



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

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(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.

_____ Francis Walworth Purmort, III President	_____ Edward Ray Buhl Secretary-Treasurer	_____ Jeffrey Lee Hanson Vice President - Actuary
a. Is this an original filing? Yes (X) No ()		
b. If no:		
1. State the amendment number	0	
2. Date filed	March 1, 2003	
3. Number of pages attached	0	

Subscribed and sworn to before me this _____ day of _____ 2003

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 (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	1,473,258
26. Total assets excluding protected cell assets (Line 9 through Line 25)	674,288,865	6,701,413	667,587,452	595,845,051
27. Protected cell assets	0	0	0	0
28. TOTALS (Line 26 and Line 27)	674,288,865	6,701,413	667,587,452	595,845,051
DETAILS OF WRITE-INS				
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	736,629
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	3,140,737	2,297,889	842,848	1,473,258

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

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	170,114,196	145,107,823
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)	48,319,828	43,686,268
4. Commissions payable, contingent commissions and other similar charges	7,030,615	4,280,073
5. Other expenses (excluding taxes, licenses and fees)	2,321,300	3,360,967
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	4,062,265	3,402,024
7. Federal and foreign income taxes (including \$ 1,181,223 on realized capital gains (losses)) (including \$ 0 net deferred tax liability)	161,944	0
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 \$ 37,440,784 and including warranty reserves of \$ 0)	158,827,777	126,232,788
10. Advance premiums	2,183,182	0
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	487,071	254,490
12. Ceded reinsurance premiums payable (net of ceding commissions)	8,623,696	11,978,359
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	7,348,922	6,478,124
15. Remittances and items not allocated	0	0
16. Provision for reinsurance (Schedule F, Part 7)	47,991	81,873
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	162,786	209,708
19. Payable to parent, subsidiaries and affiliates	581,772	586,547
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	1,073,346	1,968,374
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	411,346,691	347,627,418
25. Protected cell liabilities	0	0
26. Total liabilities (Line 24 and Line 25)	411,346,691	347,627,418
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	0	0
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	0	0
33. Unassigned funds (surplus)	256,240,759	247,481,006
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)	256,240,759	247,481,006
36. TOTALS (Page 2, Line 28, Column 3)	667,587,450	595,108,424
DETAILS OF WRITE-INS		
2301. RESERVE FOR BAD FAITH CLAIMS	100,036	100,000
2302. RESERVE FOR ESCHEATS	462,214	480,578
2303. 2002 PRIVATE PASSENGER AUTO ESCROW - NORTH CAROLINA	511,096	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	1,387,796
2399. TOTALS (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	1,073,346	1,968,374
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)	283,009,500	240,270,394
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	170,404,906	143,065,788
3. Loss expenses incurred (Part 3, Line 25, Column 1)	26,670,169	27,081,744
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	92,322,181	74,696,484
5. Aggregate write-ins for underwriting deductions	511,096	0
6. Total underwriting deductions (Line 2 through Line 5)	289,908,352	244,844,016
7. Net income of protected cells	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(6,898,852)	(4,573,622)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	22,862,227	21,729,614
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	(10,143,785)	(643,559)
11. Net investment gain (loss) (Line 9 plus Line 10)	12,718,442	21,086,055
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$	(456,253)	(301,519)
13. Finance and service charges not included in premiums	1,704,445	1,431,398
14. Aggregate write-ins for miscellaneous income	235,366	108,931
15. Total other income (Line 12 through Line 14)	1,483,558	1,238,810
16. Net income before dividends to policyholders and before federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	7,303,148	17,751,243
17. Dividends to policyholders	1,669,298	1,191,299
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	5,633,850	16,559,944
19. Federal and foreign income taxes incurred	564,150	3,909,327
20. Net income (Line 18 minus Line 19) (to Line 22)	5,069,700	12,650,617
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	247,480,996	220,929,125
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	5,069,700	12,650,617
23. Net unrealized capital gains or (losses)	3,374,924	144,577
24. Change in net unrealized foreign exchange capital gain (loss)	0	0
25. Change in net deferred income tax	3,137,228	3,553,931
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3)	(1,841,822)	(1,022,976)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	33,882	(5,023)
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	11,230,745
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	(1,014,102)	0
37. Change in surplus as regards policyholders for the year (Line 22 through Line 36)	8,759,810	26,551,871
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	256,240,806	247,480,996
DETAILS OF WRITE-INS		
0501. 2002 PRIVATE PASSENGER AUTO ESCROW - NORTH CAROLINA	511,096	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)	511,096	0
1401. MISCELLANEOUS INCOME		
1402.	235,366	108,931
1403.	0	0
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)	235,366	108,931
3601. CORRECTION OF LIABILITY FOR POST RETIREMENT BENEFITS		
3602.	(1,014,102)	0
3603.	0	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)	(1,014,102)	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	295,006,373	240,614,203
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	181,653,024	146,805,399
3. Underwriting expenses paid	89,808,768	73,596,249
4. Other underwriting income (expenses)	(106,218)	(483,959)
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	23,438,363	19,728,596
6. Net investment income	23,292,695	21,745,690
7. Other income (expenses):		
7.1 Agents' balances charged off	(456,253)	(301,519)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	77,646	123,210
7.4 Aggregate write-ins for miscellaneous items	1,373,785	1,249,802
7.5 Total other income (Line 7.1 to Line 7.4)	995,178	1,071,493
8. Dividends to policyholders on direct business, less \$..... (1,048,335) dividends on reinsurance assumed or ceded (net)	1,436,717	1,097,459
9. Federal and foreign income taxes (paid) recovered	(4,063,715)	(6,474,711)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	42,225,804	34,973,609
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	53,476,062	36,086,337
11.2 Stocks	25,463,195	19,045,871
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)	78,939,257	55,132,208
12. Cost of investments acquired (long-term only):		
12.1 Bonds	82,313,968	61,223,245
12.2 Stocks	19,417,515	25,316,912
12.3 Mortgage loans	0	0
12.4 Real estate	266,609	392,257
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)	101,998,092	86,932,414
13. Net cash from investments (Line 11.8 minus Line 12.7)	(23,058,835)	(31,800,206)
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	0
14.4 Borrowed funds received	0	0
14.5 Other cash provided	0	0
14.6 Total (Lines 14.1 to 14.5)	0	0
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	4,775	201,890
15.3 Borrowed funds repaid	0	0
15.4 Other applications	1,382,157	619,833
15.5 Total (Line 15.1 to Line 15.4)	1,386,932	821,723
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(1,386,932)	(821,723)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16)	17,780,037	2,351,680
18. Cash and short-term investments:		
18.1 Beginning of year	7,969,652	5,617,974
18.2 End of year (Line 17 plus Line 18.1)	25,749,689	7,969,654
DETAILS OF WRITE-INS		
7.401 FINANCE & SERVICE CHARGES	1,704,445	1,431,398
7.402 AGGREGATE WRITE INS - PAGE 4, LINE 14	235,366	108,931
7.403 PAGE 2 LINE 22 EQUITIES AND DEPOSITS IN POOLS AND ASSN'S	(566,026)	(290,527)
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)	1,373,785	1,249,802

