



ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
OHIO CASUALTY INSURANCE COMPANY

NAIC Group Code 0148 (Current Period) NAIC Company Code 24074 (Prior Period) Employer's ID Number 31-0396250

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

Country of Domicile US

Incorporated November 6, 1919 Commenced Business March 1, 1920

Statutory Home Office 9450 Seward Road, Fairfield, Ohio 45014
(Street and Number, City or Town, State and Zip Code)

Main Administrative Office 9450 Seward Road, Fairfield, Ohio 45014 513-603-2400
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 9450 Seward Road, Fairfield, Ohio 45014
(Street and Number, City or Town, State and Zip Code)

Primary Location of Books and Records 9450 Seward Road, Fairfield, Ohio 45014 513-603-2245
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address http://www.ocas.com

Statement Contact Dennis E. McDaniel 513-603-2245
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Policyowner Relations Contact 9450 Seward Road, Fairfield, Ohio 45014 513-603-2400
(Street and Number, City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

Chairman	Stanley Neal Pontius
President / CEO	Dan Roy Carmichael
Exec. VP / COO	John Stanley Busby
Exec. VP / COO	Jeffery Linn Haniewich
Exec. VP / COO	Elizabeth Margaret Riczko
Sr. VP / Genl Counsel / Secretary	#Debra Kay Crane
Sr. Vice President	John Edward Bade, Jr.
Sr. Vice President	Ralph Glass Goode
Sr. Vice President	Richard Brendan Kelly
Sr. Vice President	Howard Leslie Sloneker III
Exec. VP / Chief Financial Officer	#Donald Floyd McKee
VP / Treasurer	#Arthur Larry Sisk
VP / Controller	Dennis Eugene McDaniel

VICE PRESIDENTS

Michael Len Akin
Phillip Michael Boyd
Michael Joseph Brennan
Betsy Torrans Douglass
Lloyd Edwin Geary
Harold Michael Good
David Jary Hasler
George Herbert Henehan 2
Daniel Fred Henke
Richard Paul Hildbold
Harry Elvin Hunter

Russell Francis Kelly
George Richard Kesl
Kurt Frederick Krueger
Judith Mildred Kuschill
Philip Russell Lucca
Jerry Wilson Phillips
Bruce Arthur Rutherford
Derrick Dewayne Shannon
Michael Eugene Sullivan
Jane Cochran White
Stephen Thomas Williams

DIRECTORS OR TRUSTEES

Terrence James Baehr
Jack Elliott Brown
Dan Roy Carmichael
Catherine Elizabeth Dolan
#Philip George Heasley
Stephen Sloneker Marcum
#Ralph Seefred Michael III
Stanley Neal Pontius
Howard Leslie Sloneker III
#Jan Henry Suwinski

State of Ohio }
County of Butler } 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.

Donald F. McKee
Exec. VP / Chief Financial Officer

Dennis E. McDaniel
Vice President and Controller

Howard L. Sloneker III
Sr. Vice President

a. Is this an original filing? Yes (X) No ()

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

b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIO CASUALTY 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	1,166,862,785		1,166,862,785	878,527,408
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)				
2.2 Common stocks (Schedule D, Part 2, Section 2)	711,022,418		711,022,418	855,921,791
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 4,544,088 encumbrances)	31,404,166		31,404,166	20,007,910
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				11,513,576
5. Cash (\$ (726,016) Schedule E, Part 1) and short-term investments (\$ (726,016) Schedule DA, Part 2)	(726,016)		(726,016)	6,468,664
6. Other invested assets (Schedule BA)	85,219		85,219	733,097
7. Receivable for securities				4,222,167
8. Aggregate write-ins for invested assets				
9. Subtotals, cash and invested assets (Line 1 to Line 8)	1,908,648,572		1,908,648,572	1,777,394,613
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	158,936,662	4,558,236	154,378,426	133,790,796
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	680,959		680,959	936,762
10.3 Accrued retrospective premiums				
11. Funds held by or deposited with reinsured companies				
12. Bills receivable, taken for premiums				
13. Amounts receivable under high deductible policies				
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Columns 7 and 8)	16,555,521		16,555,521	87,378,244
15. Federal and foreign income tax recoverable and interest thereon (including \$ 30,934,762 net deferred tax asset)	33,421,411		33,421,411	23,495,379
16. Guaranty funds receivable or on deposit	933,064		933,064	511,498
17. Electronic data processing equipment and software	4,869,784		4,869,784	6,217,152
18. Interest, dividends and real estate income due and accrued	17,024,327		17,024,327	15,392,933
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates				
21. Amount due from/to protected cells				
22. Equities and deposits in pools and associations	170,470	165,813	4,657	4,657
23. Amounts receivable relating to uninsured accident and health plans				
24. Other assets nonadmitted (Exhibit 1)	55,435,615	55,435,615		
25. Aggregate write-ins for other than invested assets	7,405,771	2,760,998	4,644,773	5,862,874
26. Total assets excluding protected cell assets (Line 9 through Line 25)	2,204,082,156	62,920,662	2,141,161,494	2,050,984,908
27. Protected cell assets				
28. TOTALS (Line 26 and Line 27)	2,204,082,156	62,920,662	2,141,161,494	2,050,984,908
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Line 0801 through Line 0803 plus Line 0898) (Line 8 above)				
2501. Other Assets	6,630,258	2,760,998	3,869,260	5,862,874
2502. Cash Value - Life Insurance Policies on Officials	578,952		578,952	
2503. Balance Due from Assigned Claims Plans	196,561		196,561	
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	7,405,771	2,760,998	4,644,773	5,862,874

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIO CASUALTY INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	626,830,218	584,455,812
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	4,683,171	3,840,666
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	159,851,615	135,386,105
4. Commissions payable, contingent commissions and other similar charges	15,460,412	10,549,465
5. Other expenses (excluding taxes, licenses and fees)	25,095,313	21,953,500
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	12,748,334	12,309,327
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)		
8. Borrowed money \$ and interest thereon \$		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 367,318,394 and including warranty reserves of \$)	291,244,653	269,536,692
10. Advance premiums	3,982,614	
11. Dividends declared and unpaid:		
11.1 Stockholders		
11.2 Policyholders	1,519,048	5,965,815
12. Ceded reinsurance premiums payable (net of ceding commissions)	22,381,739	4,773,755
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	129,403,173	106,899,973
14. Amounts withheld or retained by company for account of others	2,788,702	2,604,307
15. Remittances and items not allocated		
16. Provision for reinsurance (Schedule F, Part 7)	3,564,934	1,253,295
17. Net adjustments in assets and liabilities due to foreign exchange rates		
18. Drafts outstanding	17,443,108	16,711,209
19. Payable to parent, subsidiaries and affiliates	2,743,105	1,261,094
20. Payable for securities	2,587,222	
21. Liability for amounts held under uninsured accident and health plans		
22. Capital notes \$ and interest thereon \$		
23. Aggregate write-ins for liabilities	93,085,706	105,980,885
24. Total liabilities excluding protected cell liabilities (Line 1 through Line 23)	1,415,413,067	1,283,481,900
25. Protected cell liabilities		
26. Total liabilities (Line 24 and Line 25)	1,415,413,067	1,283,481,900
27. Aggregate write-ins for special surplus funds		
28. Common capital stock	4,500,000	4,500,000
29. Preferred capital stock		
30. Aggregate write-ins for other than special surplus funds		
31. Surplus notes		
32. Gross paid in and contributed surplus	230,507,439	230,507,439
33. Unassigned funds (surplus)	490,740,990	532,495,541
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		
34.2 shares preferred (value included in Line 29 \$)		
35. Surplus as regards policyholders (Line 27 to Line 33, less Line 34) (Page 4, Line 38)	725,748,429	767,502,980
36. TOTALS (Page 2, Line 28, Column 3)	2,141,161,496	2,050,984,880
DETAILS OF WRITE-INS		
2301. Additional Minimum Pension Liability	7,323,839	
2302. Reserve for Deferred Compensation	93,625	144,325
2303. 2002 Private Passenger Auto Escrow	1,089,600	
2398. Summary of remaining write-ins for Line 23 from overflow page	84,578,642	105,836,560
2399. TOTALS (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)	93,085,706	105,980,885
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. TOTALS (Line 2701 through Line 2703 plus Line 2798) (Line 27 above)		
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page		
3099. TOTALS (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)		

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIO CASUALTY INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 34, Column 4)	644,224,973	649,231,058
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	385,268,059	412,977,353
3. Loss expenses incurred (Part 3, Line 25, Column 1)	98,456,164	82,181,837
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	230,153,339	209,995,365
5. Aggregate write-ins for underwriting deductions	1,089,600	
6. Total underwriting deductions (Line 2 through Line 5)	714,967,162	705,154,555
7. Net income of protected cells		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(70,742,189)	(55,923,497)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	175,381,455	145,182,377
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	19,527,397	67,294,335
11. Net investment gain (loss) (Line 9 plus Line 10)	194,908,852	212,476,712
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$	(4,526,218)	(3,040,615)
13. Finance and service charges not included in premiums	6,411	6,714
14. Aggregate write-ins for miscellaneous income	(10,066,438)	(14,974,669)
15. Total other income (Line 12 through Line 14)	(14,586,245)	(18,008,570)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Line 8 plus Line 11 plus Line 15)	109,580,418	138,544,645
17. Dividends to policyholders	(1,808,417)	(334,864)
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	111,388,835	138,879,509
19. Federal and foreign income taxes incurred	(1,078,410)	(17,600,853)
20. Net income (Line 18 minus Line 19) (to Line 22)	112,467,245	156,480,362
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	767,502,977	812,132,785
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	112,467,245	156,480,362
23. Net unrealized capital gains or (losses)	(153,329,197)	(212,024,184)
24. Change in net unrealized foreign exchange capital gain (loss)		
25. Change in net deferred income tax	20,312,642	2,503,652
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3)	7,135,143	353,779
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	(2,311,639)	(855,796)
28. Change in surplus notes		
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		14,474,341
31. Capital changes:		
31.1 Paid in		
31.2 Transferred from surplus (Stock Dividend)		
31.3 Transferred to surplus		
32. Surplus adjustments:		
32.1 Paid in		
32.2 Transferred to capital (Stock Dividend)		
32.3 Transferred from capital		
33. Net remittances from or (to) Home Office		
34. Dividends to stockholders	(24,993,000)	(5,000,000)
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1)		
36. Aggregate write-ins for gains and losses in surplus	(1,035,736)	(561,962)
37. Change in surplus as regards policyholders for the year (Line 22 through Line 36)	(41,754,542)	(44,629,808)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	725,748,435	767,502,977
DETAILS OF WRITE-INS		
0501. 2002 Private Passenger Auto Escrow	1,089,600	
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page		
0599. Totals (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)	1,089,600	
1401. Miscellaneous Income	(1,437,629)	(1,939,899)
1402. Additional Minimum Liability	(7,323,839)	
1403. Retroactive Losses Incurred	(108,302)	(9,043,462)
1498. Summary of remaining write-ins for Line 14 from overflow page	(1,196,668)	(3,991,308)
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)	(10,066,438)	(14,974,669)
3601. Acquisition Expenses for Block of Business Purchased		(1,186,798)
3602. Mortgage Guaranty on Fairfield Property	629,288	624,836
3603. 2001 Pension Adjustment	(1,665,024)	
3698. Summary of remaining write-ins for Line 36 from overflow page		
3699. Totals (Line 3601 through Line 3603 plus Line 3698) (Line 36 above)	(1,035,736)	(561,962)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	672,809,322	633,552,448
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	344,487,182	507,362,891
3. Underwriting expenses paid	222,678,208	209,121,470
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	105,643,932	(82,931,913)
6. Net investment income	176,230,698	141,920,015
7. Other income (expenses):		
7.1 Agents' balances charged off	(4,526,218)	(3,040,615)
7.2 Net funds held under reinsurance treaties	22,503,199	96,358,690
7.3 Net amount withheld or retained for account of others	184,396	(9,670,055)
7.4 Aggregate write-ins for miscellaneous items	(24,221,659)	(30,048,383)
7.5 Total other income (Line 7.1 to Line 7.4)	(6,060,282)	53,599,637
8. Dividends to policyholders on direct business, less \$ (2,542,316) dividends on reinsurance assumed or ceded (net)	2,638,350	4,110,546
9. Federal and foreign income taxes (paid) recovered	11,465,020	17,411,692
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	284,641,019	125,888,885
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	273,283,837	336,204,281
11.2 Stocks	36,150,234	79,772,437
11.3 Mortgage loans		
11.4 Real estate		
11.5 Other invested assets	99,000	2,320,485
11.6 Net gains or (losses) on cash and short-term investments		
11.7 Miscellaneous proceeds	6,844,188	
11.8 Total investment proceeds (Line 11.1 to Line 11.7)	316,377,259	418,297,203
12. Cost of investments acquired (long-term only):		
12.1 Bonds	569,437,020	436,799,637
12.2 Stocks	17,701,969	50,199,563
12.3 Mortgage loans		
12.4 Real estate	716,488	92,953
12.5 Other invested assets		
12.6 Miscellaneous applications		5,060,499
12.7 Total investments acquired (Line 12.1 to Line 12.6)	587,855,477	492,152,652
13. Net cash from investments (Line 11.8 minus Line 12.7)	(271,478,218)	(73,855,449)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in		
14.2 Capital notes, \$ less amounts repaid \$		
14.3 Net transfers from affiliates	1,482,011	
14.4 Borrowed funds received		
14.5 Other cash provided	3,153,508	
14.6 Total (Lines 14.1 to 14.5)	4,635,519	
15. Cash applied:		
15.1 Dividends to stockholders paid	24,993,000	5,000,000
15.2 Net transfers to affiliates		77,943,584
15.3 Borrowed funds repaid		
15.4 Other applications		4,464,599
15.5 Total (Line 15.1 to Line 15.4)	24,993,000	87,408,183
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(20,357,481)	(87,408,183)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16)	(7,194,680)	(35,374,747)
18. Cash and short-term investments:		
18.1 Beginning of year	6,468,664	41,843,410
18.2 End of year (Line 17 plus Line 18.1)	(726,016)	6,468,663
DETAILS OF WRITE-INS		
7.401 Miscellaneous Income	(1,437,629)	(1,939,899)
7.402 Other Interest	(132,316)	(22,869)
7.403 Retroactive Losses Paid	(16,452,889)	(21,696,173)
7.498 Summary of remaining write-ins for Line 7.4 from overflow page	(6,198,825)	(6,389,442)
7.499 Totals (Line 7.401 through Line 7.403 plus Line 7.498) (Line 7.4 above)	(24,221,659)	(30,048,383)

