,315,225	\$(19,031,321)	\$(3,341,677)
b. All Other	0	0	771,786	134,441	(771,786)	(134,441)
c. Total	\$29,715,308	\$4,973,549	\$49,518,415	\$8,449,666	\$(19,803,107)	\$(3,476,118)
d. Direct Unearned Premium Reserve:			\$49,518,434			

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

	<u>REINSURANCE</u>			<u>Net</u>
	<u>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	
a. Contingent Commissions	\$2,287,196	\$1,339,165	\$2,287,196	\$1,339,165
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commission Arrangements	0	0	0	0
d. TOTAL	\$2,287,196	\$1,339,165	\$2,287,196	\$1,339,165

D. Uncollectible Reinsurance

Included in Reinsurance Recoverable on Paid Losses is \$1,787,292 representing Surplus Drafts received from American Mutual Reinsurance Company (AMRECO). This amount represents 50.75% of paid claims honored by the Rehabilitator of AMRECO for which settlement had been planned for 2018. During 2001 the court overseeing this rehabilitation approved a plan to close

**NOTES TO FINANCIAL STATEMENTS**

AMRECO in an accelerated time schedule which will begin in 2002.

In December, 2001, All America entered into a voluntary commutation agreement with AMRECO to settle all outstanding ceded claim obligations in May, 2002. As a result of this commutation agreement and the accelerated planned liquidation of AMRECO discussed above, a total of \$1,945,654 has been written off in 2001 and in prior years to recognize the anticipated loss which All America would incur from the rehabilitation of AMRECO when the Surplus Drafts are finally settled. In 2002, there were no additional transactions that had a financial impact for the company. The timing of any final settlement of the Surplus Drafts has not been decided.

E. **Commutation of Ceded Reinsurance**

All America Insurance Company has not commuted any ceded reinsurance during the year.

F. **Retroactive Reinsurance**

No retroactive reinsurance contracts exist.

**23. Retrospectively Rated Contracts & Contracts Subject to Redetermination**

All America Insurance Company does not issue policies that are retrospectively rated or subject to redetermination.

**24. Change to Incurred Losses and Loss Adjustment Expenses**

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has decreased by (\$4.0) million from \$40.0 million in 2001 to \$36.0 million (\$25.4 million in Total Net Losses and Expenses Unpaid and \$10.6 million in Total Net Losses and Expenses Paid) in 2002. This is the result of reestimation of unpaid losses and loss adjustment expenses principally on Commercial Auto and Private Passenger Auto lines of insurance. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. Included in this decrease, All America Insurance Company experienced \$0.0 million of unfavorable (favorable) prior year loss development on retrospectively rated policies. Thus, there was no impact to surplus as a result.

**25. Intercompany Pooling Arrangements**

An intercompany pooling agreement exists between the following companies to share in premiums, losses, expenses and accounts receivable balances according to the percentages shown:

Lead Company:	Central Mutual Insurance Company (20230)	84%
Affiliate:	All America Insurance Company (20222)	16%

All lines of business are pooled. Each company can make facultative cessions to non-affiliated reinsurers prior to pooling. All treaty cessions are processed through the lead company after cessions are made from the affiliate. Both companies, however, have contract rights under all non-affiliated treaty reinsurance contracts.

**26. Structured Settlements**

All America Insurance 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. All America has no contingent liability for these annuities since ownership has been transferred to another insurance company.

**27. High Deductibles**

All America Insurance Company does not issue policies subject to high deductibles on claims.

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

All America Insurance Company does not discount the liabilities for unpaid losses or unpaid loss adjustment expenses.

**29. Asbestos / Environmental Reserves**

A. & D. Does All America Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to asbestos losses?  
Yes (X) No ( )

Does All America Insurance Company have on the books, or has it ever written an insured for which it has been identified as having a potential for the existence of, a liability due to environmental losses?  
Yes (X) No ( )

All America's exposure arises from the sale of general liability insurance, including the general liability portion of commercial package policies.

All America tries to estimate the full impact of the environmental and asbestos exposure by establishing full case basis reserves on all known losses and computing incurred but not reported loss reserves and allocated loss adjustment reserves based on previous experience.

The previous experience is combined with the other Company experience and analyzed in a combined

**NOTES TO FINANCIAL STATEMENTS**

manner as part of the regular loss reserve analysis.

All America's systems do not separate environmental and asbestos-related claims. Therefore, only combined environmental and asbestos-related loss data is available for presentation. Environmental claims represent the majority of the exposure included in the following numbers.