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	5,100,422	1,952,575	2,552,608	4,500,389
2. Allied lines	6,026,283	2,249,084	3,017,551	5,257,816
3. Farmowners multiple peril	4,004	2,448	2,777	3,675
4. Homeowners multiple peril	53,560,716	24,103,254	29,779,365	47,884,605
5. Commercial multiple peril	68,901,858	25,321,825	33,339,425	60,884,258
6. Mortgage guaranty	0	0	0	0
8. Ocean marine	0	0	0	0
9. Inland marine	5,133,409	1,735,658	2,106,806	4,762,261
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	492,255	233,282	266,570	458,967
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	32,403,313	10,376,781	12,769,298	30,010,796
17.1 Other liability - occurrence	4,511,610	1,601,888	2,226,265	3,887,233
17.2 Other liability - claims-made	0	0	0	0
18.1 Products liability - occurrence	9,964,043	3,202,138	4,931,403	8,234,778
18.2 Products liability - claims-made	0	0	0	0
19.1, 19.2 Private passenger auto liability	53,318,714	23,077,210	27,521,437	48,874,487
19.3, 19.4 Commercial auto liability	24,906,209	9,827,753	11,969,433	22,764,529
21. Auto physical damage	50,695,424	20,264,608	25,505,366	45,454,666
22. Aircraft (all perils)	0	0	0	0
23. Fidelity	39,647	13,312	16,787	36,172
24. Surety	1,794	680	640	1,834
26. Burglary and theft	28,846	5,904	10,645	24,105
27. Boiler and machinery	(48,541)	6,470	(10,998)	(31,073)
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	315,040,006	123,974,870	156,005,378	283,009,498
DETAILS OF WRITE-INS				
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	2,876,131	0	(323,523)	0	2,552,608
2. Allied lines	3,017,551	0	0	0	3,017,551
3. Farmowners multiple peril	2,777	0	0	0	2,777
4. Homeowners multiple peril	29,779,365	0	0	0	29,779,365
5. Commercial multiple peril	34,133,268	0	(793,843)	0	33,339,425
6. Mortgage guaranty	0	0	0	0	0
8. Ocean marine	0	0	0	0	0
9. Inland marine	2,106,806	0	0	0	2,106,806
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	266,570	0	0	0	266,570
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	14,392,914	0	(1,623,616)	0	12,769,298
17.1 Other liability - occurrence	2,307,684	0	(81,419)	0	2,226,265
17.2 Other liability - claims-made	0	0	0	0	0
18.1 Products liability - occurrence	4,931,403	0	0	0	4,931,403
18.2 Products liability - claims-made	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	27,521,437	0	0	0	27,521,437
19.3, 19.4 Commercial auto liability	11,969,433	0	0	0	11,969,433
21. Auto physical damage	25,505,366	0	0	0	25,505,366
22. Aircraft (all perils)	0	0	0	0	0
23. Fidelity	16,787	0	0	0	16,787
24. Surety	640	0	0	0	640
26. Burglary and theft	10,645	0	0	0	10,645
27. Boiler and machinery	(10,998)	0	0	0	(10,998)
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	158,827,779	0	(2,822,401)	0	156,005,378
35. Accrued retrospective premiums based on experience					0
36. Earned but unbilled premiums					2,822,400
37. Balance (Sum of Line 34 through Line 36)					158,827,778
DETAILS OF WRITE-INS					
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	4,651,699	1,864,454	247,862	1,012,405	651,188	5,100,422
2. Allied lines	3,098,197	3,715,167	786,641	1,181,319	392,403	6,026,283
3. Farmowners multiple peril	4,995	36	0	799	228	4,004
4. Homeowners multiple peril	37,967,076	29,552,076	68,513	10,728,040	3,298,909	53,560,716
5. Commercial multiple peril	48,537,325	40,082,298	0	13,623,367	6,094,397	68,901,859
6. Mortgage guaranty	0	0	0	0	0	0
8. Ocean marine	0	0	0	0	0	0
9. Inland marine	4,737,329	1,829,029	0	1,032,675	400,274	5,133,409
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	219,751	375,273	0	95,005	7,764	492,255
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	29,416,193	7,881,192	2,611,203	6,355,951	1,149,323	32,403,314
17.1 Other liability - occurrence	14,970,175	971,441	0	874,859	10,555,148	4,511,609
17.2 Other liability - claims-made	0	0	0	0	0	0
18.1 Products liability - occurrence	8,426,251	3,743,640	0	1,940,014	265,834	9,964,043
18.2 Products liability - claims-made	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	32,851,943	33,133,085	0	10,263,462	2,402,852	53,318,714
19.3, 19.4 Commercial auto liability	22,677,346	7,836,813	412,451	4,828,742	1,191,659	24,906,209
21. Auto physical damage	32,897,622	28,027,548	32,769	9,738,470	524,044	50,695,425
22. Aircraft (all perils)	0	0	0	0	0	0
23. Fidelity	27,339	21,624	0	7,795	1,521	39,647
24. Surety	2,159	62	0	354	73	1,794
26. Burglary and theft	19,569	15,292	0	5,566	449	28,846
27. Boiler and machinery	98,789	13,042	0	(9,160)	169,531	(48,540)
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	240,603,758	159,062,072	4,159,439	61,679,663	27,105,597	315,040,009
DETAILS OF WRITE-INS						
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 CENTRAL MUTUAL 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	1,964,411	1,521,922	559,639	2,926,694	532,128	658,451	2,800,371	62.2
2. Allied lines	796,836	2,491,875	526,194	2,762,517	503,211	193,050	3,072,678	58.4
3. Farmowners multiple peril	0	0	0	0	0	0	0	0.0
4. Homeowners multiple peril	14,337,930	31,506,263	7,335,291	38,508,902	14,319,145	9,322,227	43,505,820	90.9
5. Commercial multiple peril	17,097,555	20,099,280	12,064,968	25,131,867	35,485,857	31,349,081	29,268,643	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	1,351,835	685,869	326,033	1,711,671	237,642	204,509	1,744,804	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	7,250	0	1,160	6,090	3	0	6,093	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	9,309,661	7,181,589	4,393,962	12,097,288	36,074,418	30,987,608	17,184,098	57.3
17.1 Other liability - occurrence	2,150,853	258,380	8,503,287	(6,094,054)	9,291,214	4,201,660	(1,004,500)	(25.8)
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0.0
18.1 Products liability - occurrence	1,571,626	2,405,665	1,475,800	2,501,491	12,911,656	8,691,675	6,721,472	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	16,270,735	18,716,225	6,497,684	28,489,276	31,012,195	31,931,906	27,569,565	56.4
19.3, 19.4 Commercial auto liability	6,579,216	7,104,244	2,644,803	11,038,657	27,810,496	26,045,345	12,803,808	56.2
21. Auto physical damage	13,764,436	16,620,921	4,861,657	25,523,700	(111,861)	(869,081)	26,280,920	57.8
22. Aircraft (all perils)	0	0	0	0	0	0	0	0.0
23. Fidelity	(3,973)	0	(1,864)	(2,109)	420,000	8,400	409,491	1,132.0
24. Surety	0	0	0	0	0	0	0	0.0
26. Burglary and theft	205	0	33	172	85	165	92	0.4
27. Boiler and machinery	8,891	29,082	38,078	(105)	(9,225)	(2,491)	(6,839)	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	796,480	0	796,480	1,637,231	2,385,324	48,387	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	85,207,467	109,417,795	49,226,725	145,398,537	170,114,195	145,107,829	170,404,903	60.2
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 CENTRAL MUTUAL INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (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	350,965	186,093	140,678	396,380	102,071	81,634	47,957	532,128	307,276
2. Allied lines	145,999	310,683	127,818	328,864	91,277	143,813	60,743	503,211	79,776
3. Farmowners multiple peril	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril	5,479,103	5,737,477	1,904,152	9,312,428	2,626,228	3,798,333	1,417,844	14,319,145	2,289,789
5. Commercial multiple peril	15,097,180	8,010,815	6,772,348	16,335,647	15,456,672	11,605,227	7,911,689	35,485,857	16,755,779
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	39,878	10,463	8,054	42,287	127,857	105,358	37,859	237,643	46,025
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	9	0	0	3	1
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	(a) 0	0
16. Workers' compensation	19,616,676	17,705,015	8,317,697	29,003,994	8,267,154	3,263,974	4,460,704	36,074,418	4,975,595
17.1 Other liability - occurrence	3,335,646	1,081,903	2,945,454	1,472,095	9,854,565	534,414	2,569,860	9,291,214	3,216,402
17.2 Other liability - claims-made	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence	4,502,250	2,348,027	1,293,898	5,556,379	6,062,476	5,161,191	3,868,389	12,911,657	6,528,609
18.2 Products liability - claims-made	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability	12,399,263	11,167,996	4,282,185	19,285,074	9,341,837	6,745,312	4,360,029	31,012,194	6,196,284
19.3, 19.4 Commercial auto liability	11,228,516	6,842,504	4,042,481	14,028,539	12,820,222	6,569,874	5,608,139	27,810,496	7,281,966
21. Auto physical damage	1,291,752	915,096	599,465	1,607,383	(882,449)	(1,139,287)	(302,493)	(111,860)	633,137
22. Aircraft (all perils)	0	0	0	0	0	0	0	0	0
23. Fidelity	510,742	0	90,742	420,000	0	0	0	420,000	1,347
24. Surety	0	0	0	0	0	0	0	0	0
26. Burglary and theft	0	0	0	0	0	103	18	85	27
27. Boiler and machinery	5,000	(7,500)	6,740	(9,240)	18	16	19	(9,225)	8,771
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	1,066,325	0	1,066,325	X X X	570,906	0	1,637,231	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	74,002,970	55,374,897	30,531,712	98,846,155	63,867,937	37,440,868	30,040,763	170,114,197	48,320,784
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	9,011,036	0	0	9,011,036
1.2 Reinsurance assumed	9,050,257	0	0	9,050,257
1.3 Reinsurance ceded	3,395,383	0	0	3,395,383
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	14,665,910	0	0	14,665,910
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	35,445,840	0	35,445,840
2.2 Reinsurance assumed excluding contingent	0	66,874,286	0	66,874,286
2.3 Reinsurance ceded excluding contingent	0	54,863,501	0	54,863,501
2.4 Contingent - direct	0	5,154,095	0	5,154,095
2.5 Contingent - reinsurance assumed	0	3,471,956	0	3,471,956
2.6 Contingent - reinsurance ceded	0	2,463,831	0	2,463,831
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	53,618,845	0	53,618,845
3. Allowances to manager and agents	0	500,293	0	500,293
4. Advertising	0	46,576	0	46,576
5. Boards, bureaus and associations	(169,122)	3,805,130	0	3,636,008
6. Surveys and underwriting reports	1,635	1,946,492	0	1,948,127
7. Audit of assureds' records	0	399,894	0	399,894
8. Salary and related items:				
8.1 Salaries	6,849,470	12,833,705	472,755	20,155,930
8.2 Payroll taxes	514,326	935,306	40,289	1,489,921
9. Employee relations and welfare	1,347,945	2,511,827	81,644	3,941,416
10. Insurance	92,230	178,922	8,129	279,281
11. Directors' fees	20,037	37,865	1,152	59,054
12. Travel and travel items	646,483	1,509,348	13,000	2,168,831
13. Rent and rent items	852,914	1,143,677	60,561	2,057,152
14. Equipment	542,133	992,279	60,067	1,594,479
15. Cost or Depreciation of EDP equipment and software	185,190	423,613	17,473	626,276
16. Printing and stationery	131,075	409,694	28,920	569,689
17. Postage, telephone and telegraph, exchange and express	700,945	1,305,046	31,729	2,037,720
18. Legal and auditing	67,933	181,013	5,150	254,096
19. Totals (Lines 3 to 18)	11,783,194	29,160,680	820,869	41,764,743
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ (2,396)	0	8,358,932	0	8,358,932
20.2 Insurance department licenses and fees	0	335,978	0	335,978
20.3 Gross guaranty association assessments	0	269,376	0	269,376
20.4 All other (excluding federal and foreign income and real estate)	0	16,413	0	16,413
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	8,980,699	0	8,980,699
21. Real estate expenses	0	0	449,379	449,379
22. Real estate taxes	0	0	87,405	87,405
23. Reimbursements by uninsured accident and health plans	0	0	0	0
24. Aggregate write-ins for miscellaneous expenses	221,066	561,957	17,371	800,394
25. Total expenses incurred	26,670,170	92,322,181	1,375,024	(a) 120,367,375
26. Less unpaid expenses - current year	48,319,828	13,326,989	87,192	61,734,009
27. Add unpaid expenses - prior year	43,686,268	10,955,908	87,156	54,729,332
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)	22,036,610	89,951,100	1,374,988	113,362,698
DETAILS OF WRITE-INS				
2401. Miscellaneous Expenses	221,066	(145,651)	17,371	92,786
2402. Donations	0	707,608	0	707,608
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)	221,066	561,957	17,371	800,394