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	5,911,363	3,511,387	3,214,105	6,208,645
2. Allied lines	5,988,660	3,268,795	3,197,698	6,059,757
3. Farmowners multiple peril	759,523	1,164,931	132,919	1,791,535
4. Homeowners multiple peril	70,462,811	38,936,774	37,942,807	71,456,778
5. Commercial multiple peril	133,442,601	56,441,347	65,895,317	123,988,631
6. Mortgage guaranty				
8. Ocean marine	11,404	29,741	58	41,087
9. Inland marine	17,501,016	7,752,332	8,057,637	17,195,711
10. Financial guaranty				
11.1 Medical malpractice - occurrence				
11.2 Medical malpractice - claims-made				
12. Earthquake	1,482,351	844,571	814,722	1,512,200
13. Group accident and health				
14. Credit accident and health (group and individual)				
15. Other accident and health				
16. Workers' compensation	67,275,881	28,213,873	28,418,139	67,071,615
17.1 Other liability - occurrence	99,582,601	32,380,415	44,825,048	87,137,968
17.2 Other liability - claims-made	523,068	243,125	285,835	480,358
18.1 Products liability - occurrence	3,319,104	1,343,562	1,522,856	3,139,810
18.2 Products liability - claims-made	(567)	26	82	(623)
19.1, 19.2 Private passenger auto liability	75,236,072	23,279,510	20,454,548	78,061,034
19.3, 19.4 Commercial auto liability	74,192,505	30,483,063	34,827,062	69,848,506
21. Auto physical damage	89,260,321	28,856,619	28,428,211	89,688,729
22. Aircraft (all perils)				
23. Fidelity	3,504,916	2,063,673	2,318,872	3,249,717
24. Surety	17,457,466	10,711,115	10,898,186	17,270,395
26. Burglary and theft	22,268	11,835	10,548	23,555
27. Boiler and machinery	(432)			(432)
28. Credit				
29. International				
30. Reinsurance - Nonproportional Assumed Property				
31. Reinsurance - Nonproportional Assumed Liability				
32. Reinsurance - Nonproportional Assumed Financial Lines				
33. Aggregate write-ins for other lines of business				
34. TOTALS	665,932,932	269,536,694	291,244,650	644,224,976
DETAILS OF WRITE-INS				
3301.				
3302.				
3303.				
3398. Summary of remaining write-ins for Line 33 from overflow page				
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)				

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	3,214,091	13			3,214,104
2. Allied lines	3,195,038	2,660			3,197,698
3. Farmowners multiple peril	132,919				132,919
4. Homeowners multiple peril	37,942,623	184			37,942,807
5. Commercial multiple peril	65,888,815	6,503			65,895,318
6. Mortgage guaranty					
8. Ocean marine	58				58
9. Inland marine	8,000,501	57,136			8,057,637
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake	814,722				814,722
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation	27,232,589	1,185,550			28,418,139
17.1 Other liability - occurrence	44,379,436	445,613			44,825,049
17.2 Other liability - claims-made	282,977	2,858			285,835
18.1 Products liability - occurrence	1,522,787	68			1,522,855
18.2 Products liability - claims-made	82				82
19.1, 19.2 Private passenger auto liability	20,433,286	21,261			20,454,547
19.3, 19.4 Commercial auto liability	34,253,976	573,086			34,827,062
21. Auto physical damage	28,369,025	59,186			28,428,211
22. Aircraft (all perils)					
23. Fidelity	889,975	1,428,898			2,318,873
24. Surety	3,757,765	7,140,422			10,898,187
26. Burglary and theft	10,548	1			10,549
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance - Nonproportional Assumed Property					
31. Reinsurance - Nonproportional Assumed Liability					
32. Reinsurance - Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS	280,321,213	10,923,439			291,244,652
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through Line 36)					291,244,652
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 through 3303 plus 3398) (Line 33 above)					

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes (X) No ()

(b) State here basis of computation used in each case. Monthly pro-rata

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	6,813,156	6,227,132	(7,347)	6,733,263	388,315	5,911,363
2. Allied lines	7,301,972	6,184,823	(9,667)	6,821,307	667,162	5,988,660
3. Farmowners multiple peril	1,696,826			865,125	72,178	759,523
4. Homeowners multiple peril	19,331,552	131,154,244	(38,191)	80,259,779	(274,985)	70,462,811
5. Commercial multiple peril	100,028,041	190,496,028	72,649	151,996,118	5,157,999	133,442,601
6. Mortgage guaranty						
8. Ocean marine	27,497		(3,104)	12,989		11,404
9. Inland marine	31,829,278	6,350,258	(4,509)	19,934,312	739,699	17,501,016
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake	194,208	2,986,890		1,688,454	10,293	1,482,351
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health	137,659				137,659	
16. Workers' compensation	82,374,864	55,009,068	10,590,484	76,629,747	4,068,787	67,275,881
17.1 Other liability - occurrence	258,123,910	14,069,099	511,806	113,428,310	59,693,903	99,582,601
17.2 Other liability - claims-made	1,649,296	40,068		595,794	570,503	523,068
18.1 Products liability - occurrence	4,321,316	2,833,021	(7,349)	3,780,583	47,301	3,319,104
18.2 Products liability - claims-made	(17)	(1,197)		(646)	(1)	(567)
19.1, 19.2 Private passenger auto liability	23,329,055	138,285,549	48,666	85,696,702	730,496	75,236,072
19.3, 19.4 Commercial auto liability	72,791,219	84,678,993	4,748,760	84,508,040	3,518,428	74,192,505
21. Auto physical damage	43,688,599	146,913,177	329,208	101,670,847	(185)	89,260,321
22. Aircraft (all perils)						
23. Fidelity	6,458,260	19,803		3,992,231	(1,019,083)	3,504,916
24. Surety	31,928,011	2,585,641		19,884,708	(2,828,522)	17,457,466
26. Burglary and theft	49,506	(16)	(1,434)	25,364	424	22,268
27. Boiler and machinery	399,918		(924)	(492)	399,918	(432)
28. Credit						
29. International						
30. Reinsurance - Nonproportional Assumed Property	XXX					
31. Reinsurance - Nonproportional Assumed Liability	XXX					
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					
33. Aggregate write-ins for other lines of business						
34. TOTALS	692,474,127	787,832,580	16,229,047	758,522,535	72,080,289	665,932,930
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page						
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes () No (X)
 If yes: 1. The amount of such installment premiums \$
 2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIO CASUALTY 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	3,330,155	3,491,463	3,634,252	3,187,366	1,063,124	973,595	3,276,895	52.8
2. Allied lines	5,341,261	4,152,685	5,217,945	4,276,001	1,348,282	1,559,725	4,064,558	67.1
3. Farmowners multiple peril	3,963,278		2,110,446	1,852,832	559,231	800,498	1,611,565	90.0
4. Homeowners multiple peril	12,497,202	99,877,180	59,832,105	52,542,277	25,032,361	25,910,968	51,663,670	72.3
5. Commercial multiple peril	21,463,926	94,547,035	63,679,976	52,330,985	95,522,578	89,738,228	58,115,335	46.9
6. Mortgage guaranty								
8. Ocean marine	20,657	(469)	10,750	9,438	5,880	19,174	(3,856)	(9.4)
9. Inland marine	9,150,723	2,275,613	6,084,524	5,341,812	1,998,823	1,937,698	5,402,937	31.4
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims-made								
12. Earthquake		94	50	44	102,052	72,200	29,896	2.0
13. Group accident and health								
14. Credit accident and health (group and individual)								
15. Other accident and health	176,984		167,006	9,978			9,978	
16. Workers' compensation	34,683,605	75,101,000	59,461,000	50,323,605	212,870,794	211,684,467	51,509,932	76.8
17.1 Other liability - occurrence	28,948,031	29,267,777	34,844,865	23,370,943	111,761,899	83,518,144	51,614,698	59.2
17.2 Other liability - claims-made	365,495	1,005	218,536	147,964	734,948	320,237	562,675	117.1
18.1 Products liability - occurrence	687,729	4,539,652	2,951,794	2,275,587	4,654,242	2,952,454	3,977,375	126.7
18.2 Products liability - claims-made					(90)	29	(119)	19.1
19.1, 19.2 Private passenger auto liability	31,272,942	114,048,434	84,198,648	61,122,728	81,961,758	87,160,987	55,923,499	71.6
19.3, 19.4 Commercial auto liability	21,974,716	58,249,400	43,242,666	36,981,450	84,767,963	73,239,423	48,509,990	69.5
21. Auto physical damage	19,828,058	81,104,578	54,317,001	46,615,635	133,747	1,556,214	45,193,168	50.4
22. Aircraft (all perils)								
23. Fidelity	1,095,086	45,281	608,835	531,532	1,329,565	1,126,270	734,827	22.6
24. Surety	3,935,218	182,707	2,144,987	1,972,938	2,982,633	1,881,601	3,073,970	17.8
26. Burglary and theft	354		189	165	1,593	1,565	193	0.8
27. Boiler and machinery	41,892		41,518	374	(1,169)	2,338	(3,133)	
28. Credit								
29. International								
30. Reinsurance- Nonproportional Assumed Property	X X X							
31. Reinsurance- Nonproportional Assumed Liability	X X X							
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	198,777,312	566,883,435	422,767,093	342,893,654	626,830,214	584,455,815	385,268,053	59.8
DETAILS OF WRITE-INS								
3301								
3302								
3303								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)								