All America's environmental and asbestos-related losses (including covered dispute costs) for each of the five most recent calendar years were as follows:

(1) Gross of Reinsurance Basis :

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
a. Beginning reserves:	\$1,740,619	\$1,750,564	\$1,268,945	\$1,066,885	\$1,376,968
b. Incurred losses and loss adjustment expense:	90,713	(486,240)	(80,888)	418,612	1,099,854
c. Calendar year payments for losses and loss adjustment expenses:	80,768	(4,621)	121,172	108,529	48,145
d. Ending reserves:	\$1,750,564	\$1,268,945	\$1,066,885	\$1,376,968	\$2,428,677

(2) Net of Reinsurance Basis :

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
a. Beginning reserves:	\$847,645	\$977,078	\$827,482	\$691,635	\$ 836,365
b. Incurred losses and loss adjustment expense:	208,891	(226,431)	(14,570)	252,939	1,600,891
c. Calendar year payments for losses and loss adjustment expenses:	79,458	(76,835)	121,277	108,209	139,743
d. Ending reserves:	\$977,078	\$827,482	\$691,635	\$836,365	\$2,297,513

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

1. Gross of Reinsurance Basis:	\$1,259,529
2. Net of Reinsurance Basis	\$1,167,437

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

1. Gross of Reinsurance Basis:	\$193,244
2. Net of Reinsurance Basis	\$154,173

**30. Subscriber Savings Accounts**

Not applicable.

**31. Financial Guaranty Insurance Exposures**

Not applicable.

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	5,135,901	4.856	5,135,901	4.856
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	2,042,809	1.931	2,042,809	1.931
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0.000
1.3 Foreign government (including Canada, excluding mortgage-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	1,008,645	0.954	1,008,645	0.954
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	12,056,541	11.399	12,056,541	11.399
1.43 Revenue and assessment obligations	45,590,956	43.105	45,590,956	43.105
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	10,884	0.010	10,884	0.010
1.512 Issued by FNMA and FHLMC	0	0.000	0	0.000
1.513 Privately issued	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	0	0.000	0	0.000
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	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	30,210,177	28.563	30,210,177	28.563
2.2 Unaffiliated foreign securities	0	0.000	0	0.000
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	0	0.000	0	0.000
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	343,691	0.325	343,691	0.325
3.42 Unaffiliated	1,820	0.002	1,820	0.002
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 company	0	0.000	0	0.000
5.2 Property held for 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	2,444,066	2.311	2,444,066	2.311
9. Other invested assets	6,922,005	6.545	6,922,005	6.545
10. Total invested assets	105,767,495	100.000	105,767,495	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 ( ) N/A ( )
- 1.3 State Regulating? Ohio
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes ( ) No (X)
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended. .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made: 12/31/1998
- 3.2 State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1998
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/18/2000
- 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 name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any reporting entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes ( ) No (X)
- 6.2 If yes, give full information:  
.....  
.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes ( ) No (X)
- 7.2 If yes, ..... 0.0 %  
     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 reporting 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, 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?  
 KPMG LLP  
 191 W. Nationwide Blvd #500, Columbus, Oh 43215-2568

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?  
 Jeffrey L. Hanson, FCAS, MAAA, Vice President, Central Mutual Ins. Co.  
 800 S. Washington St., Van Wert, OH 45891

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 .....

10.2 Does this statement contain all business transacted for the reporting entity through its United States branch, on risks wherever located? Yes ( ) No ( )

10.3 Have there been any changes made to any of the trust indentures during the year? Yes ( ) No ( )

10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes ( ) No ( ) N/A (X)

**BOARD OF DIRECTORS**

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes (X) No ( )

12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes (X) No ( )

13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees which is in or is likely to conflict with the official duties of such person? Yes (X) No ( )

**FINANCIAL**

14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
 14.11 To directors or other officers \$ ..... 0  
 14.12 To stockholders not officers \$ ..... 0  
 14.13 Trustees, supreme or grand (Fraternal only) \$ ..... 0

14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
 14.21 To directors or other officers \$ ..... 0  
 14.22 To stockholders not officers \$ ..... 0  
 14.23 Trustees, supreme or grand (Fraternal only) \$ ..... 0

15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes ( ) No (X)

15.2 If yes, state the amount thereof at December 31 of the current year:  
 15.21 Rented from others \$ ..... 0  
 15.22 Borrowed from others \$ ..... 0  
 15.23 Leased from others \$ ..... 0  
 15.24 Other \$ ..... 0

Disclose in Notes to Financial Statements the nature of each obligation.

16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes ( ) No (X)

16.2 If answer is yes:  
 16.21 Amount paid as losses or risk adjustment \$ ..... 0  
 16.22 Amount paid as expenses \$ ..... 0  
 16.23 Other amounts paid \$ ..... 0

**GENERAL INTERROGATORIES  
(Continued)**

**INVESTMENT**

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred .....	0	0	0.00	0	Yes ( ) No (X)	Yes ( ) No (X)
Common .....	2,000	15,000	350.00	XXX	XXX XXX	XXX XXX

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

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

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

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

- 19.31 .....
- 19.32 .....
- 19.33 .....
- 19.34 .....
- 19.35 .....
- 19.36 .....
- 19.37 .....
- 19.38 .....
- 19.39 .....