(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) 729,268	720,680
1.1 Bonds exempt from U. S. tax	(a) 11,695,293	11,762,581
1.2 Other bonds (unaffiliated)	(a) 7,235,127	7,349,889
1.3 Bonds of affiliates	(a) 0	0
2.1 Preferred stocks (unaffiliated)	(b) 1,429,537	1,349,708
2.11 Preferred stocks of affiliates	(b) 0	0
2.2 Common stocks (unaffiliated)	0	0
2.21 Common stocks of affiliates	0	0
3. Mortgage loans	1,053,282	1,117,665
4. Real estate	(c) 0	0
5. Contract loans	(d) 1,353,978	1,353,978
6. Cash/short-term investments	0	0
7. Derivative instruments	(e) 356,508	342,979
8. Other invested assets	(f) 0	0
9. Aggregate write-ins for investment income	15,020	363,974
10. Total gross investment income	23,868,013	24,361,454
11. Investment expenses		(g) 1,375,020
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) 123,184
15. Aggregate write-ins for deductions from investment income		1,023
16. Totals deductions (Line 11 through Line 15)		1,499,227
17. Net investment income (Line 10 minus Line 16)		22,862,227
DETAILS OF WRITE-INS		
0901. INTEREST EARNED FROM STOP LOSS	0	348,954
0902. INTEREST RECD FROM IRM	2,018	2,018
0903. MISC INTEREST RECD	13,002	13,002
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)	15,020	363,974
1501. LEASEHOLD IMPROVEMENTS		1,023
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)		1,023