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIO CASUALTY 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	425,404	837,293	672,386	590,311	361,642	689,787	578,616	1,063,124	258,729
2. Allied lines	3,071,602	735,844	2,675,432	1,132,014	239,455	268,159	291,346	1,348,282	391,184
3. Farmowners multiple peril	1,032,260		549,678	482,582	170,284		93,634	559,232	119,769
4. Homeowners multiple peril	3,828,182	32,168,920	19,168,457	16,828,645	2,281,554	15,436,534	9,514,372	25,032,361	5,528,894
5. Commercial multiple peril	15,604,827	87,871,026	58,228,157	45,247,696	25,426,337	82,997,010	58,148,465	95,522,578	39,076,197
6. Mortgage guaranty									
8. Ocean marine	1,500	5,000	3,461	3,039	6,078		3,237	5,880	771
9. Inland marine	2,132,495	358,319	1,407,517	1,083,297	1,699,833	341,276	1,125,583	1,998,823	440,511
10. Financial guaranty									
11.1 Medical malpractice - occurrence									
11.2 Medical malpractice - claims-made									
12. Earthquake		2,000	1,065	935	13,962	203,183	116,028	102,052	17,283
13. Group accident and health								(a)	
14. Credit accident and health (group and individual)									
15. Other accident and health	574,823		574,823		182,703		182,703	(a)	
16. Workers' compensation	78,549,766	165,714,963	138,367,514	105,897,215	97,283,056	152,527,807	142,837,284	212,870,794	30,575,924
17.1 Other liability - occurrence	47,827,509	44,972,694	65,733,745	27,066,458	249,915,785	75,931,319	241,151,663	111,761,899	41,717,058
17.2 Other liability - claims-made	4,506,160		4,125,472	380,688	1,545,423	53,951	1,245,114	734,948	216,055
18.1 Products liability - occurrence	1,353,131	4,215,420	3,322,891	2,245,660	1,961,340	3,258,232	2,810,990	4,654,242	2,522,470
18.2 Products liability - claims-made					94	(283)	(99)		(45)
19.1, 19.2 Private passenger auto liability	29,019,155	110,333,948	81,213,936	58,139,167	26,140,639	45,095,889	47,413,937	81,961,758	18,117,312
19.3, 19.4 Commercial auto liability	22,514,643	59,978,332	44,405,064	38,087,911	30,306,932	69,988,432	53,615,312	84,767,963	16,057,388
21. Auto physical damage	2,442,374	7,248,835	5,220,347	4,470,862	(1,803,311)	(7,473,947)	(4,940,142)	133,746	2,717,163
22. Aircraft (all perils)									
23. Fidelity	3,854,510	3,500	2,570,426	1,287,584	167,358	2,107	127,484	1,329,565	799,201
24. Surety	7,817,145	20,186	4,956,825	2,880,506	166,211	211,708	275,789	2,982,636	1,294,655
26. Burglary and theft					3,461	(1)	1,867	1,593	1,095
27. Boiler and machinery			1,169	(1,169)				(1,169)	
28. Credit									
29. International									
30. Reinsurance- Nonproportional Assumed Property	X X X				X X X				
31. Reinsurance- Nonproportional Assumed Liability	X X X				X X X				
32. Reinsurance- Nonproportional Assumed Financial Lines	X X X				X X X				
33. Aggregate write-ins for other lines of business									
34. TOTALS	224,555,486	514,466,280	433,198,365	305,823,401	436,068,836	439,531,163	554,593,183	626,830,217	159,851,614
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page									
3399. Totals (Line 3301 through Line 3303 plus Line 3398) (Line 33 above)									

(a) Including \$ 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	42,332,827			42,332,827
1.2 Reinsurance assumed	58,981,581			58,981,581
1.3 Reinsurance ceded	55,134,286			55,134,286
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	46,180,122			46,180,122
2. Commission and brokerage:				
2.1 Direct excluding contingent		107,398,101		107,398,101
2.2 Reinsurance assumed excluding contingent		113,270,229		113,270,229
2.3 Reinsurance ceded excluding contingent		118,466,402		118,466,402
2.4 Contingent - direct		17,689,558		17,689,558
2.5 Contingent - reinsurance assumed		18,258,264		18,258,264
2.6 Contingent - reinsurance ceded		19,194,206		19,194,206
2.7 Policy and membership fees		10,362		10,362
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)		118,965,906		118,965,906
3. Allowances to manager and agents		1,122,873		1,122,873
4. Advertising		426,080		426,080
5. Boards, bureaus and associations		2,706,252		2,706,252
6. Surveys and underwriting reports		2,069,295		2,069,295
7. Audit of assureds' records		548,702		548,702
8. Salary and related items:				
8.1 Salaries	33,005,770	39,993,988	373,195	73,372,953
8.2 Payroll taxes	2,676,632	2,925,243	26,885	5,628,760
9. Employee relations and welfare	5,920,305	7,998,026	48,915	13,967,246
10. Insurance	398,359	612,041	14,247	1,024,647
11. Directors' fees	138,727	94,151	4,961	237,839
12. Travel and travel items	1,431,433	3,002,800	15,188	4,449,421
13. Rent and rent items	2,552,791	3,762,904	21,395	6,337,090
14. Equipment	2,544,608	10,119,616	18,206	12,682,430
15. Cost or Depreciation of EDP equipment and software	979,744	4,194,431	97,211	5,271,386
16. Printing and stationery	581,930	1,087,473	3,472	1,672,875
17. Postage, telephone and telegraph, exchange and express	1,855,769	4,361,442	4,377	6,221,588
18. Legal and auditing	170,714	4,205,021	(59,491)	4,316,244
19. Totals (Lines 3 to 18)	52,256,782	89,230,338	568,561	142,055,681
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ 294,669		18,371,520		18,371,520
20.2 Insurance department licenses and fees		1,047,708		1,047,708
20.3 Gross guaranty association assessments		1,522,937		1,522,937
20.4 All other (excluding federal and foreign income and real estate)		977,948		977,948
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)		21,920,113		21,920,113
21. Real estate expenses			3,261,528	3,261,528
22. Real estate taxes			455,951	455,951
23. Reimbursements by uninsured accident and health plans				
24. Aggregate write-ins for miscellaneous expenses	19,260	36,981	1,595,743	1,651,984
25. Total expenses incurred	98,456,164	230,153,338	5,881,783	(a) 334,491,285
26. Less unpaid expenses - current year	159,851,615	45,387,888	1,191,193	206,430,696
27. Add unpaid expenses - prior year	135,386,105	37,912,757	1,154,842	174,453,704
28. Amounts receivable relating to uninsured accident and health plans, prior year				
29. Amounts receivable relating to uninsured accident and health plans, current year				
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	73,990,654	222,678,207	5,845,432	302,514,293
DETAILS OF WRITE-INS				
2401. Donations	19,260	36,981	1,585	57,826
2402. Int. Exp. Sec. trust agreement			1,594,158	1,594,158
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Line 2401 through Line 2403 plus Line 2498) (Line 24 above)	19,260	36,981	1,595,743	1,651,984

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

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a) 309,574	308,944
1.1 Bonds exempt from U. S. tax	(a) 1,228,059	1,282,591
1.2 Other bonds (unaffiliated)	(a) 64,237,815	65,980,312
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	4,882,277	4,717,273
2.21 Common stocks of affiliates	103,953,158	103,953,158
3. Mortgage loans	(c)	
4. Real estate	(d) 5,922,920	5,922,920
5. Contract loans		
6. Cash/short-term investments	(e) 236,515	236,515
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	324,619	324,619
10. Total gross investment income	181,094,937	182,726,332
11. Investment expenses		(g) 5,425,831
12. Investment taxes, licenses and fees, excluding federal income taxes		(g) 455,951
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 1,463,095
15. Aggregate write-ins for deductions from investment income		
16. Totals deductions (Line 11 through Line 15)		7,344,877
17. Net investment income (Line 10 minus Line 16)		175,381,455
DETAILS OF WRITE-INS		
0901. Other Interest	322,434	322,434
0902. Interest on Premium Receivable Notes	2,185	2,185
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903 plus Line 0998) (Line 9 above)	324,619	324,619
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503 plus Line 1598) (Line 15 above)		
(a) Includes \$ 2,935,649 accrual of discount less \$ 3,916,840 amortization of premium and less \$ 2,228,309 paid for accrued interest on purchases.		(f) Includes \$ accrual of discount less \$ amortization of premium.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.		(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(d) Includes \$ 5,843,972 for company's occupancy of its own buildings; and excludes \$ 52,576 interest on encumbrances.		(i) Includes \$ 1,463,095 depreciation on real estate and \$ depreciation on other invested assets.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1. U. S. Government bonds					
1.1 Bonds exempt from U. S. tax					
1.2 Other bonds (unaffiliated)	(5,905,776)		(930,837)		(6,836,613)
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	25,953,545		(53,207,151)		(27,253,606)
2.21 Common stocks of affiliates			(99,197,502)		(99,197,502)
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash/short-term investments					
7. Derivative instruments	34,799				34,799
8. Other invested assets	(555,171)		6,293		(548,878)
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	19,527,397		(153,329,197)		(133,801,800)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Lines 0901 through 0903 plus Line 0998) (Line 9 above)					

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	4,724,049	10,348,000	5,623,951
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Furniture, equipment and supplies	55,208,330	55,360,064	151,734
2.3 Leasehold improvements	227,285	34,112	(193,173)
2.4 Loans on personal security, endorsed or not			
3. Total (Line 2.1 to Line 2.4)	55,435,615	55,394,176	(41,439)
4. Aggregate write-ins for other assets	2,760,998	4,313,629	1,552,631
5. Total (Line 1 plus Line 3 and Line 4)	62,920,662	70,055,805	7,135,143
DETAILS OF WRITE-INS			
0401. Travel and Other Advances	387,585	1,269,706	882,121
0402. Reinsurance Recoverable over 90 Days	1,083,117	301,904	(781,213)
0403. Nonadmitted Pension Asset	981,039	2,582,762	1,601,723
0498. Summary of remaining write-ins for Line 4 from overflow page	309,257	159,257	(150,000)
0499. Totals (Line 0401 through Line 0403 plus Line 0498) (Line 4 above)	2,760,998	4,313,629	1,552,631

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of The Ohio Casualty Insurance Company (Ohio Casualty) have been prepared 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 and for determining its solvency under 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.

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 revenues and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

Property and casualty insurance premiums are earned principally on a monthly pro rata basis over the term of the policy; the premiums applicable to the unexpired terms of the policies are included in the unearned premium reserve.

Acquisition costs incurred at policy issuance, such as commissions, are charged to operations in the year in which they are incurred.

In addition, Ohio Casualty uses the following accounting policies:

- (1) Not applicable
- (2) Bonds are generally carried at amortized cost or prescribed NAIC values. Bonds are amortized using the effective interest method.
- (3) Common stocks are stated at market value as prescribed by the NAIC.
- (4) Redeemable preferred stocks, having qualified sinking funds, are carried at cost or amortized cost; all other preferred stocks are carried at fair values as prescribed by the NAIC.
- (5) Not applicable.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.
- (7) Investments in stocks of uncombined subsidiaries are carried on the equity basis.
- (8) Ohio Casualty has minor ownership interest in joint ventures. Ohio Casualty carries these interests based on the underlying audited GAAP equity of the investee.
- (9) Not applicable.
- (10) Ohio Casualty anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property - Casualty Contracts - Premiums.
- (11) Reserves for unpaid losses and loss adjustment expenses are based on estimates of ultimate claim costs without discounting, including claims incurred but not reported, salvage and subrogation and inflation. Such liabilities are based on assumptions and estimates which management believes are adequate, but the ultimate liability may differ from the amount provided. The methods of making such estimates are continually reviewed and updated, any resulting adjustments are reflected in current earnings. In December 2001, the company recorded salvage and subrogation recoverable as direct business, rather than as previously recorded as assumed business.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors

Ohio Casualty sponsors a non-contributory defined benefit pension plan covering substantially all employees. The 2001 net periodic pension benefit was recorded in 2001 as \$5.5 million but should have been recorded as \$2.0 million. The cause of the incorrect amount in 2001 was due to incorrect assumptions by Ohio Casualty's pension actuary. In accordance with SSAP 3, Paragraph 10, the 2001 net periodic pension benefit was corrected as an adjustment to surplus in 2002. Due to their participation in the intercompany reinsurance pooling agreement, Ohio Casualty's surplus decreased by \$1,636,250.