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	0
.....	.....	0
.....	.....	0

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? If no, attach a description with this statement. Yes ( ) No ( ) N/A (X)

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank One Trust Co NA .....	100 E Broad St., Columbus, OH 43271-0192 .....
.....	.....
.....	.....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

**OTHER**

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 210,635

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 .....	\$ ..... 117,859
.....	\$ ..... 0
.....	\$ ..... 0
.....	\$ ..... 0

24.1 Amount of payments for legal expenses, if any? \$ ..... 17,522

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
N/A .....	\$ ..... 0
.....	\$ ..... 0
.....	\$ ..... 0
.....	\$ ..... 0

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ ..... 7,003

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 department of government during the period covered by this statement.

1 Name	2 Amount Paid
Alliance of American Insurers .....	\$ ..... 5,708
.....	\$ ..... 0
.....	\$ ..... 0
.....	\$ ..... 0

**GENERAL INTERROGATORIES (continued)**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes ( ) No (X)
- 1.2 If yes, indicate premium earned on U. S. business only. \$ ..... 0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ ..... 0
- 1.31 Reason for excluding:  
 .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. \$ ..... 0
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ ..... 0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ ..... 0
- 1.62 Total incurred claims \$ ..... 0
- 1.63 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.64 Total premium earned \$ ..... 0
- 1.65 Total incurred claims \$ ..... 0
- 1.66 Number of covered lives ..... 0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ ..... 0
- 1.72 Total incurred claims \$ ..... 0
- 1.73 Number of covered lives ..... 0
- All years prior to most current three years:
- 1.74 Total premium earned \$ ..... 0
- 1.75 Total incurred claims \$ ..... 0
- 1.76 Number of covered lives ..... 0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes ( ) No (X)
- 2.2 If yes, state the amount of calendar year premiums written on:
- 2.21 Participating \$ ..... 0
- 2.22 Non-participating policies \$ ..... 0
3. For Mutual Reporting Entities and Reciprocal Exchange only:
- 3.1 Does the reporting entity issue assessable policies? Yes ( ) No (X)
- 3.2 Does the reporting entity issue non-assessable policies? Yes (X) No ( )
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... 0.0 %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$ ..... 0
4. For Reciprocal Exchanges only:
- 4.1 Does the exchange appoint local agents? Yes ( ) No ( )
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes ( ) No ( ) N/A (X)
- 4.22 As a direct expense of the exchange Yes ( ) No ( ) N/A (X)
- 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?  
 The company has a casualty excess reinsurance program.  
 .....
- 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:  
 The CATALYST Catastrophe Risk Analysis and IRAS Hurricane model are run annually.  
 .....
- 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 catastrophe reinsurance coverage.  
 .....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes (X) No ( )
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.  
 .....
- 6.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurers'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 provisions)? Yes ( ) No (X)
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions. .... 0

**GENERAL INTERROGATORIES (continued)**  
**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

- 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 reporting entity would have been required to charge had it retained the risks. Has this been done? Yes ( ) No ( ) N/A (X)
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes ( ) No (X)
- 9.2 If yes, give full information.  
 .....
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- |   |            |
|---|------------|
| 10.11 Unpaid losses   | \$ ..... 0 |
| 10.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ ..... 0 |
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds. \$ ..... 0
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes ( ) No (X) N/A ( )
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- |            |               |
|------------|---------------|
| 10.41 From | ..... 0.000 % |
| 10.42 To   | ..... 0.000 % |
- 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          | \$ ..... 0 |
| 10.62 Collateral and other funds | \$ ..... 0 |
- 11.1 What amount of installment notes is owned and now held by the reporting entity? \$ ..... 0
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes ( ) No (X)
- 11.3 If yes, what amount? \$ ..... 0
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 1,000,000
- 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 the amount. ..... 8
- 13.1 Has the reporting entity guaranteed any financial premium accounts? Yes ( ) No (X)
- 13.2 If yes, give full information.  
 .....
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes ( ) No (X)
- |   |            |
|---|------------|
| 14.11 Name of real estate holding company ..... |            |
| 14.12 Number of parcels involved .....          | ..... 0    |
| 14.13 Total book/adjusted carrying value .....  | \$ ..... 0 |
- 14.2 If yes, provide explanation.  
 .....
- 15.1 Does the reporting entity write any warranty business? Yes ( ) No (X)  
 If yes, disclose the following information for each of the following types of warranty coverage:
- |                  | 1<br>Direct Losses<br>Incurred | 2<br>Direct Losses<br>Unpaid | 3<br>Direct Written<br>Premium | 4<br>Direct Premium<br>Unearned | 5<br>Direct Premium<br>Earned |
|------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 15.11 Home       | ..... 0                        | ..... 0                      | ..... 0                        | ..... 0                         | ..... 0                       |
| 15.12 Products   | ..... 0                        | ..... 0                      | ..... 0                        | ..... 0                         | ..... 0                       |
| 15.13 Automobile | ..... 0                        | ..... 0                      | ..... 0                        | ..... 0                         | ..... 0                       |
| 15.14 Other*     | ..... 0                        | ..... 0                      | ..... 0                        | ..... 0                         | ..... 0                       |

\* Disclose type of coverage:  
 .....

## FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 and 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	68,645,348	69,924,190	71,856,809	63,121,416	58,297,894
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	39,094,550	38,218,727	35,945,281	33,200,242	30,412,512
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	59,404,726	66,783,834	65,521,383	56,623,432	54,246,083
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	17,485	12,633	10,531	8,905	4,557
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)	0	0	0	(224)	1,789
6. Total (Line 34)	167,162,109	174,939,384	173,334,004	152,953,771	142,962,835
Net Premiums Written (Page 8, Part 1B, Column 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4)	23,829,312	19,466,156	18,140,164	15,249,219	14,508,306
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	12,852,692	10,195,271	9,556,471	8,736,777	8,202,974
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	23,317,723	18,422,611	16,569,152	14,716,721	13,977,287
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	7,894	5,696	5,090	4,204	3,561
11. Nonproportional reinsurance lines (Line 30, 31 and 32)	0	0	0	(99)	795
12. Total (Line 34)	60,007,621	48,089,734	44,270,877	38,706,822	36,692,923
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(1,314,066)	(871,156)	(2,228,411)	669,223	(19,726)
14. Net investment gain (loss) (Line 11)	4,815,558	4,692,154	4,226,558	4,017,709	3,926,841
15. Total other income (Line 15)	302,055	220,587	184,723	168,300	128,051
16. Dividends to policyholders (Line 17)	317,962	226,911	161,159	123,513	142,977
17. Federal and foreign income taxes incurred (Line 19)	1,170,968	835,001	436,240	941,530	515,684
18. Net income (Line 20)	2,314,617	2,979,673	1,585,471	3,790,189	3,376,505
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Column 3)	131,599,974	115,657,804	100,093,455	89,667,115	82,815,754
20. Agents' balances or uncollected premiums (Page 2, Column 3)					
20.1 In course of collection (Line 10.1)	3,931,400	3,966,452	2,334,640	2,524,728	2,648,553
20.2 Deferred and not yet due (Line 10.2)	13,689,782	10,304,414	6,967,062	4,320,754	5,693,334
20.3 Accrued retrospective premiums (Line 10.3)	0	0	0	0	(3,035,000)
21. Total liabilities excluding Protected Cell (Page 3, Line 24)	77,755,615	65,597,263	56,590,186	49,319,200	47,458,721
22. Losses (Page 3, Line 1 and Line 2)	32,402,704	27,639,587	25,320,624	20,927,535	19,888,360
23. Loss adjustment expenses (Page 3, Line 3)	9,203,777	8,321,227	6,857,420	6,040,826	5,701,369
24. Unearned premiums (Page 3, Line 9)	30,252,910	24,044,340	21,642,699	18,855,706	17,724,910
25. Capital paid up (Page 3, Line 28 and Line 29)	5,250,000	5,250,000	5,250,000	5,250,000	5,250,000
26. Surplus as regards policyholders (Page 3, Line 35)	53,844,359	50,060,574	43,503,286	40,347,914	35,357,034
Risk-Based Capital Analysis					
27. Total adjusted capital	53,844,359	50,060,574	43,503,286	40,347,914	35,357,034
28. Authorized control level risk-based capital	5,112,013	3,764,644	3,304,419	2,969,339	2,894,544
Percentage Distribution of Cash and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 9, Column 3) x 100.0					
29. Bonds (Line 1)	90.8	91.9	92.4	92.3	93.7
30. Stocks (Line 2.1 and Line 2.2)	0.3	0.4	0.4	0.4	0.4
31. Mortgage loans on real estate (Line 3.1 and Line 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real estate (Lines 4.1, 4.2 and 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and short-term investments (Line 5)	2.3	1.6	1.3	1.8	0.8
34. Other invested assets (Line 6)	6.5	6.1	5.9	5.6	5.1
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, Column 1)	0	0	0	0	0
39. Affiliated preferred stocks (Schedule D, Summary, Line 39, Column 1)	0	0	0	0	0
40. Affiliated common stocks (Schedule D, Summary, Line 53, Column 2)	343,691	348,616	348,861	293,021	283,381
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5 Line 11)	0	0	0	0	0
42. Affiliated mortgage loans on real estate	0	0	0	0	0
43. All other affiliated	6,922,004	5,944,338	5,195,131	4,489,638	3,859,296
44. Total of above Line 38 through Line 43	7,265,695	6,292,954	5,543,992	4,782,659	4,142,677
45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Column 1, Line 34 x 100.0)	13.5	12.6	12.7	11.9	11.7

