

**AMENDED EXPLANATION COVER**

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The following changes were made to Central Mutual Insurance Company's 2002 Annual Statement filing:

1. Schedule P, Part 2 - Summary, Columns 11 & 12, Line 12 (One Year & Two Year Loss Development) was corrected to equal the sum of Parts 2A, 2B, 2C, 2D, 2E, 2FSN1, 2FSN2, 2G, 2HSN1, 2HSN2, 2M, 2N, 2O, 2P, 2RSN1, 2RSN2, Columns 11 & 12, Line 12, plus the sum of Parts 2I, 2J, 2K, 2L, and 2S, Columns 11 & 12, Line 4.
2. Five-Year Historical Data, Column 1, Lines 69., 70., 71., and 72. were corrected to indicate the proper Loss Development information as a result of the corrections in item 1. above.
3. Schedule D - Part 6 - Section 1 was corrected moving All America Insurance Company into the proper line; Common Stocks - U.S. Property and Casualty Insurer (line 1099999). That affiliate was incorrectly reported in line 1599999 - Common Stocks - Other Affiliates in the original filing.
4. Assets - Page 2, Column 4 (Prior Year), Line 25 was corrected to reduce the Aggregate write-ins for other than invested assets by \$736,629. The original filing had this total counted twice; once in the items in lines 2502. and 2503. and then again in line 2598. as a total from the overflow page. There were no items on the overflow page, but the total from the prior year was incorrectly entered there. This correction gets the total assets for the prior year to the correct \$595,108,422 figure.



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

NAIC Group Code 0036 0036 NAIC Company Code 20230 Employer's ID Number 34-4202560  
(Current Period) (Prior Period)

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

Country of Domicile US

Incorporated April 17, 1876 Commenced Business October 2, 1876

Statutory Home Office 800 South Washington Street, Van Wert, Ohio 45891  
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 800 South Washington Street, Van Wert, Ohio 45891 419-238-5551 -2318  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 800 South Washington Street, Van Wert, Ohio 45891  
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 800 South Washington Street, Van Wert, Ohio 45891  
(Street and Number, City or Town, State and Zip Code)  
419-238-5551  
(Area Code) (Telephone Number)

Internet Website Address www.central-insurance.com

Statement Contact Thad Ryan Eikenbary 419-238-5551 -2437  
(Name) (Area Code) (Telephone Number) (Extension)  
teikenbary@central-insurance.com 419-238-7626  
(E-Mail Address) (Fax Number)

Policyowner Relations Contact 800 South Washington Street, Van Wert, Ohio 45891 419-238-5551 -2350  
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

**OFFICERS**

President ..... Francis Walworth Purmort, III  
 Secretary-Treasurer ..... Edward Ray Buhl  
 Vice President - Actuary ..... Jeffrey Lee Hanson

**VICE PRESIDENTS**

Dana Don Andjus  
 Edward Ray Buhl  
 George Joseph Gress  
 Michael Patrick Guth  
 Jeffrey Lee Hanson  
 Wayne Norris Kilton  
 Stephen Keith Moore  
 John Ewing White  
 Michael Edward Thompson  
 Charles Wahl Wassberg  
 Paul Charles Woiron

**DIRECTORS OR TRUSTEES**

Harry Allen Bancroft  
 #Ronald J Kutella  
 Edward Ray Buhl  
 Francis Walworth Purmort, III  
 Paul Walworth Purmort, Jr  
 Charles Allan Runser  
 Gerald Dean Thatcher  
 Roger Kennedy Thompson, Jr  
 Jeffrey Lee Hanson  
 Drew Pennington Maconachy

State of Ohio }  
 County of Van Wert } SS

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

|  |   |   |
|--|---|---|
| _____<br>Francis Walworth Purmort, III<br>President            | _____<br>Edward Ray Buhl<br>Secretary-Treasurer | _____<br>Jeffrey Lee Hanson<br>Vice President - Actuary |
| Subscribed and sworn to before me this _____ day of _____ 2003 |   |   |
| a. Is this an original filing? Yes ( ) No (X)                  |   |   |
| b. If no: 1. State the amendment number <u>1</u>               |   |   |
| 2. Date filed <u>March 4, 2003</u>                             |   |   |
| 3. Number of pages attached <u>5</u>                           |   |   |