B. Accounting Changes as a Result of Codification

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

Accounting changes adopted to conform with the provisions of the NAIC Accounting Practices and Procedures manual - Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, Ohio Casualty reported a change in accounting principle from the adoption of Codification that decreased unassigned funds (surplus) by \$21.7 million as of January 1, 2001. Included in this total adjustment is an increase in unassigned funds of approximately \$8.1 million related to deferred tax assets, an increase of approximately \$12.3 million related to the elimination of the excess of statutory over statement reserves (Schedule P), a decrease of approximately \$2.1 million related to premium receivable adjustments, and a decrease of approximately \$36.2 million as a result of the impact of Codification implementation on subsidiary values.

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTES TO FINANCIAL STATEMENTS

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Impairment Loss

Not applicable.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans

Not applicable.

B. Troubled Debt Restructuring for Creditors

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

1. Ohio Casualty has elected to use historical cost for applying the retrospective adjustment method to securities.

2. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.

3. Ohio Casualty used fair value provided by brokers, and pricing services to determine the market value of its loan-backed securities.

4. Ohio Casualty had no negative yield situations requiring a change from the retrospective to prospective method.

E. Repurchase Agreements.

Not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Ohio Casualty has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

B. After a review of the financial statements, Ohio Casualty recognized an impairment write-down of \$.6 million for its investment in Conning CT Insurance during the statement period.

7. Investment Income

A. Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans or amounts on mortgage loans in default).

B. Amounts Nonadmitted

Not applicable.

8. Derivative Instruments

The Company from time to time writes (sells) call options on certain common stocks it owns to enhance returns to the extent of the premium received. The premium received for a written option is recorded as a write-in-liability until the option is exercised, expires or is otherwise terminated.

The liability is marked to market at each statement date. On disposition, gains (losses) are recognized immediately, with gains (losses) on exercise combined with the gains (losses) on the covering asset.

9. Income Taxes

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

	2002	2001
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$ 88,052,364	\$ 75,601,413
(2) Total of all deferred tax liabilities	(57,117,602)	(64,979,293)
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	\$ 0	\$ 0
(4) Increase (decrease) in deferred tax assets nonadmitted	\$ N/A	\$ N/A

NOTES TO FINANCIAL STATEMENTS

B. Deferred tax liabilities are not recognized for the following amounts:

- (1) As of December 31, Ohio Casualty had a balance of \$N/A in its Policyholder Surplus account under the provisions of the Internal Revenue Code. This amount could become taxable to the extent that future shareholder dividends are paid from this account.
- (2) As of December 31, Ohio Casualty had investments in certain foreign subsidiaries whose reporting basis exceeded tax basis by \$N/A. This amount could become taxable in the event of a sale or dissolution of one or more subsidiaries.

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

	2002	2001
1. Current year tax expense	\$ 5,788,104	\$(12,747,959)
2. Tax credits	0	0
3. Current year equity tax	0	0
4. Prior Year over accrual of tax reserves	(6,866,514)	(4,852,904)
5. Current income taxes incurred	\$(1,078,410)	\$(17,600,863)

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

	2002	2001	Change
DTAs resulting from book/tax differences in			
15. Reserves-Loss Res., UPR, S&S	\$42,603,875	\$44,840,755	\$(2,236,879)
16. Employee Benefits	16,478,502	15,693,549	784,953
17. Tax Credits	6,310,366	3,020,119	3,290,247
18. Basis Difference on Invested Assets	6,416,650	3,554,488	2,862,163
19. Other Non-deductible Accruals	4,563,666	4,348,271	215,395
20. Basis Difference on Depreciable Assets	1,823,037	872,198	950,838
21. Replacement Carrier Fee	0	0	0
22. Tax Benefit on NOLC/F	4,388,694	0	4,388,694
23. Other DTAs	5,467,574	3,272,034	2,195,539
24. Total DTAs	88,052,364	75,601,413	12,450,950
25. DTAs nonadmitted	0	0	0

	2002	2001	Change
DTLs resulting from book/tax differences in			
26. Bonds & Stocks-Unrealized Gain/Loss	\$23,131,103	\$41,957,598	\$(18,826,494)
27. Amortization	14,856,048	14,211,158	644,889
28. Basis Difference on Invested Assets	1,215,366	1,215,366	0
29. Other Deductible Accruals	5,510,120	3,956,809	1,553,312
30. Other DTLs	12,404,964	3,638,362	8,766,602
31. Total DTLs	57,117,602	64,979,293	(7,861,691)

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

	Amount	Tax Effect
1. Income before taxes	\$7,435,668	\$2,602,484
2. Tax exempt interest	(1,282,591)	(448,907)
3. Dividends received deduction	(3,417,594)	(1,196,158)
4. Proration	207,621	72,667
5. Goodwill Amortization	(10,324,164)	(3,613,458)
6. Book over Tax Reserves	10,029,464	3,510,312
7. Tax over Book Capital Gain	7,278,289	2,547,401
8. Basis Difference in Invested Assets	260,502	91,176
9. Workers' Compensation Dividends	(4,411,446)	(1,544,006)
10. Employee Benefits	3,702,884	1,296,009
11. Depreciation/Amortization	(406,711)	(142,349)
12. Replacement Carrier Fee	0	0
13. Non-deductible Accruals	(332,173)	(116,260)
14. Other Deductions/Income	7,797,688	2,729,191
15. AMT Credit Generated	0	0
16. NOL Carryforward	0	0
17. Other	0	(6,866,513)
18. Taxable Income	16,537,436	(1,078,410)

E. (1) At December 31, 2002, Ohio Casualty has \$12,539,127 of operating loss carry forwards originating in 2000 which expire, if unused, in year 2020.

(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	\$5,788,104	1999	\$0
2001	\$0	1998	\$0
2000	\$0	1997	\$1,561,572

F. (1) Ohio Casualty's Federal income tax return is consolidated with the following entities:

Ohio Casualty Corporation
Hamilton Graphics
Ocasco Budget, Inc.
Ocasco Securities Corporation
Ohio Life Brokerage Services, Inc.
West American Insurance Company
Ohio Security Insurance Company
Avomark Insurance Company
Ohio Casualty of New Jersey, Inc.

(2) The method of allocation between the companies is subject to written agreement approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses providing those losses are utilized on consolidated basis. Intercompany tax balances are settled within 90 days after the payment of each estimated deposit of consolidated tax liability (or Alternative Minimum Tax).

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationship

Ohio Casualty is wholly owned by The Ohio Casualty Corporation, an Ohio insurance holding company.

NOTES TO FINANCIAL STATEMENTS

B. Detail of Transactions Greater than 1/2% of Admitted Assets

Significant transactions with affiliates consist of reimbursements of direct operating costs and allocations of costs which are in accordance with SSAP #70 in the amount of \$147,641,172. Dividends of \$24,993,000 were paid to Ohio Casualty Corporation in 2002. In addition, Ohio Casualty infused \$17,701,968 into its subsidiary, Ohio Casualty of New Jersey, Inc.

C. Change in Terms of Intercompany Arrangements

As part of the formation of Ohio Casualty of New Jersey, Inc., Ohio Casualty guaranteed that the surplus of OCNJ should not exceed a 2.5 to 1 premium to surplus ratio or a 3.5 to 1 loss and LAE reserves to surplus ratio.

On December 19, 2001, OCNJ entered into an agreement to transfer its obligation to renew 100% of its private passenger automobile business written in the State of New Jersey to Proformance Insurance Company.

As a result of this transaction, the Seasoning Guarantee above was rescinded and superceded by a Parental Financial Guarantee of the loss reserve ratio. Ohio Casualty guarantees that beginning on December 31, 2001 and continuing until March 31, 2005, OCNJ's loss reserve ratio shall not exceed 4 to 1. The guarantee will be first measured as of the quarter ended June 30, 2002. At June 30, 2002 and September 30, 2002, Ohio Casualty infused capital into Ohio Casualty of New Jersey to remain in compliance with the Parental Financial Guarantee.

D. Amounts Due to or from Related Parties

At December 31, 2002 Ohio Casualty reported \$2,743,105 due to its affiliates under the terms of the intercompany pooling arrangements and reinsurance agreements. This intercompany balance will be settled by the end of 2003.

E. Guarantees or contingencies for Related Parties

In September 2000, Ohio Casualty granted a mortgage on its Fairfield property as security for a loan from the State of Ohio, Director of Development to the Corporation. At December 31, 2002, the outstanding loan balance was \$4,544,088. The loan expires in 2009.

F. Management, Service Contracts, Cost Sharing Arrangements

Under terms of the Administrative Services Agreement, Ohio Casualty shall act as employer for all employees. Reimbursement to Ohio Casualty for services shall be solely for actual costs and expenses, which it incurs in providing such services.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of Ohio Casualty are owned by Ohio Casualty Corporation.

H. Amount Deducted for Investment in Upstream Company

Not applicable.

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Ohio Casualty owns 100% of West American Insurance Company. This common stock investment is recorded at its statutory equity value of \$371,076,283. Summarized statutory information for 2002 for West American follows:

<u>Description</u>	<u>Amount</u>
Admitted Assets	\$1,618,147,181
Liabilities	\$1,247,070,900
Policyholders' surplus	\$ 371,076,283
Net income	\$ 42,777,754

J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies

Not applicable.

11. Debt

A. Capital Notes

Not applicable.

B. All Other Debt

Not applicable.

12. Retirement Plans, Deferred Compensation, and Other Postretirement Benefit Plans

A. Defined Benefit Plan

Ohio Casualty sponsors a non-contributory defined benefit pension plan covering substantially all employees.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2002 and 2001:

NOTES TO FINANCIAL STATEMENTS

	Pension Benefits		Other Benefits	
	2002	2001	2002	2001
(1) Change in benefit obligation				
a. Benefit obligation beginning of year	\$245,028,818	\$220,932,323	\$65,927,904	\$67,809,641
b. Service cost	5,130,807	5,014,450	3,402,601	2,671,761
c. Interest cost	17,755,328	17,073,866	5,261,153	5,170,099
d. Contribution by plan participants	0	0	(5,934,501)	(5,360,505)
e. Actuarial (gain) loss	16,303,115	8,229,920	4,458,801	(4,363,092)
f. Foreign currency exchange rate changes	0	0	0	0
g. Benefits paid	(16,401,044)	(15,253,608)	0	0
h. Plan amendments	0	0	0	0
i. Business combinations, divestitures, curtailments, settlements and special termination benefits	0	9,031,867	0	0
j. Benefit obligation at end of year	267,817,024	245,028,818	73,115,958	65,927,904
(2) Change in plan assets				
a. Fair value of plan assets at beginning of year	\$257,119,211	\$273,469,031	\$ 0	\$ 0
b. Actual return on plan assets	(5,708,942)	(1,318,428)	0	0
c. Foreign currency exchange rate changes	0	0	0	0
d. Employer contribution	0	0	0	0
e. Plan participants' contributions	0	0	0	0
f. Benefits paid	(16,309,020)	(15,031,392)	0	0
g. Business combinations, divestitures and settlements	0	0	0	0
h. Fair value of plan assets at end of year	235,101,249	257,119,211	0	0
(3) Funded status				
a. Unamortized prior service cost	\$ 54,377	\$ 0	\$ 181,435	\$ 204,114
b. Unrecognized net gain or (loss)	77,885,085	32,959,192	(10,249)	(3,462,250)
c. Remaining net obligation or net asset at initial date of application	(43,795,029)	(43,795,029)	0	0
d. Prepaid assets or accrued liabilities	0	0	24,490,672	26,939,740
e. Intangible asset	0	0	0	0
(4) Benefit obligation for non vested employees	\$3,202,538	\$ 2,982,195	\$53,973,371	\$54,534,683
(5) Components of net periodic benefit cost				
a. Service cost	\$ 5,130,807	\$5,014,450	\$3,402,601	\$2,671,761
b. Interest cost	17,755,328	17,073,866	5,261,153	5,170,099
c. Expected return on plan assets	(22,913,836)	(24,009,725)	0	0
d. Amortization of unrecognized transition obligation or transition asset	0	0	2,449,068	2,449,068
e. Amount of recognized gains and losses	0	0	0	0
f. Amount of prior service cost recognized	0	0	22,679	22,679
g. Amount of gain or loss recognized due to a settlement or curtailment	0	(59,985)	0	0
h. Total net periodic benefit cost	(27,701)	(1,981,394)	11,135,501	10,313,607
(6) A minimum pension liability adjustment is required when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The minimum liability adjustment is reported as expense in the Statement of Income. At December 31, 2002 and 2001, the additional minimum liability was \$7,323,839 and \$0, respectively.				
(7) Weighted-average assumptions as of Dec. 31	2002	2001	2002	2001
a. Discount rate cost	7.00%	7.50%	7.50%	7.00%
b. Rate of compensation increase	4.00%	5.25%	N/A	N/A
c. Expected long-term rate of return on plan assets	8.50%	8.50%	N/A	N/A
For measurement purposes, an 10.00 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 5.00 percent for 2011 and remain at that level thereafter.				
(8) Ohio Casualty has multiple non pension postretirement benefit plans. The health care plans are contributory, with participants' contributions adjusted annually; the life insurance plans are noncontributory.				
(9) Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:				
		1 Percentage Point Increase	1 Percentage Point Decrease	
a. Effect on total of service and interest cost components		\$1,065,154	\$ 948,537	
b. Effect on postretirement benefit obligation		\$7,607,502	\$6,937,839	

NOTES TO FINANCIAL STATEMENTS

B. Defined Contribution Plan

Ohio Casualty sponsors a defined contribution savings plan covering substantially all employees of Ohio Casualty. Employees may contribute up to 32% of salary to the plan, of which, the first 6% is subject to a 50% match by Ohio Casualty. Ohio Casualty's match is funded monthly and is allocated to the company based on the Administrative Services Agreement. The company's share of this savings plan expense was \$1,557,400 and \$921,000 for 2002 and 2001, respectively.