## 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) .....	1,162,062	913,828	421,368	641,085	1,309,613
47. Dividends to stockholders (Line 34) .....	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37) .....	3,783,791	6,557,307	3,155,348	4,990,880	4,436,047
Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)					
49. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) .....	40,162,599	34,539,204	32,104,955	30,080,355	28,148,910
50. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....	22,434,844	21,648,451	21,017,489	19,129,889	17,308,895
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....	43,257,718	37,028,232	32,308,165	30,850,388	30,180,534
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33) .....	(402)	0	0	3,778	0
53. Nonproportional reinsurance lines (Lines 30, 31, and 32) .....	151,711	104,415	44,798	32,212	46,748
54. Total (Line 34) .....	106,006,470	93,320,302	85,475,407	80,096,622	75,685,087
Net Losses Paid (Page 9, Part 2, Column 4)					
55. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 and 19.3, 19.4) .....	9,149,078	8,995,308	8,241,603	7,825,034	7,236,897
56. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....	6,272,542	5,525,193	5,312,546	5,052,710	4,781,563
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....	12,122,031	10,306,731	8,614,345	7,758,349	7,119,114
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33) .....	(402)	0	0	3,778	0
59. Nonproportional reinsurance lines (Lines 30, 31, and 32) .....	151,711	104,415	44,798	32,212	46,748
60. Total (Line 34) .....	27,694,960	24,931,647	22,213,292	20,672,083	19,184,322
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) .....	60.2	59.5	64.1	57.8	58.0
63. Loss expenses incurred (Line 3) .....	9.4	11.3	9.8	9.1	10.6
64. Other underwriting expenses incurred (Line 4) .....	32.6	31.1	31.5	31.3	31.5
65. Net underwriting gain (loss) (Line 8) .....	(2.4)	(1.9)	(5.4)	1.8	(0.1)
Other Percentages					
66. Other underwriting expenses to net premiums written (Page 4, Lines 4 plus 5 minus 15 divided by Page 8, Part 1B, Column 6, Line 34 x 100.0) .....	29.0	29.6	29.1	30.4	30.6
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 plus Line 3 divided by Page 4, Line 1 x 100.0) .....	69.6	70.8	73.9	66.9	68.6
68. Net premiums written to policyholders' surplus (Page 8, Part 1B, Column 6, Line 34 divided by Page 3, Line 35, Column 1 x 100.0) .....	0.0	96.1	101.8	95.9	103.8
One Year Loss Development (000 omitted)					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	974	667	(523)	(1,043)	(343)
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Column 1 x 100.0) .....	1.9	1.5	(1.3)	(1.0)	(1.1)
Two Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	(176)	183	(555)	(1,245)	(1,636)
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 71 above divided by Page 4, Line 21, Column 2 x 100.0) .....	(0.4)	0.5	(1.6)	(5.2)	(6.1)

**SCHEDULE D - SUMMARY BY COUNTRY**

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States	5,146,785	5,604,823	5,237,595	5,060,919
	2. Canada	0	0	0	0
	3. Other Countries	0	0	0	0
	4. Totals	5,146,785	5,604,823	5,237,595	5,060,919
States, Territories and Possessions (Direct and guaranteed)	5. United States	1,008,645	1,067,260	1,005,320	1,000,000
	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	1,008,645	1,067,260	1,005,320	1,000,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	12,056,541	12,596,447	12,075,782	11,995,000
	10. Canada	0	0	0	0
	11. Other Countries	0	0	0	0
	12. Totals	12,056,541	12,596,447	12,075,782	11,995,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	47,633,765	50,870,918	47,711,558	47,390,000
	14. Canada	0	0	0	0
	15. Other Countries	0	0	0	0
	16. Totals	47,633,765	50,870,918	47,711,558	47,390,000
Public Utilities (unaffiliated)	17. United States	2,126,731	2,214,839	2,152,313	2,050,000
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	2,126,731	2,214,839	2,152,313	2,050,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	28,083,446	29,288,860	28,458,658	27,800,000
	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	28,083,446	29,288,860	28,458,658	27,800,000
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	96,055,913	101,643,147	96,641,226	95,295,919
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States	0	0	0	0
	28. Canada	0	0	0	0
	29. Other Countries	0	0	0	0
	30. Totals	0	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	0	0	0	0
	32. Canada	0	0	0	0
	33. Other Countries	0	0	0	0
	34. Totals	0	0	0	0
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	0
	36. Canada	0	0	0	0
	37. Other Countries	0	0	0	0
	38. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	0
	40. Total Preferred Stocks	0	0	0	0
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States	0	0	0	0
	42. Canada	0	0	0	0
	43. Other Countries	0	0	0	0
	44. Totals	0	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	1,820	1,820	0	0
	46. Canada	0	0	0	0
	47. Other Countries	0	0	0	0
	48. Totals	1,820	1,820	0	0
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0	0
	50. Canada	0	0	0	0
	51. Other Countries	0	0	0	0
	52. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	53. Totals	343,691	343,691	156,000	
	54. Total Common Stocks	345,511	345,511	156,000	
	55. Total Stocks	345,511	345,511	156,000	
	56. Total Bonds and Stocks	96,401,424	101,988,658	96,797,226	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 6,606,306 .