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL MUTUAL INSURANCE COMPANY

**ASSETS**

|  | Current Year |                    |  | Prior Year          |
|--|--------------|--------------------|--|---------------------|
|  | 1            | 2                  | 3  | 4                   |
|  | Assets       | Nonadmitted Assets | Net Admitted Assets<br>(Columns 1 minus 2) | Net Admitted Assets |
| 1. Bonds   | 387,929,642  | 0                  | 387,929,642                                | 360,222,065         |
| 2. Stocks:   |              |                    |  |                     |
| 2.1 Preferred stocks (Schedule D, Part 2, Section 1)   | 22,198,192   | 0                  | 22,198,192                                 | 18,942,060          |
| 2.2 Common stocks (Schedule D, Part 2, Section 2)  | 89,777,870   | 0                  | 89,777,870                                 | 105,287,930         |
| 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)  | 3,816,771    | 0                  | 3,816,771                                  | 3,680,394           |
| 4.2 Properties held for the production of income (less \$ 0 encumbrances)  | 150,186      | 0                  | 150,186                                    | 144,159             |
| 4.3 Properties held for sale (less \$ 0 encumbrances)  | 0            | 0                  | 0  | 0                   |
| 5. Cash (\$ (7,294,738) Schedule E, Part 1) and short-term investments (\$ 33,044,428 Schedule DA, Part 2)                                 | 25,749,690   | 0                  | 25,749,690                                 | 7,969,652           |
| 6. Other invested assets (Schedule BA)   | 0            | 0                  | 0  | 0                   |
| 7. Receivable for securities   | 0            | 0                  | 0  | 235,701             |
| 8. Aggregate write-ins for invested assets   | 0            | 0                  | 0  | 0                   |
| 9. Subtotals, cash and invested assets (Line 1 to Line 8)  | 529,622,351  | 0                  | 529,622,351                                | 496,481,961         |
| 10. Agents' balances or uncollected premiums:  |              |                    |  |                     |
| 10.1 Premiums and agents' balances in course of collection   | 22,264,342   | 1,624,490          | 20,639,852                                 | 20,823,871          |
| 10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ 2,342,592 earned but unbilled premiums) | 72,153,593   | 282,240            | 71,871,353                                 | 54,098,174          |
| 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)                            | 13,521,519   | 0                  | 13,521,519                                 | (309,511)           |
| 15. Federal and foreign income tax recoverable and interest thereon (including \$ 17,044,794 net deferred tax asset)                       | 21,545,403   | 0                  | 21,545,403                                 | 14,627,693          |
| 16. Guaranty funds receivable or on deposit  | 0            | 0                  | 0  | 0                   |
| 17. Electronic data processing equipment and software  | 771,668      | 0                  | 771,668                                    | 936,594             |
| 18. Interest, dividends and real estate income due and accrued   | 7,043,769    | 0                  | 7,043,769                                  | 6,550,348           |
| 19. Net adjustments in assets and liabilities due to foreign exchange rates  | 0            | 0                  | 0  | 0                   |
| 20. Receivable from parent, subsidiaries and affiliates  | 0            | 0                  | 0  | 0                   |
| 21. Amount due from/to protected cells   | 0            | 0                  | 0  | 0                   |
| 22. Equities and deposits in pools and associations  | 1,728,689    | 0                  | 1,728,689                                  | 1,162,663           |
| 23. Amounts receivable relating to uninsured accident and health plans   | 0            | 0                  | 0  | 0                   |
| 24. Other assets nonadmitted (Exhibit 1)   | 2,496,794    | 2,496,794          | 0  | 0                   |
| 25. Aggregate write-ins for other than invested assets   | 3,140,737    | 2,297,889          | 842,848                                    | 736,629             |
| 26. Total assets excluding protected cell assets (Line 9 through Line 25)  | 674,288,865  | 6,701,413          | 667,587,452                                | 595,108,422         |
| 27. Protected cell assets  | 0            | 0                  | 0  | 0                   |
| 28. TOTALS (Line 26 and Line 27)   | 674,288,865  | 6,701,413          | 667,587,452                                | 595,108,422         |
| <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. EMPLOYEE BENEFITS TRUST FUND   | 2,297,889    | 2,297,889          | 0  | 0                   |
| 2502. POLICY SURCHARGES W/H FROM INSUREDS  | 10,914       | 0                  | 10,914                                     | 6,058               |
| 2503. RECOVERY FOR GUARANTY FUNDS AND ASSESSMENTS  | 831,934      | 0                  | 831,934                                    | 730,571             |
| 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)  | 3,140,737    | 2,297,889          | 842,848                                    | 736,629             |