(a) Includes \$ 243,557 accrual of discount less \$ 1,026,781 amortization of premium and less \$ 627,613 paid for accrued interest on purchases.
 (b) Includes \$ 0 accrual of discount less \$ 16,479 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
 (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
 (d) Includes \$ 1,353,978 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
 (e) Includes \$ 0 accrual of discount less \$ 8,580 amortization of premium and less \$ 19,635 paid for accrued interest on purchases.

(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
 (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
 (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	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	856	0	0	0	856
1.2 Other bonds (unaffiliated)	(347,961)	0	0	0	(347,961)
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	217,314	0	537,405	0	754,719
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	(10,000,168)	0	(845,640)	0	(10,845,808)
2.21 Common stocks of affiliates	0	0	3,683,154	0	3,683,154
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	0	0	0
9. Aggregate write-ins for capital gains (losses)	(13,826)	0	0	0	(13,826)
10. Total capital gains (losses)	(10,143,785)	0	3,374,919	0	(6,768,866)
DETAILS OF WRITE-INS					
0901. GAIN/ (LOSS) ON SALE OF EQUIPT	(13,826)	0	0	0	(13,826)
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)	(13,826)	0	0	0	(13,826)

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	1,906,730	1,553,034	(353,696)
2. Other Nonadmitted Assets:			
2.1 Bills receivable	850	1,050	200
2.2 Furniture, equipment and supplies	2,495,944	1,461,498	(1,034,446)
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)	2,496,794	1,462,548	(1,034,246)
4. Aggregate write-ins for other assets	2,297,889	1,844,009	(453,880)
5. Total (Line 1 plus Line 3 and Line 4)	6,701,413	4,859,591	(1,841,822)
DETAILS OF WRITE-INS			
0401. EMPLOYEE BENEFITS TRUST FUND	2,297,889	1,795,627	(502,262)
0402. PREPAID INSURANCE	0	46,337	46,337
0403. LEASEHOLD IMPROVEMENTS	0	2,045	2,045
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)	2,297,889	1,844,009	(453,880)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Central Mutual 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 amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by 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, Central Mutual 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 Central Mutual Insurance Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at market value except qualified sinking fund preferreds which are stated at amortized cost.
- (5) Central Mutual Insurance Company has 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) Central Mutual Insurance Company owns 100% of the common stock of All America Insurance Company, a property and casualty insurance company. Central Mutual Insurance Company owns 100% of Security Central, a holding company. Stocks held in all subsidiaries are carried at their Admitted Asset Equivalent.
- (8) Central Mutual Insurance Company has no investments in joint ventures, partnerships or limited liability companies.
- (9) Central Mutual Insurance Company owns no derivatives.
- (10) Central Mutual Insurance Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAF 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

During the second quarter of 2002, the company recognized that the claim history being used for the calculation of the company's liability for post retirement health care 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 \$192,607, Liabilities were understated by \$1,133,075, and Surplus was overstated by \$1,014,102. In the second

NOTES TO FINANCIAL STATEMENTS

quarter of 2002, the company increased its liability for these post retirement benefits by \$1,133,075 (divided between Liabilities, Line 3 and Line 14) and decreased Surplus by \$1,014,102 (Gains and Losses in Surplus, Line 36) to adjust for the impact of this missed data over the past ten years.