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year	89,221,883	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	19,392,229	6.1 Column 17, Part 1	0
3. Increase (decreased) by adjustment:		6.2 Column 13, Part 2, Section 1	0
3.1 Column 16, Part 1	(245,187)	6.3 Column 11, Part 2, Section 2	0
3.2 Column 12, Part 2, Section 1	0	6.4 Column 11, Part 4	0
3.3 Column 10, Part 2, Section 2	(3,105)	7. Book/adjusted carrying value at end of current period	96,401,424
3.4 Column 10, Part 4	(15,291)	8. Total valuation allowance	0
4. Total gain (loss), Column 14, Part 4	40,104	9. Subtotal (Line 7 plus Line 8)	96,401,424
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4	11,989,209	10. Total nonadmitted amounts	0
		11. Statement value of bonds and stocks, current period	96,401,424

**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 (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 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	114	2,445	131	21	11	0	18	(2,210)	XXX
2. 1993	28,013	3,212	24,801	15,906	699	1,064	41	1,181	0	520	17,411	XXX
3. 1994	32,600	6,608	25,992	15,970	751	1,078	46	1,214	0	485	17,465	XXX
4. 1995	31,697	3,576	28,121	18,425	1,234	1,111	37	1,289	0	593	19,555	XXX
5. 1996	34,142	2,991	31,151	20,336	1,330	1,290	30	1,392	0	667	21,657	XXX
6. 1997	36,660	2,460	34,200	18,284	516	1,197	65	1,511	0	762	20,412	XXX
7. 1998	38,294	2,248	36,046	20,323	729	888	27	2,012	0	670	22,467	XXX
8. 1999	39,712	2,136	37,576	21,658	1,027	985	45	2,029	0	983	23,599	XXX
9. 2000	43,939	2,455	41,484	22,863	341	700	3	2,332	0	905	25,551	XXX
10. 2001	48,666	2,901	45,765	22,840	694	350	2	2,389	0	888	24,883	XXX
11. 2002	58,117	4,210	53,907	19,523	558	84	0	2,270	0	425	21,319	XXX
12. Totals	XXX	XXX	XXX	196,242	10,324	8,878	317	17,629	0	6,915	212,108	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 & 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.	2,721	15	1,957	296	0	0	336	80	292	0	0	4,915	XXX
2.	52	0	3	2	0	0	1	0	0	0	0	53	XXX
3.	52	0	91	35	0	0	41	18	93	0	0	223	XXX
4.	83	0	214	80	0	0	103	45	85	0	0	362	XXX
5.	292	163	328	130	0	0	87	28	7	0	0	394	XXX
6.	362	26	327	180	0	0	165	69	16	0	0	595	XXX
7.	870	20	1,068	440	0	0	387	152	53	0	0	1,765	XXX
8.	1,869	607	1,974	945	0	0	927	383	183	0	0	3,018	XXX
9.	4,461	890	1,107	392	0	0	1,269	144	299	0	130	5,709	XXX
10.	4,559	175	2,568	527	0	0	1,657	193	464	0	260	8,353	XXX
11.	8,882	1,146	5,805	1,168	0	0	2,188	393	2,052	0	1,545	16,219	XXX
12.	24,202	3,044	15,441	4,197	0	0	7,161	1,503	3,544	0	1,935	41,605	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	4,367	548
2.	18,206	743	17,464	65.0	23.1	70.4	0	0	16.0	52	0
3.	18,537	849	17,688	56.9	12.9	68.1	0	0	16.0	107	116
4.	21,312	1,396	19,916	67.2	39.0	70.8	0	0	16.0	217	144
5.	23,732	1,681	22,051	69.5	56.2	70.8	0	0	16.0	327	67
6.	21,862	856	21,007	59.6	34.8	61.4	0	0	16.0	482	112
7.	25,600	1,369	24,231	66.9	60.9	67.2	0	0	16.0	1,477	288
8.	29,624	3,007	26,617	74.6	140.8	70.8	0	0	16.0	2,290	727
9.	33,031	1,771	31,260	75.2	72.1	75.4	0	0	16.0	4,285	1,424
10.	34,827	1,591	33,235	71.6	54.9	72.6	0	0	16.0	6,425	1,928
11.	40,804	3,266	37,538	70.2	77.6	69.6	0	0	16.0	12,372	3,847
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	32,403	9,202