## FIVE-YEAR HISTORICAL DATA

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

|  | 1<br>2002   | 2<br>2001   | 3<br>2000    | 4<br>1999   | 5<br>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)   | 164,931,733 | 132,048,114 | 122,322,861  | 103,542,494 | 99,005,467   |
| 2. Property lines (Lines 1, 2, 9, 12, 21 and 26)   | 82,518,202  | 65,164,776  | 61,163,422   | 55,535,479  | 52,358,955   |
| 3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)   | 156,324,150 | 121,898,908 | 109,274,452  | 96,445,016  | 92,581,622   |
| 4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)  | 51,184      | 36,638      | 32,995       | 27,825      | 23,870       |
| 5. Nonproportional reinsurance lines (Lines 30, 31 and 32)   | 0           | 0           | 0            | (621)       | 4,971        |
| 6. Total (Line 34)   | 403,825,269 | 319,148,436 | 292,793,730  | 255,550,193 | 243,974,885  |
| 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)   | 125,103,889 | 102,197,318 | 95,235,856   | 80,058,401  | 76,168,608   |
| 8. Property lines (Lines 1, 2, 9, 12, 21 and 26)   | 67,476,640  | 53,525,181  | 50,171,489   | 45,868,089  | 43,065,622   |
| 9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)   | 122,418,039 | 96,718,704  | 86,988,044   | 77,262,787  | 73,380,761   |
| 10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)   | 41,441      | 29,908      | 26,728       | 22,075      | 18,694       |
| 11. Nonproportional reinsurance lines (Line 30, 31 and 32)   | 0           | 0           | 0            | (522)       | 4,176        |
| 12. Total (Line 34)  | 315,040,009 | 252,471,111 | 232,422,117  | 203,210,830 | 192,637,861  |
| Statement of Income (Page 4)   |             |             |              |             |              |
| 13. Net underwriting gain (loss) (Line 8)  | (6,898,852) | (4,573,619) | (11,699,066) | 3,513,425   | (103,572)    |
| 14. Net investment gain (loss) (Line 11)   | 12,718,442  | 21,086,055  | 24,305,906   | 21,320,507  | 20,153,253   |
| 15. Total other income (Line 15)   | 1,483,558   | 1,238,810   | 1,040,733    | 996,281     | 630,258      |
| 16. Dividends to policyholders (Line 17)   | 1,669,298   | 1,191,299   | 846,084      | 648,446     | 750,628      |
| 17. Federal and foreign income taxes incurred (Line 19)  | 564,150     | 3,909,327   | 3,157,422    | 6,168,869   | 3,358,127    |
| 18. Net income (Line 20)   | 5,069,700   | 12,650,620  | 9,644,067    | 19,012,898  | 16,571,184   |
| Balance Sheet Lines (Pages 2 and 3)  |             |             |              |             |              |
| 19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Column 3)   | 667,587,452 | 595,108,422 | 522,948,136  | 476,686,288 | 438,011,077  |
| 20. Agents' balances or uncollected premiums (Page 2, Column 3)  |             |             |              |             |              |
| 20.1 In course of collection (Line 10.1)   | 20,639,852  | 20,823,871  | 12,256,859   | 13,254,828  | 13,904,906   |