C. Multi-employer Plans

Not applicable.

D. Consolidated/Holding Company Plans

See Notes 12A and 12B.

E. Postemployment Benefits and Compensated Absences

Ohio Casualty has no obligation to current or former employees for benefits after their employment but before their retirement other than for compensation related to earned vacation. The liability for earned but untaken vacation has been accrued.

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

A. Outstanding Shares

Ohio Casualty has 1,000,000 shares of \$5 par value common stock authorized and 900,000 shares issued and outstanding. Ohio Casualty has no preferred stock authorized, issued or outstanding.

B. Dividend Rate of Preferred Stock

Not applicable.

C., D., and E. Dividend Restrictions

The maximum amount of dividends to shareholders which maybe paid by Ohio Casualty without prior approval of the Ohio Insurance Commissioner cannot exceed in any one year the greater of ten percent of the surplus as regards to policyholders as of December 31, or the net income provided such dividend does not impair capital or capital stock. At December 31, 2002, approximately \$112,467,236 was available for payment of dividends without prior approval of the Ohio Insurance Department. Dividends declared and paid in 2002 amounted to \$24,993,000. Dividends are not cumulative.

F. Mutual Surplus Advances

Not applicable.

G. Company Stock Held for Special Purposes

Not applicable.

H. Changes in Special Surplus Funds

Not applicable.

I. Changes in Unassigned Funds

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

Description	Cumulative Increase (Decrease) in Surplus
Net income	\$1,838,492,490
Nonadmitted assets	(51,804,683)
Excess statutory over statement reserves	(12,318,179)
Provision for reinsurance	(3,564,934)
Cash dividends to stockholders	(1,560,584,411)
Cumulative effect of change in principles-Codification	14,474,341
Aggregate write-ins for gains and losses in surplus	(158,477,625)
Unrealized capital gains gross	404,737,058
Unrealized capital losses gross	(2,540,484)
Change in net deferred income tax	22,816,294
Miscellaneous	(488,877)
	\$ 490,740,990

J. Surplus Notes

Not applicable.

K. and L. Quasi Reorganizations

Not applicable.

14. Contingent Liabilities

A. Contingent Commitments

The company has purchased annuities from life insurers under which the claimants are payees. These annuities have been used to reduce unpaid losses by \$13,500,000 as of December 31, 2002. The company has a contingent liability of \$7,900,000 should the issuers of these annuities fail to perform under the terms of the annuities.

As indicated in Note 10E, the company has made a guarantee on behalf of its parent, Ohio Casualty Corporation.

NOTES TO FINANCIAL STATEMENTS

B. Guaranty Fund and Other Assessments

The company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessments or in the case of premium based assessments, at the time the premiums were written, or, in the case of loss based assessments, at the time the losses are incurred.

The company has accrued a liability for guaranty fund and other assessments of \$1,473,593. These represent management's best estimates based on information received from the states in which the company writes business and may change due to many factors including the company's share of the ultimate cost of current insolvencies.

C. Gain Contingencies

Not applicable.

D. All Other Contingencies

Lawsuits arise against the company in the normal course of business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the company.

15. Leases

A. Lessee Leasing Arrangements

1. Ohio Casualty leases office space in various parts of the country for its branch and regional offices. Such leases are at prevailing rates in the local areas and expire through 2006. Rental expense for 2002, and 2001 was approximately \$5,770,000 and \$6,500,000, respectively. Future minimum rental payments are as follows:

Year	Amount
2003	\$ 5,374,022
2004	3,838,313
2005	1,120,445
2006	1,038,283
2007	<u>74,440</u>
Total	\$11,445,503

2. Certain rental commitments have renewal options extending through the year 2007. Some of these renewals are subject to adjustments in future periods.

3. Ohio Casualty has not entered into any sales or leaseback arrangements.

B. Lessor Leasing Arrangements

Not applicable.

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

Not applicable.

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

A. Transfer of Receivables Reported as Sales

Not applicable.

B. Transfers and Servicing of Financial Assets

Not applicable.

C. Wash Sales

Not applicable.

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

Not applicable.

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

Not applicable.

20. Other Items

A. Extraordinary Items

Not applicable.

B. Troubled Debt Restructuring for Debtors

Not applicable.

C. Other Disclosures

Assets in the amount of \$12,586,071 and \$12,624,276 at December 31, 2002 and 2001, respectively, were on deposit with government authorities or trustees as required by law.

D. Uncollectible Premiums Receivable

At December 31, 2002 and 2001, the company had admitted assets of \$154,378,426 and \$133,790,796, respectively in premiums receivable due from policyholders, agents and ceding insurers. The company routinely assesses the collectibility of these receivables. Based upon company experience, any uncollectible premiums receivable as of December 31, 2002 are not

NOTES TO FINANCIAL STATEMENTS

expected to exceed the nonadmitted amounts totaling \$4,558,236 and, therefore, no additional provision for uncollectible amounts has been recorded. The potential for any additional loss is not believed to be material to the company's financial condition.

E. Reinsurance Accounted for as a Deposit

Not applicable.

F. Multiple Peril Crop Insurance

Not applicable.

G. Mezzanine Real Estate Loans

Not applicable.

H. HealthCare Receivables

Not applicable.

I. September 11 Events

As a result of the terrorist attacks of September 11, 2001, Ohio Casualty incurred losses of approximately \$1.7 million.

J. Schedule P Interrogatories, Page 107, Item 7.2 explanation.

In December 1992, The Ohio Casualty Group stopped writing business in California and filed a withdrawal plan with the California Department of Insurance. Under the terms of the plan, The Ohio Casualty Insurance Company, Ohio Security Insurance Company and West American Insurance Company would withdraw from California leaving American Fire and Casualty Company to close the affairs of the Group. Also, the plan required the withdrawing companies to transfer their California liabilities to American Fire and Casualty along with assets to secure those liabilities. The final approval was given by the California Department of Insurance on April 12, 1995, and the transfer of assets and liabilities took place as of May 1, 1995. Therefore, the existing pooling agreement is applied net of California premiums and losses. Ohio Casualty of New Jersey entered a retroactive and prospective reinsurance agreement with affiliates Ohio Casualty and West American Insurance Companies in 1998 to assume all policies and reserves for New Jersey private passenger auto business.

Data throughout this schedule has been restated to reflect the current pooling percentage. This percentage was most recently changed in 1998.

Until 1999, loss reserves had been reported gross of anticipated salvage and subrogation. 1999 and subsequent reserves, however, are reported net of anticipated salvage and subrogation.

21. Events Subsequent

Not applicable.

22. Reinsurance

A. Unsecured Reinsurance Recoverables

FEIN	NAIC Code	Name	Reinsurance Recoverable
13-4924125	10227	American Reinsurance Company	\$21,732,175
48-0921045	39845	Employers Reinsurance Corp.	29,014,733
13-2997499	38776	Folksamerica Reinsurance Co.	38,382,894
36-2667627	22969	GE Reinsurance	24,696,912
13-2781282	25070	Odyssey Reinsurance Co.	23,836,592
23-2745904	10019	Overseas Partners US Reinsurance	23,298,944
13-3031176	38636	Partner Reinsurance	57,135,375

B. Reinsurance Recoverable in Dispute

Not applicable.

C. Reinsurance Assumed and Ceded

1. The maximum amount of return commission which would have been due reinsurers if they or Ohio Casualty had cancelled all of the Company's reinsurance or if the Company or a receiver had cancelled all of Ohio Casualty's insurance assumed as of the end of the period covered by this annual statement with the return of the unearned premium reserve is as follows:

	ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
	(1)	(2)	(3)	(4)	(5)	(6)
a. Affiliates	\$326,780,811	\$ 0	\$331,738,562	\$ 0	\$(4,957,751)	\$ 0
b. All Other	3,133,189	0	35,579,832	2,729,896	(32,446,644)	2,729,896
c. TOTAL	329,914,000	0	367,318,395	2,729,896	(37,404,395)	2,729,896
d. Direct Unearned Premium Reserve		\$328,649,048				

2. Additional or return commission, predicted 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:

	REINSURANCE			
	Direct (1)	Assumed (2)	Ceded (3)	Net (4)
a. Contingent Commission	\$11,609,000	\$17,292,000	\$15,389,783	\$13,511,218
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commission Arrangements	514,400	1,555,000	1,101,956	967,444
d. TOTAL	12,123,400	18,847,000	16,491,738	14,478,662

NOTES TO FINANCIAL STATEMENTS

All contracts of reinsurance covering losses that have occurred prior to the inception of the contract have been accounted for in conformity with the instructions contained in the NAIC Accounting Practices and Procedures Manual.

D. Uncollectible Reinsurance

Not applicable.

E. Computation of Ceded Reinsurance

Not applicable.

F. Retroactive Reinsurance

The amounts reported reflect the pooling participation for each company in the Ohio Casualty Insurance Pool.

As:	Reported Company	
	(1) Assumed	(2) Ceded
1. Reserves Transferred:		
a. Initial Reserves	\$ 237,678,433	\$ 0
b. Adjustments-Prior Year(s)	(135,489,413)	0
c. Adjustments-Current Year	(18,565,211)	0
d. Current Total	83,623,809	0
2. Consideration Paid or Received		
a. Initial Consideration	\$237,678,433	\$ 0
b. Adjustments-Prior Year(s)	14,892,933	0
c. Adjustments-Current Year	0	0
d. Current Total	252,571,366	0
3. Paid Losses Reimbursed or Recovered		
a. Prior Year(s)	\$149,665,009	\$ 0
b. Current Year	19,772,419	0
c. Current Total	169,437,428	0

4. Special Surplus

Not applicable.

5. All cedents and reinsurers involved in all transactions included in summary totals above:

Company	Assumed Amount	Company	Ceded Amount
Great American Insurance - 22039	\$83,623,809		\$ 0
Total	\$83,623,809		\$ 0

6. a. 90 Days Overdue

Not applicable.

b. All contracts of reinsurance covering losses that have occurred prior to the inception of the contract have been accounted for in conformity with the instructions contained in the NAIC Accounting Practices and Procedures manual, SSAP 62, except for the following:

Not applicable.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable.

24. Change in Incurred Losses and Loss Adjustment Expenses

A. The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years increased by \$32,369,000 during 2002, as shown in the chart below. This is approximately 4% of unpaid losses and loss adjustment expenses of \$786,681,833 as of December 31, 2002. Over 62% of this increase occurred in the other liability occurrence line of business. Increases or decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expense.