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

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	11 One Year	12 Two Year
1. Prior .....	13,829	12,398	12,018	10,837	10,562	1,051	10,499	10,614	11,387	11,155	(232)	541
2. 1993 .....	17,320	16,658	16,360	16,741	16,600	16,433	16,410	16,448	16,319	16,283	(36)	(165)
3. 1994 .....	XXX	17,764	16,835	16,749	16,804	16,529	16,469	16,416	16,453	16,382	(71)	(34)
4. 1995 .....	XXX	XXX	19,430	19,122	18,568	18,878	18,680	18,622	18,679	18,542	(137)	(80)
5. 1996 .....	XXX	XXX	XXX	21,381	20,872	20,872	20,792	20,813	20,963	20,652	(311)	(161)
6. 1997 .....	XXX	XXX	XXX	XXX	21,014	20,851	20,325	20,220	19,921	19,480	(441)	(740)
7. 1998 .....	XXX	XXX	XXX	XXX	XXX	22,727	22,583	22,494	22,439	22,167	(272)	(327)
8. 1999 .....	XXX	XXX	XXX	XXX	XXX	XXX	23,972	23,579	23,752	24,405	653	826
9. 2000 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,665	28,624	28,629	5	(36)
10. 2001 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,567	30,383	1,816	XXX
11. 2002 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,216	XXX	XXX
12. Totals											974	(176)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior .....	0 0 0	3,699	5,426	6,301	6,966	7,416	7,713	8,050	8,752	6,531	XXX	XXX
2. 1993 .....	9,178	12,704	14,147	15,127	15,878	16,059	16,163	16,198	16,229	16,230	XXX	XXX
3. 1994 .....	XXX	9,314	12,721	14,248	15,261	15,838	16,090	16,216	16,248	16,251	XXX	XXX
4. 1995 .....	XXX	XXX	10,884	14,920	16,304	17,413	17,866	18,013	18,249	18,266	XXX	XXX
5. 1996 .....	XXX	XXX	XXX	12,539	16,935	18,745	19,683	20,084	20,147	20,265	XXX	XXX
6. 1997 .....	XXX	XXX	XXX	XXX	11,571	15,374	17,000	17,821	18,459	18,901	XXX	XXX
7. 1998 .....	XXX	XXX	XXX	XXX	XXX	12,258	16,929	18,764	19,782	20,454	XXX	XXX
8. 1999 .....	XXX	XXX	XXX	XXX	XXX	XXX	13,234	17,637	19,722	21,571	XXX	XXX
9. 2000 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,139	20,867	23,219	XXX	XXX
10. 2001 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	15,607	22,494	XXX	XXX
11. 2002 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,049	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior .....	3,523	1,728	1,028	478	294	1,176	1,169	1,097	1,081	1,917
2. 1993 .....	3,873	1,575	662	603	266	156	140	156	38	1
3. 1994 .....	XXX	4,016	1,548	601	441	242	173	85	124	79
4. 1995 .....	XXX	XXX	3,895	1,724	495	727	451	279	314	193
5. 1996 .....	XXX	XXX	XXX	4,435	2,108	1,188	1,096	540	546	257
6. 1997 .....	XXX	XXX	XXX	XXX	4,241	2,702	1,468	1,175	647	244
7. 1998 .....	XXX	XXX	XXX	XXX	XXX	4,943	2,887	1,784	1,455	862
8. 1999 .....	XXX	XXX	XXX	XXX	XXX	XXX	5,055	2,646	1,406	1,573
9. 2000 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,553	3,648	1,840
10. 2001 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,787	3,505
11. 2002 .....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,432