| 20.2 Deferred and not yet due (Line 10.2)  | 71,871,353  | 54,098,174  | 36,577,076   | 22,683,958  | 29,890,003   |
| 20.3 Accrued retrospective premiums (Line 10.3)  | 0           | 0           | 0            | 0           | (15,933,750) |
| 21. Total liabilities excluding Protected Cell (Page 3, Line 24)   | 411,346,691 | 347,627,392 | 302,019,031  | 266,972,597 | 256,302,758  |
| 22. Losses (Page 3, Line 1 and Line 2)   | 170,114,196 | 145,107,829 | 132,933,195  | 109,869,566 | 104,413,890  |
| 23. Loss adjustment expenses (Page 3, Line 3)  | 48,319,828  | 43,686,236  | 36,001,454   | 31,714,339  | 29,932,187   |
| 24. Unearned premiums (Page 3, Line 9)   | 158,827,777 | 126,232,788 | 113,624,200  | 98,992,459  | 93,055,787   |
| 25. Capital paid up (Page 3, Line 28 and Line 29)  | 0           | 0           | 0            | 0           | 0            |
| 26. Surplus as regards policyholders (Page 3, Line 35)   | 256,240,759 | 247,481,006 | 220,929,106  | 209,713,688 | 181,708,319  |
| Risk-Based Capital Analysis  |             |             |              |             |              |
| 27. Total adjusted capital   | 256,240,759 | 247,481,006 | 220,929,106  | 209,713,688 | 181,708,319  |
| 28. Authorized control level risk-based capital  | 30,451,622  | 23,849,965  | 23,272,276   | 19,447,342  | 18,765,413   |
| Percentage Distribution of Cash and Invested Assets<br>(Page 2, Column 3)<br>(Item divided by Page 2, Line 9, Column 3) x 100.0  |             |             |              |             |              |
| 29. Bonds (Line 1)   | 73.2        | 72.6        | 72.4         | 70.6        | 70.9         |
| 30. Stocks (Line 2.1 and Line 2.2)   | 21.1        | 25.0        | 25.6         | 27.6        | 25.3         |
| 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)   | 0.7         | 0.8         | 0.8          | 0.8         | 0.9          |
| 33. Cash and short-term investments (Line 5)   | 4.9         | 1.6         | 1.2          | 1.0         | 2.6          |
| 34. Other invested assets (Line 6)   | 0.0         | 0.0         | 0.0          | 0.0         | 0.2          |
| 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)  | 56,651,462  | 52,318,307  | 45,804,737   | 42,502,844  | 37,692,905   |
| 41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5<br>Line 11)   | 0           | 0           | 0            | 0           | 0            |
| 42. Affiliated mortgage loans on real estate   | 0           | 0           | 0            | 0           | 0            |
| 43. All other affiliated   | 0           | 0           | 0            | 0           | 0            |
| 44. Total of above Line 38 through Line 43   | 56,651,462  | 52,318,307  | 45,804,737   | 42,502,844  | 37,692,905   |
| 45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards<br>policyholders (Line 44 above divided by Page 3, Column 1, Line 34 x 100.0) | 22.1        | 21.1        | 20.7         | 19.2        | 20.7         |