3. Business Combinations and Goodwill

Central Mutual 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

Central Mutual 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

Central Mutual 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)	\$ 25,525,589	\$ 21,119,690
(2) Total of all deferred tax liabilities	\$ 3,680,453	\$ 2,765,193
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	\$ 4,800,342	\$ 4,446,931
(4) Increase (decrease) in deferred tax assets nonadmitted	\$ 353,411	\$ 4,446,931

- 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:	\$ 564,150	\$ 3,909,327
(2) Change in DTA's or DTL's	\$ 3,137,228	\$ 13,907,566
(3) Investment tax credit	\$ -	\$ -
(4) Benefits of operating loss carry forwards	\$ -	\$ -
(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	\$ -	\$ -
0199. Current income taxes incurred	\$ 628,048	\$ 4,212,232

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	\$ 377,261,794	\$ 318,910,758	\$ 58,351,036	\$ 20,422,863
Accrued deferred compensation	\$ 1,947,129	\$ 0	\$ 1,947,129	\$ 681,495
0299. Total DTA's	\$ 391,471,181	\$ 318,540,927	\$ 72,930,253	\$ 25,525,589
0399. DTA's nonadmitted	\$ 0	\$ 0	\$ 13,715,262	\$ 4,800,342

<u>DTL's</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Bonds	\$ 1,119,046	\$ 0	\$ 1,119,046	\$ 391,666
0499. Total DTL's	\$ 71,166,496	\$ 60,650,916	\$ 10,515,580	\$ 3,680,453

NOTES TO FINANCIAL STATEMENTS

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

DTA's resulting from book/tax differences in:	<u>2002</u>	<u>2001</u>	<u>Change</u>
Reserves	\$20,422,863	\$ 16,950,871	\$ 3,471,992
Accrued deferred compensation	\$ 681,349	\$ 639,349	\$ 42,146
0599. Total DTA's	\$25,525,589	\$21,119,690	\$ 4,405,899
0699. DTA's nonadmitted	\$ 4,800,342	\$ 4,446,931	\$ 353,411
DTL's resulting from book/tax differences in:	<u>2002</u>	<u>2001</u>	<u>Change</u>
Bonds	\$ 391,666	\$ 559,409	\$(167,743)
0799. Total DTL's	\$3,380,453	\$2,765,193	\$ 915,260

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

	<u>Amount</u>	<u>Tax Effect</u>
Income before taxes	\$ 17,446,910	\$ 6,106,419
Book over tax reserves	\$ 10,015,750	\$ 3,505,512
Depreciation	\$ 131,426	\$ 45,999
Accrued market discount	\$ 243,557	\$ 85,245
Tax exempt interest	\$ 11,657,132	\$ 4,079,996
Dividend received deduction	\$ 1,393,277	\$ 487,647
Accrued dividends	\$ (15,447)	\$ (5,406)
Accrued deferred compensation	\$ 143,025	\$ 50,059
0399. Total adjustments	\$ (1,980,966)	\$ (693,338)
0499. Taxable income	\$ 15,465,944	\$ 5,413,080

E. (1) At December 31, 2002, Central Mutual 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	\$5,327,059
2001	\$4,136,032
2000	\$3,360,674

F. (1) Central Mutual Insurance Company's Federal Income Tax return is consolidated with the following entities:

All America Insurance Company
 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, Central Mutual Insurance Company reported \$555,131 as amounts due to its subsidiary All America Insurance Company and \$42,193 due to its affiliate CMI Lloyds. The terms of the settlement require that these amounts 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 Central Mutual Insurance Company.
- F. Central Mutual Insurance Company has a service agreement to provide employees and facilities to its subsidiary All America 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. Central Mutual Insurance Company has a service agreement to provide employees and facilities to its affiliate CMI Lloyds. The contract provides for remuneration based upon 10% of premiums written for underwriting and investment services and 5% of premiums

NOTES TO FINANCIAL STATEMENTS

earned for claims services.

- G. Central Mutual Insurance Company owns 100% of the shares of All America Insurance Company which is domiciled in the State of Ohio. All America Insurance Company controls CMI Lloyd's which is domiciled in Texas through a trust agreement with twelve underwriters.
- H. Central Mutual Insurance Company owns no shares of an upstream company.
- I. Central Mutual Insurance Company has no Subsidiary, Controlled or Affiliate companies whose carrying value is equal to or exceeds 10% of admitted assets.
- J. Central Mutual Insurance Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated companies during the statement period.

11. Debt

Central Mutual 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 - Central Mutual 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 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

NOTES TO FINANCIAL STATEMENTS

f. Amount of prior service cost recognized	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 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) Central Mutual Insurance Company has non pension postretirement benefit plans which provide healthcare 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 healthcare cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed healthcare 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 - Central Mutual 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. Central Mutual's share of this liability as of December 31, 2002 is \$1,750,201 and is included with the liability for Other Expenses on Line 3, Page 3.

B. Defined Contribution Plan

(1) Qualified Defined-Contribution Plan - Central Mutual 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. Central Mutual Insurance Company's contribution for the plan was \$1.15 million for 2002 and \$.82 million for 2001, respectively. At December 31, 2002, the fair value of plan assets was \$39.5 million..

(2) Non-Qualified Defined-Contribution Plan - Central Mutual 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. Central Mutual's share of this liability as of December 31, 2002 is \$196,928 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) Central Mutual Insurance Company is a mutual company with no capital stock outstanding.
- (2) Central Mutual Insurance Company has no preferred stock outstanding.

NOTES TO FINANCIAL STATEMENTS

- (3) & (4) Central Mutual Insurance company has no restrictions on dividends paid to policyholders.
- (5) There are no restrictions placed on Central Mutual 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: | \$51,927,036 |
| (b) Nonadmitted asset values | \$ 6,701,413 |
| (c) Provision for reinsurance | \$ 47,991 |
- (10) No surplus debentures or similar obligations exist.
- (11) & (12) No quasi-reorganization has taken place.

14. Contingencies

A. Contingent Commitments - Central Mutual Insurance Company has guaranteed eight loans made by Bank One, NA to independent insurance agents representing the company. The loans outstanding total \$1,213,730 as of December 31, 2002.

B. Assessments - It is expected that various insolvencies will result in guaranty fund assessments against the company of \$269,376 and have been charged to operations in 2002. A premium tax credit of \$218,254 was established to offset premium taxes in multiple states over the next ten years. Various other smaller insolvency assessments are accrued for by the company.

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. Rental expense for 2002, and 2001 was approximately \$ 690,037, and \$ 562,828, respectively.

b. Central Mutual Insurance Company leases computer hardware and software under various noncancelable operating lease agreements that expire through December, 2006. Rental expense for 2002, and 2001 was approximately \$ 419,437 and \$ 386,321, respectively.

c. Central Mutual Insurance Company leases automobiles under various noncancelable operating lease agreements that expire through December, 2005. Rental expense for 2002, and 2001 was approximately \$ 387,479, and \$ 371,897, respectively.