(000's omitted) (Lines of Business)	2002 Calendar Year Loss & LAE Incurred	2002 Loss Year Loss & LAE Incurred Sch P Part 1	Total Shortage (Redundancy)	Loss & DCC Shortage (Redundancy) Sch P Part 2	Impact of AO on Total Shortage (Redundancy)
Homeowners/farmowners	\$ 58,536	\$58,876	\$ (340)	\$ 321	\$ (661)
Private passenger auto liability	67,661	69,772	(2,111)	(1,109)	(1,002)
Commercial auto liability	58,124	49,820	8,304	7,505	799
Workers' compensation	62,925	61,339	1,586	(2,075)	3,661
Commercial multiple peril	76,696	74,661	2,035	1,778	257
Special liability	(4)	9	(13)	(13)	0
Other liability - occurrence	75,759	55,796	19,963	15,743	4,220
Other liability - claim-made	665	610	55	82	(27)
Special property	14,548	14,347	201	(39)	240
Auto physical damage	55,705	57,510	(1,805)	(2,606)	801
Fidelity/Surety	5,452	6,459	(1,007)	(1,292)	285
Other	10	0	10	10	0
Products liability-occurrence	7,647	2,156	5,491	3,563	1,928
Products liability-claims-made	0	0	0	0	0
Totals	\$483,724	\$451,356	\$32,369	\$21,868	\$10,501

NOTES TO FINANCIAL STATEMENTS

25. Intercompany Pooling Arrangements

Effective January 1, 1984 Ohio Casualty and its property and casualty insurance subsidiaries, American Fire, Ohio Security, and West American entered into a reinsurance pooling agreement. The purpose of this agreement is to pool or share proportionately among the parties the results of property and casualty insurance underwriting operations through reinsurance; to reduce administration and executive expense; and to produce for each party a broader distribution of risk by line of insurance. Under the terms of the Agreement all outstanding underwriting liabilities as of January 1, 1984 and all subsequent insurance transactions were pooled. As part of the withdrawal agreement with the State of California, all California loss reserves remain unpooled as a liability of American Fire.

Effective January 1, 1998 Avomark Insurance Company was added to the reinsurance pooling agreement. Effective November 11, 1998 Ohio Casualty of New Jersey (an unpooled affiliate of Ohio Casualty Group) assumed the pool's New Jersey private passenger auto policies and reserves. Each of the participating affiliates above, cedes 100% of their net business to Ohio Casualty excluding California business. The companies participate in the pooled results as follows:

<u>Company</u>	<u>NAIC Company Code</u>	<u>Percentage Share of Pooled Business</u>
Ohio Casualty	24074	46.75%
West American	44393	46.75%
American Fire	24066	5.00%
Ohio Security	24082	1.00%
Avomark	10792	0.50%

26. Structured Settlements

A. Reserves Released due to Purchase of Annuities

The company has purchased annuities from life insurers under which the claimants are payees (See Note 14A). These annuities have been used to reduce unpaid losses by \$13,500,000 as of December 31, 2002. The company has contingent liability of \$7,900,000 should the issuers of these annuities fail to perform under the terms of the annuities.

b. Annuity Insurers with Balances due Greater than 1% of Policyholders' Surplus

<u>Life Insurance Company and Location</u>	<u>Licensed in Company's State of Domicile</u>	<u>Statement Value of Annuities</u>
Great Southern Life Insurance Company of Dallas, TX	Yes	\$7,900,000

27. High Deductibles

Not applicable.

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

Not applicable.

29. Asbestos/Environmental Reserves
(\$000 omitted)

A. Asbestos Reserves

Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to asbestos losses?
Yes (X) No ()

If yes, describe the lines of business written for which there is potential exposure, the nature of the exposure or exposures and the company's methodology for reserving for both reported and IBNR losses, and complete the following information.

Commercial multi-peril and general liability are the lines of business for which there is potential exposure for asbestos losses. Adjustors estimate the reported losses. The company has analyzed incurred but not reported reserves for asbestos and environmental losses separately from all other losses. The company carries the incurred but not reported and loss adjustment expense reserves from this analysis.

For asbestos-related losses (including coverage dispute costs) for each of the five most current calendar years, provide the following:

	2002	2001	2000	1999	1998
Gross of Reinsurance:					
i. Beginning reserves:	\$14,863	\$7,443	\$4,845	\$4,845	\$3,257
ii. Incurred losses and LAE:	2,633	9,133	3,590	1,013	2,185
iii. Calendar year payments for losses and LAE:	727	1,713	992	1,013	596
iv. Ending reserves:	\$16,769	\$14,863	\$7,443	\$4,845	\$4,845
Net of Reinsurance:					
v. Beginning reserves:	\$13,736	\$6,308	\$4,471	\$4,845	\$3,257
vi. Incurred losses and LAE:	1,638	8,233	2,505	(272)	2,185
vii. Calendar year payments for losses and LAE:	2,307	805	669	102	596
viii. Ending reserves:	\$13,067	\$13,736	\$6,308	\$4,471	\$4,845

NOTES TO FINANCIAL STATEMENTS

B. Ending Reserves for Asbestos Claims for Bulk and IBNR Losses and LAE included in A above:

i. Gross of Reinsurance Basis	\$11,153
ii. Net of Reinsurance Basis	\$11,153

C. Ending Reserves for Asbestos Claims for Loss Adjustment Expense included in A above (Case, Bulk and IBNR):

i. Gross of Reinsurance Basis	\$8,253
ii. Net of Reinsurance Basis	\$8,253

D. Environmental Reserves

Does the company have on the books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes (X) No ()

	2002	2001	2000	1999	1998
Gross of Reinsurance:					
i. Beginning reserves:	\$10,147	\$12,572	\$14,742	\$14,742	\$15,500
ii. Incurred losses and LAE:	4,357	(807)	(1,375)	557	1,085
iii. Calendar year payments for losses and LAE:	1,220	1,618	796	557	1,843
iv. Ending reserves:	\$13,284	\$10,147	\$12,572	\$14,742	\$14,742
Net of Reinsurance:					
v. Beginning reserves:	\$ 9,204	\$12,564	\$14,742	\$14,742	\$15,500
vi. Incurred losses and LAE:	4,278	(1,785)	(1,382)	555	761
vii. Calendar year payments for losses and LAE:	1,253	1,575	796	555	1,519
viii. Ending reserves:	\$12,228	\$ 9,204	\$12,564	\$14,742	\$14,742

E. Ending Reserves for Environmental Claims for Bulk and IBNR Losses and LAE included in A above:

i. Gross of Reinsurance Basis	\$11,002
ii. Net of Reinsurance Basis	\$11,002

F. Ending Reserves for Environmental Claims for Loss Adjustment Expenses included in D above (Case, Bulk and IBNR):

i. Gross of Reinsurance Basis	\$4,074
ii. Net of Reinsurance Basis	\$4,074

Environmental and Asbestos-Related Claims

Reserves for asbestos-related and toxic waste cleanup claims cannot be estimated with traditional loss reserving techniques. In establishing liabilities for claims for asbestos-related illnesses and for toxic waste cleanup claims, management considers facts currently known and the current state of the law and coverage litigation. However, given the expansion of coverage and liability by the courts and the legislatures in the past and the possibilities of similar interpretations in the future, there is uncertainty regarding the extent of remediation. Accordingly, additional liability could develop. Included in loss and loss adjustment expense reserves at December 31, 2002, are \$25,295,840 in estimated environmental claims.

The retroactive reinsurance agreement with Great American Insurance Company is not included in the above note. The estimated loss and loss adjustment expense reserves for environmental claims from this transaction are \$4,399,175 at December 31, 2002.

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	3,995,023	0.209	3,995,023	0.209
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies	16,680,703	0.874	16,680,703	0.874
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	3,408,793	0.179	3,408,793	0.179
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	4,915,573	0.258	4,915,573	0.258
1.43 Revenue and assessment obligations	25,844,970	1.354	25,844,970	1.354
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	478,597	0.025	478,597	0.025
1.512 Issued by FNMA and FHLMC	6,549,631	0.343	6,549,631	0.343
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	182,879,255	9.582	182,879,255	9.582
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued	299,326,431	15.683	299,326,431	15.683
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	576,506,154	30.205	576,506,154	30.205
2.2 Unaffiliated foreign securities	46,277,655	2.425	46,277,655	2.425
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	140,214,604	7.346	140,214,604	7.346
3.4 Other equity securities:				
3.41 Affiliated	570,807,813	29.906	570,807,813	29.906
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company	19,955,986	1.046	19,955,986	1.046
5.2 Property held for production of income (includes \$ of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)	11,448,181	0.600	11,448,181	0.600
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments	(726,016)	(0.038)	(726,015)	(0.038)
9. Other invested assets	85,219	0.004	85,219	0.004
10. Total invested assets	1,908,648,572	100.000	1,908,648,573	100.000

GENERAL INTERROGATORIES (continued)

- 8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 1300 Chiquita Center
250 E. 5th Street Cincinnati, OH 45202
- 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?
Thomas P. Conway ACAS, MAAA 111 North Canal Street
Ernst & Young LLP Chicago, IL 60606

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 \$
 - 14.12 To stockholders not officers \$
 - 14.13 Trustees, supreme or grand (Fraternal only) \$
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
 - 14.21 To directors or other officers \$
 - 14.22 To stockholders not officers \$
 - 14.23 Trustees, supreme or grand (Fraternal only) \$
- 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 \$
 - 15.22 Borrowed from others \$
 - 15.23 Leased from others \$
 - 15.24 Other \$

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 \$
 - 16.22 Amount paid as expenses \$
 - 16.23 Other amounts paid \$

**GENERAL INTERROGATORIES
(Continued)**

INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred					Yes () No (X)	Yes () No (X)
Common	1,000,000	900,000	5.00	X X X	X X X X X X	X X X X X X

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 (X) No ()

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

19.21	Loaned to others	\$
19.22	Subject to repurchase agreements	\$
19.23	Subject to reverse repurchase agreements	\$
19.24	Subject to dollar repurchase agreements	\$
19.25	Subject to reverse dollar repurchase agreements	\$
19.26	Pledged as collateral	\$	13,455,912
19.27	Placed under option agreements	\$
19.28	Letter stock or securities restricted as to sale	\$
19.29	Other	\$

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
.....
.....
.....

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

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

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

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

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
J.P. Morgan Chase	4 New York Plaza New York, NY 10004
Wachovia	21 South Street Morristown, NJ 07960
U.S. Bank	425 Walnut Street Cincinnati, OH 45202

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 (X) No ()

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
First Union	Wachovia	06/30/2002	Name Change
Firststar	U.S. Bank	02/28/2002	Name Change
.....

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

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

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ 2,829,287

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	\$ 1,490,708
.....	\$
.....	\$
.....	\$

24.1 Amount of payments for legal expenses, if any? \$ 2,398,591

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
.....	\$
.....	\$
.....	\$
.....	\$

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

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

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

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. \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding:

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Line (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$
- 1.62 Total incurred claims \$
- 1.63 Number of covered lives
- All years prior to most current three years:
- 1.64 Total premium earned \$
- 1.65 Total incurred claims \$
- 1.66 Number of covered lives
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$
- 1.72 Total incurred claims \$
- 1.73 Number of covered lives
- All years prior to most current three years:
- 1.74 Total premium earned \$
- 1.75 Total incurred claims \$
- 1.76 Number of covered lives
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes (X) No ()
- 2.2 If yes, state the amount of calendar year premiums written on:
- 2.21 Participating \$ 11,092
- 2.22 Non-participating policies \$ 88,948,589
3. For Mutual Reporting Entities and Reciprocal Exchange only:
- 3.1 Does the reporting entity issue assessable policies? Yes () No ()
- 3.2 Does the reporting entity issue non-assessable policies? Yes () No ()
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. \$
4. For Reciprocal Exchanges only:
- 4.1 Does the exchange appoint local agents? Yes () No ()
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes () No () 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?
 Casualty reins covers \$5M excess \$1M ea loss. Workers' Comp cat reins covers \$54M excess \$6M ea loss

- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
 Risk Mgmt Solution, Inc est cntrywide PML. Exposures include earthquake, hurricane, tornado and hail.

- 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?
 Cat Reins covers 150M x 25M (per occurrence)

- 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.

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 (X) No () N/A ()
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force? Yes () No (X)
- 9.2 If yes, give full information.

- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- | | |
|---|----------|
| 10.11 Unpaid losses | \$ |
| 10.12 Unpaid underwriting expenses (including loss adjustment expenses) | \$ |
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds. \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes () No () N/A (X)
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- | | |
|------------|---------|
| 10.41 From | % |
| 10.42 To | % |
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes () No (X)
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- | | |
|----------------------------------|----------|
| 10.61 Letters of credit | \$ |
| 10.62 Collateral and other funds | \$ |
- 11.1 What amount of installment notes is owned and now held by the reporting entity? \$
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes () No (X)
- 11.3 If yes, what amount? \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 467,500
- 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. 4
- 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 | |
| 14.12 Number of parcels involved | 1 |
| 14.13 Total book/adjusted carrying value | \$ 917,235 |
- 14.2 If yes, provide explanation.

- 15.1 Does the reporting entity write any warranty business? Yes () No (X)
 If yes, disclose the following information for each of the following types of warranty coverage:
- | | 1
Direct Losses
Incurred | 2
Direct Losses
Unpaid | 3
Direct Written
Premium | 4
Direct Premium
Unearned | 5
Direct Premium
Earned |
|------------------|--------------------------------|------------------------------|--------------------------------|---------------------------------|-------------------------------|
| 15.11 Home | | | | | |
| 15.12 Products | | | | | |
| 15.13 Automobile | | | | | |
| 15.14 Other* | | | | | |

* Disclose type of coverage:

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
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)	753,396,611	692,842,961	720,613,389	761,705,409	697,036,347
2. Property lines (Lines 1, 2, 9, 12, 21 and 26)	258,845,234	266,571,204	293,563,788	307,496,067	320,142,690
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	443,164,536	409,650,692	418,653,440	424,463,371	379,538,351
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	41,129,374	40,015,922	38,463,309	37,992,827	38,769,864
5. Nonproportional reinsurance lines (Lines 30, 31 and 32)					
6. Total (Line 34)	1,496,535,755	1,409,080,779	1,471,293,926	1,531,657,674	1,435,487,252
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)	320,128,664	300,974,689	313,439,302	333,798,383	311,024,186
8. Property lines (Lines 1, 2, 9, 12, 21 and 26)	120,165,979	123,127,620	135,402,244	139,977,884	143,065,376
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	204,675,907	190,005,264	191,578,952	192,847,847	175,504,627
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	20,962,382	17,865,930	17,282,650	17,078,123	17,108,994
11. Nonproportional reinsurance lines (Line 30, 31 and 32)					
12. Total (Line 34)	665,932,932	631,973,503	657,703,148	683,702,237	646,703,183
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	(70,742,189)	(55,923,497)	(125,641,731)	(86,482,013)	(45,650,985)
14. Net investment gain (loss) (Line 11)	194,908,852	212,476,712	162,396,679	178,027,391	158,325,800
15. Total other income (Line 15)	(14,586,245)	(18,008,569)	(694,591)	(6,888,821)	(1,917,397)
16. Dividends to policyholders (Line 17)	(1,808,417)	(334,864)	4,709,511	5,291,498	1,867,114
17. Federal and foreign income taxes incurred (Line 19)	(1,078,410)	(17,600,853)	(13,699,598)	(18,809,966)	(3,238,249)
18. Net income (Line 20)	112,467,245	156,480,363	45,050,444	98,175,025	112,128,553
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Column 3)	2,141,161,494	2,049,723,785	2,057,753,075	2,166,489,360	2,433,854,881
20. Agents' balances or uncollected premiums (Page 2, Column 3)					
20.1 In course of collection (Line 10.1)	154,378,426	133,790,795	127,584,204	175,139,499	138,714,941
20.2 Deferred and not yet due (Line 10.2)	680,959	936,762	137,157	181,505	246,547
20.3 Accrued retrospective premiums (Line 10.3)					
21. Total liabilities excluding Protected Cell (Page 3, Line 24)	1,415,413,067	1,282,220,807	1,245,620,287	1,266,824,338	1,406,749,583
22. Losses (Page 3, Line 1 and Line 2)	631,513,389	588,296,478	569,432,241	503,409,110	436,014,029
23. Loss adjustment expenses (Page 3, Line 3)	159,851,615	135,386,105	124,060,993	105,380,118	99,599,536
24. Unearned premiums (Page 3, Line 9)	291,244,653	269,536,692	286,794,249	300,770,925	291,349,000
25. Capital paid up (Page 3, Line 28 and Line 29)	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
26. Surplus as regards policyholders (Page 3, Line 35)	725,748,429	767,502,979	812,132,789	899,665,019	1,027,105,299
Risk-Based Capital Analysis					
27. Total adjusted capital	725,748,429	767,502,979	812,132,789	899,665,019	1,027,105,299
28. Authorized control level risk-based capital	126,763,781	168,711,686	172,204,400	169,436,395	155,875,245
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)	61.1	49.4	41.1	34.1	30.7
30. Stocks (Line 2.1 and Line 2.2)	37.3	48.2	54.8	58.4	55.2
31. Mortgage loans on real estate (Line 3.1 and Line 3.2)					
32. Real estate (Lines 4.1, 4.2 and 4.3)	1.6	1.8	1.7	2.3	1.7
33. Cash and short-term investments (Line 5)		0.4	2.2	5.1	12.4
34. Other invested assets (Line 6)			0.2	0.2	
35. Receivable for securities (Line 7)		0.2			
36. Aggregate write-ins for invested assets (Line 8)					
37. Cash and invested assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated bonds (Schedule D, Summary, Line 25, Column 1)					
39. Affiliated preferred stocks (Schedule D, Summary, Line 39, Column 1)					
40. Affiliated common stocks (Schedule D, Summary, Line 53, Column 2)	570,807,813	652,303,250	793,678,788	926,545,167	994,527,168
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5 Line 11)					
42. Affiliated mortgage loans on real estate					
43. All other affiliated					
44. Total of above Line 38 through Line 43	570,807,813	652,303,250	793,678,788	926,545,167	994,527,168
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)	78.7	85.0	97.7	103.0	96.8

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)	(153,329,197)	(212,024,184)	(94,434,820)	(117,771,138)	(107,547,093)
47. Dividends to stockholders (Line 34)	(24,993,000)	(5,000,000)	(59,571,000)	(112,122,000)	(119,988,000)
48. Change in surplus as regards policyholders for the year (Line 37)	(41,754,542)	(44,629,807)	(87,532,338)	(127,440,273)	(82,411,767)
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)	399,139,786	422,324,296	455,772,141	400,779,554	452,618,902
50. Property lines (Lines 1, 2, 9, 12, 21 and 26)	128,674,984	167,520,152	191,818,229	212,558,981	185,543,657
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	232,410,701	261,031,060	270,080,410	273,788,598	227,907,675
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	5,435,276	4,479,574	4,545,197	3,219,073	4,032,620
53. Nonproportional reinsurance lines (Lines 30, 31, and 32)					
54. Total (Line 34)	765,660,747	855,355,082	922,215,977	890,346,206	870,102,854
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)	174,222,277	180,804,416	197,246,911	173,184,425	243,153,679
56. Property lines (Lines 1, 2, 9, 12, 21 and 26)	59,421,023	76,749,105	89,119,941	98,959,984	86,792,348
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 and 27)	106,735,906	118,863,411	123,805,362	128,694,031	107,240,964
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 and 33)	2,514,448	1,901,954	2,122,948	1,908,816	1,433,724
59. Nonproportional reinsurance lines (Lines 30, 31, and 32)					
60. Total (Line 34)	342,893,654	378,318,886	412,295,162	402,747,256	438,620,715
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)	59.8	63.6	72.6	65.5	63.7
63. Loss expenses incurred (Line 3)	15.3	12.7	12.3	11.3	9.4
64. Other underwriting expenses incurred (Line 4)	35.7	32.3	33.9	36.0	34.8
65. Net underwriting gain (loss) (Line 8)	(11.0)	(8.6)	(18.7)	(12.8)	(7.8)
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)	36.9	36.1	34.7	36.5	31.7
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)	75.1	76.3	84.8	76.8	73.0
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)	92.8	82.3	81.0	76.0	63.0
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)	21,868		24,556	(2,294)	(29,774)
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)	2.8		2.7	(0.2)	(2.7)
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)	31,546	17,545	(1,537)	(20,231)	(14,010)
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)	3.9	2.0	(0.1)	(1.8)	(1.4)

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	4,970,663	5,439,750	5,007,347	4,909,524
	2. Canada				
	3. Other Countries				
	4. Totals	4,970,663	5,439,750	5,007,347	4,909,524
States, Territories and Possessions (Direct and guaranteed)	5. United States	3,408,794	3,408,794	3,438,797	3,265,000
	6. Canada				
	7. Other Countries				
	8. Totals	3,408,794	3,408,794	3,438,797	3,265,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	4,915,573	4,915,573	4,915,573	4,585,000
	10. Canada				
	11. Other Countries				
	12. Totals	4,915,573	4,915,573	4,915,573	4,585,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	229,074,557	229,755,662	228,572,474	224,688,020
	14. Canada				
	15. Other Countries				
	16. Totals	229,074,557	229,755,662	228,572,474	224,688,020
Public Utilities (unaffiliated)	17. United States	15,808,347	16,387,421	15,686,470	16,000,000
	18. Canada				
	19. Other Countries				
	20. Totals	15,808,347	16,387,421	15,686,470	16,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	870,206,913	900,512,767	874,198,288	872,308,544
	22. Canada	9,060,409	9,932,071	9,047,398	9,100,000
	23. Other Countries	29,417,524	30,986,758	29,431,748	29,063,198
	24. Totals	908,684,846	941,431,596	912,677,434	910,471,742
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	1,166,862,780	1,201,338,796	1,170,298,095	1,163,919,286
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	59,961,202	59,961,202	37,306,918	
	46. Canada				
	47. Other Countries				
	48. Totals	59,961,202	59,961,202	37,306,918	
Industrial and Miscellaneous (unaffiliated)	49. United States	73,269,732	73,269,732	34,158,646	
	50. Canada				
	51. Other Countries	6,983,670	6,983,670	7,799,720	
	52. Totals	80,253,402	80,253,402	41,958,366	
Parent, Subsidiaries and Affiliates	53. Totals	570,807,813	570,807,813	227,068,864	
	54. Total Common Stocks	711,022,417	711,022,417	306,334,148	
	55. Total Stocks	711,022,417	711,022,417	306,334,148	
	56. Total Bonds and Stocks	1,877,885,197	1,912,361,213	1,476,632,243	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 739,901,063 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	1,734,449,230	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	587,138,989	6.1 Column 17, Part 1	
3. Increase (decreased) by adjustment:		6.2 Column 13, Part 2, Section 1	
3.1 Column 16, Part 1	(2,338,019)	6.3 Column 11, Part 2, Section 2	
3.2 Column 12, Part 2, Section 1		6.4 Column 11, Part 4	
3.3 Column 10, Part 2, Section 2	(140,225,230)	7. Book/adjusted carrying value at end of current period	1,877,885,046
3.4 Column 10, Part 4	(11,753,621)	8. Total valuation allowance	
4. Total gain (loss), Column 14, Part 4	20,047,768	9. Subtotal (Line 7 plus Line 8)	1,877,885,046
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4	309,434,071	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	1,877,885,046