## FIVE-YEAR HISTORICAL DATA

(Continued)

|  | 1<br>2002   | 2<br>2001   | 3<br>2000   | 4<br>1999   | 5<br>1998   |
|--|-------------|-------------|-------------|-------------|-------------|
| Capital and Surplus Accounts (Page 4)  |             |             |             |             |             |
| 46. Net unrealized capital gains (losses) (Line 23) .....  | 3,374,924   | 144,577     | (4,123,175) | 6,733,894   | 9,251,725   |
| 47. Dividends to stockholders (Line 34) .....  | 0           | 0           | 0           | 0           | 0           |
| 48. Change in surplus as regards policyholders for the year (Line 37) .....  | 8,759,810   | 26,551,874  | 11,215,427  | 28,005,370  | 27,690,084  |
| 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) .....  | 71,548,194  | 56,686,261  | 53,637,569  | 52,817,791  | 46,622,201  |
| 50. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....  | 39,205,560  | 34,842,981  | 33,196,098  | 31,567,691  | 30,452,375  |
| 51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....  | 83,079,001  | 62,765,157  | 54,029,027  | 51,024,679  | 45,801,519  |
| 52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33) .....   | (3,973)     | 0           | 0           | 23,610      | 0           |
| 53. Nonproportional reinsurance lines (Lines 30, 31, and 32) .....   | 796,480     | 548,176     | 235,190     | 169,113     | 245,428     |
| 54. Total (Line 34) .....  | 194,625,262 | 154,842,575 | 141,097,884 | 135,602,884 | 123,121,523 |
| 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) .....  | 48,032,658  | 47,225,371  | 43,268,415  | 41,081,424  | 37,993,715  |
| 56. Property lines (Lines 1, 2, 9, 12, 21 and 26) .....  | 32,930,844  | 29,007,268  | 27,890,864  | 26,526,725  | 25,103,209  |
| 57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27) .....  | 63,640,664  | 54,110,338  | 45,225,311  | 40,731,333  | 37,375,345  |
| 58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33) .....   | (2,109)     | 0           | 0           | 19,832      | 0           |
| 59. Nonproportional reinsurance lines (Lines 30, 31, and 32) .....   | 796,480     | 548,176     | 235,190     | 169,113     | 245,428     |
| 60. Total (Line 34) .....  | 145,398,537 | 130,891,153 | 116,619,780 | 108,528,427 | 100,717,697 |
| Operating Percentages (Page 4)<br>(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        | 29.1        | 29.0        | 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) .....   | 122.9       | 102.0       | 105.2       | 96.9        | 106.0       |
| 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) .....  | 4,294       | 3,020       | (2,826)     | (5,493)     | (1,799)     |
| 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) .....                 | 1.7         | 1.4         | (1.3)       | (3.0)       | (1.2)       |
| 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) .....                         | (2,218)     | 407         | (6,329)     | (6,535)     | (8,589)     |
| 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) ..... | (1.0)       | 0.2         | (3.5)       | (4.2)       | (6.8)       |

**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<br>1993  | 2<br>1994 | 3<br>1995 | 4<br>1996 | 5<br>1997 | 6<br>1998 | 7<br>1999 | 8<br>2000 | 9<br>2001 | 10<br>2002 | 11<br>One Year | 12<br>Two Year |
| 1. Prior                            | 71,187   | 65,100    | 63,102    | 54,549    | 52,936    | 52,689    | 52,616    | 54,498    | 58,073    | 56,056     | (2,017)        | 1,558          |
| 2. 1993                             | 90,928   | 87,455    | 85,890    | 87,888    | 87,149    | 86,273    | 86,156    | 86,356    | 85,679    | 85,490     | (189)          | (866)          |
| 3. 1994                             | XXX  | 93,259    | 88,385    | 87,934    | 88,224    | 86,776    | 86,456    | 86,184    | 86,373    | 85,991     | (382)          | (193)          |
| 4. 1995                             | XXX  | XXX       | 102,006   | 100,391   | 97,480    | 99,110    | 98,067    | 97,764    | 98,064    | 97,346     | (718)          | (418)          |
| 5. 1996                             | XXX  | XXX       | XXX       | 112,252   | 109,577   | 109,577   | 109,163   | 109,272   | 110,057   | 108,424    | (1,633)        | (848)          |
| 6. 1997                             | XXX  | XXX       | XXX       | XXX       | 110,326   | 109,468   | 106,706   | 106,154   | 104,589   | 102,269    | (2,320)        | (3,885)        |
| 7. 1998                             | XXX  | XXX       | XXX       | XXX       | XXX       | 119,319   | 118,562   | 118,094   | 117,808   | 116,377    | (1,431)        | (1,717)        |
| 8. 1999                             | XXX  | XXX       | XXX       | XXX       | XXX       | XXX       | 125,855   | 123,790   | 124,700   | 128,126    | 3,426          | 4,336          |
| 9. 2000                             | XXX  | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 150,490   | 150,277   | 150,305    | 28             | (185)          |
| 10. 2001                            | XXX  | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 149,979   | 159,509    | 9,530          | XXX            |
| 11. 2002                            | XXX  | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 174,383    | XXX            | XXX            |
| 12. Totals                          |  |           |           |           |           |           |           |           |           |            | 4,294          | (2,218)        |