- (2) a. At January 1, 2003, the minimum aggregate rental commitments are as follows:
(Dollars in thousands)

Year ending December 31	Operating Leases
1. 2003	\$ 912
2. 2004	\$ 741
3. 2005	\$ 631
4. 2006	\$ 618
5. 2007	\$ 526
6. 2008	\$ 540

b. None of the property included above is subleased.

- (3) Central Mutual Insurance Company is not involved in any material 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.

NOTES TO FINANCIAL STATEMENTS

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>\$(2,181,979)</u>
Net gain (loss) from operations:	\$(2,181,979)

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

Central Mutual 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
 - Assets in the amount of \$12,808,524 and \$12,466,223 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 \$92,511,205 and \$71,382,646, respectively, in accounts receivable amounts due from agents and insureds. Central Mutual Insurance Company routinely assesses the collectibility of these receivables. Based on Central Mutual's experience, less than 1% of the balance may become uncollectible and the potential loss is not material to Central Mutual'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 - Central Mutual 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). A escrow account has been established with Bank One, N.A. to be used for refunding 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
 - Central Mutual 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)	\$15,715,000
American Reinsurance Company	10227	(13-4924125)	\$24,195,000
General Reinsurance Company	22039	(13-2673100)	\$ 8,035,000
All America Insurance Company	20222	(34-0935740)	\$61,806,000

- B. Reinsurance Recoverable in Dispute
 - Reinsurance recoverable on losses from any company in dispute do not exceed 5% of Central Mutual's Policyholders' Surplus.

- C. Reinsurance Assumed and Ceded

(1) Maximum amount of return commission which would have been due reinsurers if they or Central Mutual had cancelled all of the company's reinsurance or if Central Mutual 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	\$75,192,672	\$12,968,841	\$29,715,308	\$4,973,549	\$45,477,364	\$7,995,292
b. All Other	1,605,423	245,034	7,725,476	1,960,203	(6,120,053)	(1,715,169)
c. Total	\$76,798,095	\$13,213,875	\$37,440,784	\$6,933,751	\$39,357,311	\$6,280,124
d. Direct Unearned Premium Reserve:			\$116,648,133			

NOTES TO FINANCIAL STATEMENTS

(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>Direct</u>	<u>Assumed</u>	<u>Ceded</u>	<u>Net</u>
a. Contingent Commissions	\$5,154,095	\$3,471,956	\$1,595,436	\$7,030,615
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commission Arrangements	0	0	0	0
d. TOTAL	\$5,154,095	\$3,471,956	\$1,595,436	\$7,030,615

D. Uncollectible Reinsurance

Included in Reinsurance Recoverable on Paid Losses is \$9,383,285 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 AMRECO in an accelerated time schedule which will begin in 2002.

In December, 2001, Central Mutual 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 \$10,214,681 has been written off in 2001 and in prior years to recognize the anticipated loss which Central Mutual 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

Central Mutual 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

Central Mutual 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 increased by \$0.5 million from \$188.8 million in 2001 to \$189.3 million (\$133.4 million in Total Net Losses and Expenses Unpaid and \$55.9 in Total Net Losses and Expenses Paid) in 2002. This as a result of reestimation of unpaid losses and loss adjustment expenses principally on Commercial Auto and Private Passenger Auto lines of insurance. This increase is generally a 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 increase, Central Mutual 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 though, have contract rights under all non-affiliated treaty reinsurance contracts.

26. Structured Settlements

Central Mutual 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. Central Mutual has no contingent liability for these annuities since ownership has been transferred to another insurance company.

27. High Deductibles

Central Mutual Insurance Company does not issue policies subject to high deductibles on claims.

NOTES TO FINANCIAL STATEMENTS**28. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses**

Central Mutual Insurance Company does not discount the liabilities for unpaid losses or unpaid loss adjustment expenses.

29. Asbestos / Environmental Reserves

A. & D. Does Central Mutual 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 Central Mutual 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 ()

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

Central Mutual 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 manner as part of the regular loss reserve analysis.

Central Mutual'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.

Central Mutual'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:	\$9,138,251	\$9,190,464	\$6,661,961	\$5,601,148	\$7,229,083
b. Incurred losses and loss adjustment expense:	476,247	(2,552,763)	(424,663)	2,197,713	\$5,774,234
c. Calendar year payments for losses and loss adjustment expenses:	424,034	(24,260)	636,150	569,778	252,761
d. Ending reserves:	\$9,190,464	\$6,661,961	\$5,601,148	\$7,229,083	\$12,750,556

(2) Net of Reinsurance Basis :

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
a. Beginning reserves:	\$4,450,135	\$5,129,659	\$4,344,281	\$3,631,084	\$4,390,918
b. Incurred losses and loss adjustment expense:	1,098,681	(1,188,761)	(76,492)	1,327,930	8,404,679
c. Calendar year payments for losses and loss adjustment expenses:	417,157	(403,383)	636,705	568,096	733,652
d. Ending reserves:	\$5,131,659	\$4,344,281	\$3,631,084	\$4,390,918	\$12,061,945

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

1. Gross of Reinsurance Basis:	\$6,612,527
2. Net of Reinsurance Basis	\$6,129,044

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

1. Gross of Reinsurance Basis:	\$1,014,531
2. Net of Reinsurance Basis	\$ 809,407

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	13,809,487	2.607	13,809,487	2.607
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	21,597,957	4.078	21,597,957	4.078
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	8,765,097	1.655	8,765,097	1.655
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	80,748,941	15.247	80,748,941	15.247
1.43 Revenue and assessment obligations	169,807,409	32.062	169,807,409	32.062
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	222,546	0.042	222,546	0.042
1.512 Issued by FNMA and FHLMC	4,481	0.001	4,481	0.001
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	714,674	0.135	714,674	0.135
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)	92,259,051	17.420	92,259,051	17.420
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	11,809,650	2.230	11,809,650	2.230
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	22,198,192	4.191	22,198,192	4.191
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	20,032,175	3.782	20,032,175	3.782
3.4 Other equity securities:				
3.41 Affiliated	56,651,458	10.697	56,651,458	10.697
3.42 Unaffiliated	1,284,585	0.243	1,284,585	0.243
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)	3,816,771	0.721	3,816,771	0.721
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)	150,186	0.028	150,186	0.028
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	25,749,690	4.862	25,749,690	4.862
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	529,622,350	100.000	529,622,350	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 Insurance Company
 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	0	0	0.00	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? Yes () No () N/A (X)
If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank One Trust Co. N.A.	100 E. Broad St., Columbus, Oh 43271-0192
Edward Jones	201 Progress Pkwy, Maryland heights, MO 63043-3042
Morgan Stanley	Executive Plaza 2, 331 Salem Place, Fairview Heights, Il 62208