**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 Column 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama	AL No	0	0	0	0	0	0	0	0	
2. Alaska	AK No	0	0	0	0	0	0	0	0	
3. Arizona	AZ Yes	3,150,880	5,637,835	0	5,634,711	2,375,573	3,663,301	12,885	0	
4. Arkansas	AR No	0	0	0	0	0	0	0	0	
5. California	CA Yes	0	0	0	1,175	100,189	232,109	0	0	
6. Colorado	CO No	0	0	0	0	0	0	0	0	
7. Connecticut	CT Yes	2,033,020	3,072,537	299,263	2,230,323	970,348	8,303,626	11,061	0	
8. Delaware	DE No	0	0	0	0	0	0	0	0	
9. Dist. Columbia	DC No	0	0	0	0	0	0	0	0	
10. Florida	FL No	0	0	0	(981)	4,855	25,328	0	0	
11. Georgia	GA Yes	17,988,060	19,204,520	152,922	10,638,203	12,158,336	8,220,116	37,368	0	
12. Hawaii	HI No	0	0	0	0	0	0	0	0	
13. Idaho	ID No	0	0	0	0	0	0	0	0	
14. Illinois	IL Yes	7,681,071	7,726,600	158,527	4,795,253	5,618,818	5,140,324	12,548	0	
15. Indiana	IN Yes	3,807,733	5,507,254	3,891	4,186,132	4,240,333	2,878,286	15,900	0	
16. Iowa	IA Yes	0	0	0	0	0	0	0	0	
17. Kansas	KS No	0	0	0	0	0	0	0	0	
18. Kentucky	KY Yes	2,589	2,589	0	0	0	0	0	0	
19. Louisiana	LA No	0	0	0	0	(4,576)	196,692	0	0	
20. Maine	ME No	0	0	0	0	0	0	0	0	
21. Maryland	MD No	0	0	0	0	0	0	0	0	
22. Massachusetts	MA Yes	5,171,526	5,188,007	344,383	3,928,247	2,053,568	6,576,564	12,074	0	
23. Michigan	MI Yes	17,094	16,438	0	14,877	(675)	103,191	48	0	
24. Minnesota	MN No	0	0	0	0	0	0	0	0	
25. Mississippi	MS No	0	0	0	0	0	0	0	0	
26. Missouri	MO No	0	0	0	0	0	0	0	0	
27. Montana	MT No	0	0	0	0	0	0	0	0	
28. Nebraska	NE No	0	0	0	0	0	0	0	0	
29. Nevada	NV Yes	0	0	0	0	0	0	0	0	
30. New Hampshire	NH No	0	0	0	0	0	0	0	0	
31. New Jersey	NJ Yes	3,195,592	4,114,540	181,510	2,653,836	968,783	11,179,565	6,526	0	
32. New Mexico	NM No	0	0	0	0	0	0	0	0	
33. New York	NY Yes	1,801,313	2,156,487	60,867	921,050	2,276,081	2,827,858	18,198	0	
34. North Carolina	NC Yes	4,220,114	6,572,070	50,368	3,443,678	3,736,435	3,151,072	37,178	0	
35. North Dakota	ND No	0	0	0	0	0	0	0	0	
36. Ohio	OH Yes	36,534,894	34,859,736	0	22,364,003	21,909,215	16,235,504	67,384	0	
37. Oklahoma	OK Yes	2,493,192	3,038,680	14,757	1,657,702	1,934,236	1,362,780	4,351	0	
38. Oregon	OR No	0	0	0	0	0	0	0	0	
39. Pennsylvania	PA No	0	0	0	0	0	0	0	0	
40. Rhode Island	RI No	0	0	0	0	0	0	0	0	
41. South Carolina	SC Yes	127,122	123,997	0	3,616	87,258	83,566	90	0	
42. South Dakota	SD No	0	0	0	0	0	0	0	0	
43. Tennessee	TN Yes	2,065,657	4,344,193	43,347	3,932,026	3,107,794	1,806,053	18,242	0	
44. Texas	TX Yes	5,977,721	5,943,212	0	3,206,472	2,057,389	4,095,116	52,562	0	
45. Utah	UT No	0	0	0	0	0	0	0	0	
46. Vermont	VT No	0	0	0	0	0	0	0	0	
47. Virginia	VA Yes	9,214,908	8,335,066	52,536	8,701,204	10,139,602	5,873,095	18,241	0	
48. Washington	WA No	0	0	0	0	0	0	0	0	
49. West Virginia	WV No	0	0	0	0	0	0	0	0	
50. Wisconsin	WI Yes	0	0	0	0	0	0	0	0	
51. Wyoming	WY No	0	0	0	0	0	0	0	0	
52. American Samoa	AS No	0	0	0	0	0	0	0	0	
53. Guam	GU No	0	0	0	0	0	0	0	0	
54. Puerto Rico	PR No	0	0	0	0	0	0	0	0	
55. U.S. Virgin Islands	VI No	0	0	0	0	0	0	0	0	
56. Canada	CN No	0	0	0	0	0	0	0	0	
57. Aggregate other alien	OT XXX	0	0	0	0	0	0	0	0	
58. Totals	(a) 21	105,482,486	115,843,761	1,362,371	78,311,527	73,733,562	81,954,146	324,656	0	
DETAILS OF WRITE-INS										
5701.	XXX	0	0	0	0	0	0	0	0	
5702.	XXX	0	0	0	0	0	0	0	0	
5703.	XXX	0	0	0	0	0	0	0	0	
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0	
5799. Totals (Line 5701 through Line 5703 plus Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0	

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

Premiums are allocated according to the following: Workers' Compensation - the location of the insured's operations; Automobile Liability and Automobile Physical Damage - the location of the principal garage; Group Accident and health and Other Accident and health - the address of the insured's residence; Fidelity - the location of the employer or the insured; Surety - the principal, the court, the obligee, or work. All other premium - the locations of the risk.

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

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

**PART 1 - ORGANIZATIONAL CHART**

12/31/2002