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	10,131	2,275	1,492	341	567	129	1,034	9,445	XXX
2. 1993	665,310	20,428	644,882	397,087	4,799	34,265	993	32,416	(53)	14,565	458,029	XXX
3. 1994	627,755	21,100	606,655	386,192	3,923	28,752	(35)	34,471	(153)	14,876	445,680	XXX
4. 1995	610,363	19,173	591,190	350,717	3,013	24,981	7	32,736	(328)	13,562	405,742	XXX
5. 1996	586,192	14,275	571,917	376,163	3,032	25,421	(275)	37,283	(753)	13,787	436,863	XXX
6. 1997	578,033	15,039	562,994	341,716	2,616	20,795	24	35,612	(1,348)	14,286	396,831	XXX
7. 1998	609,228	25,152	584,076	370,721	8,124	16,104	727	43,342	(1,386)	13,794	422,702	XXX
8. 1999	723,546	49,167	674,379	426,254	27,008	19,618	1,433	48,639	259	15,440	465,811	XXX
9. 2000	725,176	53,496	671,680	388,450	15,227	13,417	874	41,924	105	15,954	427,585	XXX
10. 2001	690,423	41,192	649,231	279,616	6,587	4,956	295	39,017	157	18,875	316,550	XXX
11. 2002	688,946	44,721	644,225	159,235	2,555	1,055	10	26,256	37	5,045	183,944	XXX
12. Totals	XXX	XXX	XXX	3,486,282	79,159	190,856	4,394	372,263	(3,334)	141,218	3,969,182	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.	61,711	21,898	26,415	4,438			11,873	400	4,371	795	698	76,839	XXX
2.	6,039	1,259	4,366	911			1,048	127	447	109	181	9,494	XXX
3.	5,205	400	4,135	910			983	156	489	66	196	9,280	XXX
4.	7,558	1,462	3,904	921			1,243	198	694	125	260	10,693	XXX
5.	6,529	377	4,178	1,209			1,759	271	754	192	428	11,171	XXX
6.	8,609	1,121	5,373	1,589			2,656	451	1,062	359	581	14,180	XXX
7.	14,202	2,539	9,977	2,905			4,873	795	2,122	552	840	24,383	XXX
8.	47,529	9,989	28,921	7,689			13,240	1,084	6,291	608	2,103	76,611	XXX
9.	59,850	6,249	56,753	14,615			20,070	1,149	9,400	192	3,951	123,868	XXX
10.	62,259	5,670	97,647	25,462			23,259	1,942	12,832	170	6,201	162,753	XXX
11.	83,482	6,186	181,650	41,663			29,758	2,558	22,986	59	9,652	267,410	XXX
12.	362,973	57,150	423,319	102,312			110,762	9,131	61,448	3,227	25,091	786,682	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			XXX	61,790	15,049
2.	475,668	8,145	467,523	71.5	39.9	72.5			46.8	8,235	1,259
3.	460,227	5,267	454,960	73.3	25.0	75.0			46.8	8,030	1,250
4.	421,833	5,398	416,435	69.1	28.2	70.4			46.8	9,079	1,614
5.	452,087	4,053	448,034	77.1	28.4	78.3			46.8	9,121	2,050
6.	415,823	4,812	411,011	71.9	32.0	73.0			46.8	11,272	2,908
7.	461,341	14,256	447,085	75.7	56.7	76.5			46.8	18,735	5,648
8.	590,492	48,070	542,422	81.6	97.8	80.4			46.8	58,772	17,839
9.	589,864	38,411	551,453	81.3	71.8	82.1			46.8	95,739	28,129
10.	519,586	40,283	479,303	75.3	97.8	73.8			46.8	128,774	33,979
11.	504,422	53,068	451,354	73.2	118.7	70.1			46.8	217,283	50,127
12.	XXX	XXX	XXX	XXX	XXX	XXX			XXX	626,830	159,852

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	458,474	445,478	435,097	449,856	451,761	464,313	478,138	487,030	486,256	501,354	15,098	14,324
2. 1993	485,135	443,125	445,733	432,358	436,690	436,247	434,695	434,259	433,023	434,717	1,694	458
3. 1994	X X X	467,658	434,127	433,237	423,210	420,825	421,368	420,107	419,184	419,911	727	(196)
4. 1995	X X X	X X X	432,358	399,468	393,246	385,709	382,443	381,932	381,633	382,803	1,170	871
5. 1996	X X X	X X X	X X X	432,148	425,058	411,735	411,705	411,017	409,390	409,436	46	(1,581)
6. 1997	X X X	X X X	X X X	X X X	397,079	378,316	372,516	371,503	370,887	373,349	2,462	1,846
7. 1998	X X X	X X X	X X X	X X X	X X X	415,223	400,476	396,251	393,462	400,786	7,324	4,535
8. 1999	X X X	X X X	X X X	X X X	X X X	X X X	460,015	483,814	485,066	488,359	3,293	4,545
9. 2000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	493,683	500,694	500,427	(267)	6,744
10. 2001	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	437,460	427,781	(9,679)	X X X
11. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	402,209	X X X	X X X
12. Totals											21,868	31,546

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	140,105	259,701	320,313	355,682	380,390	399,348	412,203	419,085	428,092	X X X	X X X
2. 1993	201,567	301,739	355,266	385,877	404,605	414,018	419,433	422,175	423,148	425,560	X X X	X X X
3. 1994	X X X	203,251	296,351	346,224	375,056	393,129	403,473	407,135	408,944	411,056	X X X	X X X
4. 1995	X X X	X X X	185,587	273,352	313,951	346,413	359,984	366,311	370,646	372,679	X X X	X X X
5. 1996	X X X	X X X	X X X	216,954	302,279	354,043	376,688	390,061	396,110	398,826	X X X	X X X
6. 1997	X X X	X X X	X X X	X X X	186,023	283,790	318,277	339,794	351,780	359,871	X X X	X X X
7. 1998	X X X	X X X	X X X	X X X	X X X	231,479	301,233	336,297	360,678	377,974	X X X	X X X
8. 1999	X X X	X X X	X X X	X X X	X X X	X X X	232,327	333,242	378,513	417,432	X X X	X X X
9. 2000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	233,997	337,168	385,766	X X X	X X X
10. 2001	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	197,077	277,690	X X X	X X X
11. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	157,727	X X X	X X X

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	132,646	78,941	35,512	32,725	24,667	21,679	20,458	26,870	24,886	33,449
2. 1993	144,812	51,569	23,234	5,627	9,760	7,404	4,485	4,151	3,663	4,377
3. 1994	X X X	139,222	46,590	30,579	13,528	8,770	5,243	4,855	3,669	4,051
4. 1995	X X X	X X X	121,002	53,410	26,514	11,765	5,870	5,218	3,490	4,028
5. 1996	X X X	X X X	X X X	107,380	51,615	18,824	8,242	7,408	5,164	4,457
6. 1997	X X X	X X X	X X X	X X X	104,299	39,280	14,706	8,403	6,068	5,990
7. 1998	X X X	X X X	X X X	X X X	X X X	89,363	40,870	20,669	9,289	11,149
8. 1999	X X X	X X X	X X X	X X X	X X X	X X X	101,202	63,462	42,832	33,388
9. 2000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	127,154	80,621	61,059
10. 2001	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	135,399	93,502
11. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	167,187

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	Yes	9,202,216	9,745,439	2,146,637	8,261,387	18,266,390		4,224	
2. Alaska	AK	Yes	4,638,275	3,885,807	405,728	1,245,702	1,971,069		275	
3. Arizona	AZ	Yes	9,663,908	8,763,419	2,193,483	3,493,219	6,609,845		19,290	
4. Arkansas	AR	Yes	4,013,710	3,346,335	788,053	1,952,087	3,040,607		4,575	
5. California	CA	No								
6. Colorado	CO	Yes	9,607,014	9,653,282	3,089,531	7,399,158	10,799,733		10,459	
7. Connecticut	CT	Yes	21,089,560	17,701,860	14,132	2,337,117	9,932,148	13,648,748	23,168	
8. Delaware	DE	Yes	1,469,172	1,303,050		488,870	1,067,285	1,116,599	1,020	
9. Dist. Columbia	DC	Yes	2,755,458	2,627,184		599,183	1,402,642	1,811,027	890	
10. Florida	FL	Yes	30,948,276	27,311,093	14,197	5,750,210	19,573,261	29,525,797	124,327	
11. Georgia	GA	Yes	14,028,660	12,425,142		4,488,580	12,206,971	17,688,106	29,336	
12. Hawaii	HI	Yes	89,089	57,748		40,851	47,519			
13. Idaho	ID	Yes	1,366,790	1,254,844		511,560	678,788	674,340	943	
14. Illinois	IL	Yes	28,164,760	25,550,213		13,875,319	14,524,666	33,319,142	10,038	
15. Indiana	IN	Yes	16,762,977	16,544,156		8,390,896	13,102,477	13,357,883	8,447	
16. Iowa	IA	Yes	2,012,125	2,016,818		815,719	1,614,065	2,690,992	1,664	
17. Kansas	KS	Yes	6,175,276	5,403,713		2,936,773	3,718,386	5,236,304	1,649	
18. Kentucky	KY	Yes	33,465,565	31,372,206		12,897,254	24,394,249	31,867,501	5,031	
19. Louisiana	LA	Yes	12,989,453	11,456,365		4,186,433	4,175,266	10,923,083	22,797	
20. Maine	ME	Yes	736,721	694,474		3,371	557,437	762,302	1,103	
21. Maryland	MD	Yes	28,686,438	25,718,997	10,640	9,865,634	20,393,290	24,827,314	16,280	
22. Massachusetts	MA	Yes	16,170,895	13,071,652	32,889	810,138	8,454,976	10,349,766	14,771	
23. Michigan	MI	Yes	14,520,741	14,127,056	1,697	4,332,125	10,466,942	14,907,055	30,668	
24. Minnesota	MN	Yes	5,594,302	4,915,192		1,013,289	4,234,775	6,424,373	3,092	
25. Mississippi	MS	Yes	4,573,039	3,664,547		831,093	2,375,392	3,612,459	10,046	
26. Missouri	MO	Yes	17,143,635	15,166,641		5,762,520	10,580,119	16,884,221	15,753	
27. Montana	MT	Yes	336,070	235,706		471,235	(104,169)	214,069	490	
28. Nebraska	NE	Yes	3,748,390	3,132,871		941,406	3,004,754	3,631,642	1,527	
29. Nevada	NV	Yes	666,586	524,257		24,726	346,004	394,029	8,923	
30. New Hampshire	NH	Yes	1,540,242	1,177,538		16,867	867,995	1,049,338	3,063	
31. New Jersey	NJ	Yes	70,488,636	63,362,580		31,415,487	65,702,398	110,731,988	57,385	
32. New Mexico	NM	Yes	5,077,965	4,190,938		1,518,593	4,701,531	5,154,005	2,633	
33. New York	NY	Yes	45,025,332	36,461,473		1,019,517	31,239,651	39,492,114	40,182	
34. North Carolina	NC	Yes	44,867,274	41,875,305	7,749	14,124,541	23,393,016	28,385,722	15,437	
35. North Dakota	ND	Yes	1,136,457	1,041,815		74,273	585,880	1,219,221	320	
36. Ohio	OH	Yes	36,288,694	35,821,037		9,972,684	25,597,921	31,152,521	12,295	
37. Oklahoma	OK	Yes	22,408,493	20,303,497		8,612,354	10,331,194	13,096,653	9,698	
38. Oregon	OR	Yes	6,900,140	5,493,579		732,278	2,003,724	3,046,551	4,458	
39. Pennsylvania	PA	Yes	37,398,449	33,394,079		10,492,405	20,352,967	53,827,238	30,354	
40. Rhode Island	RI	Yes	1,238,950	1,237,943		20,704	879,790	1,111,073	590	
41. South Carolina	SC	Yes	13,584,809	11,899,291		5,015,295	8,741,692	11,163,894	6,411	
42. South Dakota	SD	Yes	627,263	534,451		109,233	304,127	456,502	670	
43. Tennessee	TN	Yes	15,098,707	13,702,220		3,485,941	8,966,160	14,295,320	10,130	
44. Texas	TX	Yes	35,873,478	30,124,665		11,434,712	17,006,778	25,490,617	48,034	
45. Utah	UT	Yes	6,623,852	5,737,080		1,758,064	2,473,341	2,608,646	7,211	
46. Vermont	VT	Yes	134,814	123,314		71,060	103,827			
47. Virginia	VA	Yes	13,531,080	11,680,332	14,731	2,129,988	8,123,563	11,809,459	16,898	
48. Washington	WA	Yes	24,232,357	18,968,612		3,535,516	11,271,035	15,052,151	12,839	
49. West Virginia	WV	Yes	698,325	664,717		80,394	302,920	370,408	765	
50. Wisconsin	WI	Yes	5,776,707	5,254,188		2,704,183	3,594,491	5,435,345	2,560	
51. Wyoming	WY	Yes	3,303,007	2,799,624		567,394	1,000,333	969,814	250	
52. American Samoa	AS	No								
53. Guam	GU	No								
54. Puerto Rico	PR	No								
55. U.S. Virgin Islands	VI	No								
56. Canada	CN	No								
57. Aggregate other alien	OT	XXX								
58. Totals	(a)	50	692,474,132	617,518,345	96,035	198,777,306	436,603,695	660,624,322	6,411	660,837
DETAILS OF WRITE-INS										
5701.		XXX								
5702.		XXX								
5703.		XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page		XXX								
5799. Totals (Line 5701 through Line 5703 plus Line 5798) (Line 57 above)		XXX								

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

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