GENERAL INTERROGATORIES - Lines 19.4 (continued)

1 Nature of Restriction	2 Description	3 Amount
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GENERAL INTERROGATORIES - Lines 22.01 (continued)

1 Name of Custodian(s)	2 Custodian's Address
---------------------------	--------------------------

Agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook	
UBS Paine Webber	5025 Arlington Centre Blvd, Ste 120, Columbus, OH 43220-2991
Wachovia Securities	4700 S. Hagadorn, Ste 100, East Lansing, MI 48823
22.01 - Agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook

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
N/A
.....
.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 1,105,836

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	\$ 618,758
.....	\$ 0
.....	\$ 0
.....	\$ 0

24.1 Amount of payments for legal expenses, if any? \$ 91,989

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? \$ 36,736

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	\$ 29,966
.....	\$ 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 (X) No ()
- | | |
|--|--------------------|
| 14.11 Name of real estate holding company The company shares in eighteen Real Estate Investment Trusts | |
| 14.12 Number of parcels involved | 20 |
| 14.13 Total book/adjusted carrying value | \$ 7,092,736 |
- 14.2 If yes, provide explanation.
 REIT's are held as income-producing stock investments.

- 15.1 Does the reporting entity write any warranty business? Yes () No (X)
 If yes, disclose the following information for each of the following types of warranty coverage:
- | | 1
Direct Losses
Incurred | 2
Direct Losses
Unpaid | 3
Direct Written
Premium | 4
Direct Premium
Unearned | 5
Direct Premium
Earned |
|------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 15.11 Home | 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)	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 (Page 2, Column 3) (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 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 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 2002	2 2001	3 2000	4 1999	5 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) (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)	0.0	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)	5,090	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)	2.1	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)	(939)	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)	(0.4)	0.2	(3.5)	(4.2)	(6.8)

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	14,032,032	15,018,282	14,303,341	13,750,504
	2. Canada	0	0	0	0
	3. Other Countries	0	0	0	0
	4. Totals	14,032,032	15,018,282	14,303,341	13,750,504
States, Territories and Possessions (Direct and guaranteed)	5. United States	8,765,097	9,065,692	8,755,429	8,640,000
	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	8,765,097	9,065,692	8,755,429	8,640,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	80,748,941	85,118,148	80,854,056	80,280,000
	10. Canada	0	0	0	0
	11. Other Countries	0	0	0	0
	12. Totals	80,748,941	85,118,148	80,854,056	80,280,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	192,124,521	203,881,345	192,459,722	191,336,528
	14. Canada	0	0	0	0
	15. Other Countries	0	0	0	0
	16. Totals	192,124,521	203,881,345	192,459,722	191,336,528
Public Utilities (unaffiliated)	17. United States	8,044,755	8,354,409	8,047,055	8,000,000
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	8,044,755	8,354,409	8,047,055	8,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	84,214,297	87,981,843	84,668,131	83,026,333
	22. Canada	0	0	0	0
	23. Other Countries	0	0	0	0
	24. Totals	84,214,297	87,981,843	84,668,131	83,026,333
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	387,929,643	409,419,719	389,087,734	385,033,365
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States	7,347,242	7,323,314	7,467,239	
	28. Canada	0	0	0	
	29. Other Countries	0	0	0	
	30. Totals	7,347,242	7,323,314	7,467,239	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	1,000,000	1,000,000	1,038,750	
	32. Canada	0	0	0	
	33. Other Countries	0	0	0	
	34. Totals	1,000,000	1,000,000	1,038,750	
Industrial and Miscellaneous (unaffiliated)	35. United States	13,850,950	13,850,950	14,214,400	
	36. Canada	0	0	0	
	37. Other Countries	0	0	0	
	38. Totals	13,850,950	13,850,950	14,214,400	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	22,198,192	22,174,264	22,720,389	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States	369,070	369,070	299,050	
	42. Canada	0	0	0	
	43. Other Countries	0	0	0	
	44. Totals	369,070	369,070	299,050	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	584,556	584,556	427,116	
	46. Canada	0	0	0	
	47. Other Countries	0	0	0	
	48. Totals	584,556	584,556	427,116	
Industrial and Miscellaneous (unaffiliated)	49. United States	32,172,783	32,172,783	28,808,289	
	50. Canada	0	0	0	
	51. Other Countries	0	0	0	
	52. Totals	32,172,783	32,172,783	28,808,289	
Parent, Subsidiaries and Affiliates	53. Totals	56,651,457	56,651,462	7,852,000	
	54. Total Common Stocks	89,777,866	89,777,871	37,386,455	
	55. Total Stocks	111,976,058	111,952,135	60,106,844	
	56. Total Bonds and Stocks	499,905,701	521,371,854	449,194,578	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 34,578,761 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	484,452,054	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	101,711,953	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	(747,122)	6.3 Column 11, Part 2, Section 2	0
3.2 Column 12, Part 2, Section 1	432,988	6.4 Column 11, Part 4	0
3.3 Column 10, Part 2, Section 2	342,742	7. Book/adjusted carrying value at end of current period	499,905,702
3.4 Column 10, Part 4	2,298,205	8. Total valuation allowance	0
4. Total gain (loss), Column 14, Part 4	(9,881,559)	9. Subtotal (Line 7 plus Line 8)	499,905,702
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4	78,703,559	10. Total nonadmitted amounts	0
		11. Statement value of bonds and stocks, current period	499,905,702