**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<br>1993   | 2<br>1994 | 3<br>1995 | 4<br>1996 | 5<br>1997 | 6<br>1998 | 7<br>1999 | 8<br>2000 | 9<br>2001 | 10<br>2002 | Number of Claims Closed With Loss Payment | Number of Claims Closed Without Loss Payment |
| 1. Prior                            | 0 0 0   | 19,422    | 28,494    | 30,566    | 34,058    | 36,145    | 37,988    | 39,549    | 43,441    | 31,783     | XXX                                       | XXX  |
| 2. 1993                             | 48,148  | 66,698    | 74,274    | 79,416    | 83,358    | 84,310    | 84,856    | 85,045    | 85,206    | 85,212     | XXX                                       | XXX  |
| 3. 1994                             | XXX   | 48,897    | 66,784    | 74,802    | 80,119    | 83,147    | 84,466    | 85,131    | 85,297    | 85,306     | XXX                                       | XXX  |
| 4. 1995                             | XXX   | XXX       | 57,139    | 78,332    | 85,598    | 91,418    | 93,794    | 94,570    | 95,806    | 95,896     | XXX                                       | XXX  |
| 5. 1996                             | XXX   | XXX       | XXX       | 65,830    | 88,910    | 98,413    | 103,338   | 105,443   | 105,776   | 106,396    | XXX                                       | XXX  |
| 6. 1997                             | XXX   | XXX       | XXX       | XXX       | 60,745    | 80,711    | 89,252    | 93,565    | 96,913    | 99,231     | XXX                                       | XXX  |
| 7. 1998                             | XXX   | XXX       | XXX       | XXX       | XXX       | 64,356    | 88,879    | 98,513    | 103,858   | 107,388    | XXX                                       | XXX  |
| 8. 1999                             | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | 69,476    | 92,593    | 103,539   | 113,246    | XXX                                       | XXX  |
| 9. 2000                             | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 79,481    | 109,553   | 121,898    | XXX                                       | XXX  |
| 10. 2001                            | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 81,936    | 118,093    | XXX                                       | XXX  |
| 11. 2002                            | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 100,006    | 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<br>1993   | 2<br>1994 | 3<br>1995 | 4<br>1996 | 5<br>1997 | 6<br>1998 | 7<br>1999 | 8<br>2000 | 9<br>2001 | 10<br>2002 |
| 1. Prior                            | 18,495  | 9,073     | 5,392     | 8,402     | 1,542     | 6,172     | 6,137     | 5,757     | 5,676     | 10,064     |
| 2. 1993                             | 20,334  | 8,267     | 3,477     | 3,164     | 1,397     | 820       | 734       | 820       | 198       | 0          |
| 3. 1994                             | XXX   | 21,083    | 8,126     | 3,155     | 2,314     | 1,271     | 910       | 444       | 652       | 415        |
| 4. 1995                             | XXX   | XXX       | 20,447    | 9,051     | 2,597     | 3,817     | 2,366     | 1,464     | 1,649     | 1,011      |
| 5. 1996                             | XXX   | XXX       | XXX       | 23,283    | 11,066    | 6,239     | 5,756     | 2,836     | 2,864     | 1,348      |
| 6. 1997                             | XXX   | XXX       | XXX       | XXX       | 22,264    | 14,186    | 7,706     | 6,171     | 3,398     | 1,278      |
| 7. 1998                             | XXX   | XXX       | XXX       | XXX       | XXX       | 25,953    | 15,156    | 9,365     | 7,640     | 4,527      |
| 8. 1999                             | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | 26,541    | 13,889    | 7,384     | 8,275      |
| 9. 2000                             | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 34,403    | 19,152    | 9,662      |
| 10. 2001                            | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 30,384    | 18,401     |
| 11. 2002                            | XXX   | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | XXX       | 33,767     |