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	601	12,839	688	108	65	0	92	(11,594)	XXX
2. 1993	145,173	14,966	130,207	83,513	3,671	5,589	219	6,216	0	2,729	91,428	XXX
3. 1994	171,152	34,692	136,460	83,828	3,942	5,660	240	6,422	0	2,550	91,728	XXX
4. 1995	166,408	18,773	147,635	96,733	6,477	5,833	193	6,825	0	3,111	102,721	XXX
5. 1996	179,246	15,701	163,545	106,762	6,981	6,773	158	7,350	0	3,498	113,746	XXX
6. 1997	192,467	12,916	179,551	95,995	2,713	6,285	337	7,905	0	3,996	107,136	XXX
7. 1998	201,043	11,803	189,240	106,698	3,826	4,661	143	9,888	0	3,518	117,276	XXX
8. 1999	208,491	11,216	197,274	113,705	5,393	5,169	235	11,289	0	5,163	124,535	XXX
9. 2000	230,681	12,889	217,792	120,030	1,790	3,677	18	12,183	0	4,752	134,082	XXX
10. 2001	255,498	15,230	240,268	119,909	3,644	1,837	9	12,478	0	4,663	130,571	XXX
11. 2002	305,112	22,104	283,008	102,495	2,929	442	2	11,872	0	2,232	111,877	XXX
12. Totals	XXX	XXX	XXX	1,030,269	54,205	46,613	1,662	92,493	0	36,304	1,113,507	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.	14,287	78	10,272	1,555	0	0	1,765	418	1,391	0	0	25,665	XXX
2.	271	0	13	9	0	0	3	0	7	0	0	285	XXX
3.	270	0	475	183	0	0	215	92	346	0	0	1,031	XXX
4.	438	0	1,125	423	0	0	543	234	511	0	0	1,961	XXX
5.	1,533	854	1,720	685	0	0	458	145	159	0	0	2,187	XXX
6.	1,899	139	1,717	945	0	0	867	360	379	0	0	3,417	XXX
7.	4,568	107	5,606	2,312	0	0	2,032	798	362	0	0	9,350	XXX
8.	9,811	3,188	10,362	4,961	0	0	4,868	2,011	920	0	0	15,800	XXX
9.	23,418	4,674	5,814	2,060	0	0	6,664	756	1,548	0	682	29,954	XXX
10.	23,936	921	13,484	2,767	0	0	8,697	1,013	2,381	0	1,364	43,797	XXX
11.	46,629	6,019	30,478	6,134	0	0	11,485	2,062	10,611	0	8,114	84,988	XXX
12.	127,061	15,979	81,066	22,033	0	0	37,596	7,890	18,615	0	10,160	218,435	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	22,926	2,738
2.	95,612	3,899	91,713	65.9	26.1	70.4	0	0	84.0	275	10
3.	97,216	4,457	92,759	56.8	12.8	68.0	0	0	84.0	563	468
4.	112,009	7,327	104,682	67.3	39.0	70.9	0	0	84.0	1,141	820
5.	124,755	8,822	115,933	69.6	56.2	70.9	0	0	84.0	1,715	472
6.	115,046	4,493	110,554	59.8	34.8	61.6	0	0	84.0	2,532	886
7.	133,814	7,188	126,627	66.6	60.9	66.9	0	0	84.0	7,755	1,595
8.	156,123	15,788	140,335	74.9	140.8	71.1	0	0	84.0	12,024	3,777
9.	173,334	9,298	164,036	75.1	72.1	75.3	0	0	84.0	22,498	7,456
10.	182,722	8,354	174,368	71.5	54.9	72.6	0	0	84.0	33,732	10,064
11.	214,011	17,146	196,865	70.1	77.6	69.6	0	0	84.0	64,954	20,034
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	170,114	48,321

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	71,187	65,100	63,102	54,549	52,936	52,689	52,616	53,219	57,277	56,056	(1,221)	2,837	
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	5,090	(939)

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	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 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 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

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	11,114,150	6,832,186	0	2,238,935	3,204,614	3,404,428	67,645	0
4. Arkansas	AR No	0	0	0	0	0	0	0	0
5. California	CA Yes	0	0	0	497,023	6,978,443	13,689,525	0	0
6. Colorado	CO No	0	0	0	0	0	0	0	0
7. Connecticut	CT Yes	11,966,743	9,594,926	0	3,501,254	3,879,749	5,964,834	58,072	0
8. Delaware	DE Yes	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	1,669	(85,706)	107,978	0	0
11. Georgia	GA Yes	32,967,381	27,592,064	0	8,967,609	10,784,133	11,361,451	196,182	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	18,281,151	15,192,373	4,896	5,428,070	9,054,045	13,111,367	65,877	0
15. Indiana	IN Yes	12,217,592	9,513,110	0	6,360,705	4,915,514	4,917,966	83,472	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	102,097	112,565	0	16,490	72,421	56,317	0	0
19. Louisiana	LA No	0	0	0	0	5,010	36,580	0	0
20. Maine	ME No	0	0	0	0	0	0	0	0
21. Maryland	MD No	0	0	0	155	155	0	0	0
22. Massachusetts	MA Yes	11,990,413	10,846,472	278,978	4,300,461	5,273,209	6,807,730	63,385	0
23. Michigan	MI Yes	70,519	63,350	0	112,885	(79,241)	581,405	254	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	(100)	(100)	0	0	0
30. New Hampshire	NH Yes	98,442	82,244	1,387	479	(230,688)	702,681	252	0
31. New Jersey	NJ Yes	11,872,377	10,974,220	62,745	6,425,977	2,021,568	13,294,882	34,258	0
32. New Mexico	NM Yes	5,856,190	4,977,420	0	1,310,309	1,882,453	2,388,058	32,170	0
33. New York	NY Yes	15,120,419	13,632,890	0	4,974,093	7,943,262	12,499,880	95,541	0
34. North Carolina	NC Yes	39,030,631	31,792,259	0	13,819,180	18,473,079	15,468,733	195,188	0
35. North Dakota	ND No	0	0	0	0	0	0	0	0
36. Ohio	OH Yes	26,186,635	21,909,199	0	12,493,581	12,349,284	16,107,074	321,303	0
37. Oklahoma	OK Yes	5,912,397	4,336,966	0	1,161,166	1,464,400	1,258,148	22,842	0
38. Oregon	OR No	0	0	0	0	0	0	0	0
39. Pennsylvania	PA Yes	7,178	3,550	0	0	0	0	36	0
40. Rhode Island	RI No	0	0	0	0	0	0	0	0
41. South Carolina	SC Yes	244,509	223,215	0	119,969	202,297	83,148	474	0
42. South Dakota	SD No	0	0	0	0	0	0	0	0
43. Tennessee	TN Yes	17,283,190	12,555,354	0	6,946,696	8,828,385	5,457,786	95,772	0
44. Texas	TX Yes	10,347,673	8,555,682	0	3,294,101	5,861,152	6,615,443	275,952	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	9,934,177	8,354,246	0	3,236,795	4,163,418	3,955,494	95,770	0
48. Washington	WA No	0	0	0	0	0	0	0	0
49. West Virginia	WV Yes	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) 26	240,603,864	197,144,291	348,006	85,207,502	106,960,856	137,870,908	1,704,445	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 locations 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 premiums - 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

