



# ANNUAL STATEMENT

For the Year Ended December 31, 2002  
of the Condition and Affairs of the

## SAFE AUTO INSURANCE COMPANY

NAIC Group Code..... , (Current Period) (Prior Period) NAIC Company Code..... 25405 Employer's ID Number..... 31-1379882

Organized under the Laws of OHIO State of Domicile or Port of Entry OHIO

Country of Domicile US

Incorporated..... May 28, 1993

Commenced Business..... August 25, 1993

Statutory Home Office	3883 East Broad Street ..... Columbus ..... OH ..... 43213 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	3883 East Broad Street ..... Columbus ..... OH ..... 43213 <i>(Street and Number) (City or Town, State and Zip Code)</i>	614-231-0200 <i>(Area Code) (Telephone Number)</i>
Mail Address	3883 East Broad Street ..... Columbus ..... OH ..... 43213 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	3883 East Broad Street ..... Columbus ..... OH ..... 43213 <i>(Street and Number) (City or Town, State and Zip Code)</i>	614-231-0200 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	www.safeauto.com	
Statement Contact	Melinda S Fry <i>(Name)</i> Melinda@safeauto.com <i>(E-Mail Address)</i>	614-231-0200-7701 <i>(Area Code) (Telephone Number) (Extension)</i> 614-235-3800 <i>(Fax Number)</i>
Policyowner Relations Contact	..... <i>(Street and Number) (City or Town, State and Zip Code)</i>	..... <i>(Area Code) (Telephone Number) (Extension)</i>

### OFFICERS

President ..... Jon P Diamond Treasurer ..... Melinda S Fry Secretary ..... April D Miller

### VICE PRESIDENTS

Thomas Boyd	Jack H Coolidge	Todd E Friedman	Melinda S Fry
April D Miller	Pamela Pond #	Mary M Puskus	Gregory A Sutton #
Jon L Trickey	Kristin Watkins #		

### DIRECTORS OR TRUSTEES

Charles Bryan #	Peter Cohen #	Ari Deshe	Jon P Diamond
Oded Gur-Arie #	Ralph A Kaparos	Thomas Ketteler	Jay Schottenstein
James Schultz #			

State of..... Franklin  
County of..... Ohio

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.

_____ (Signature) Jon P Diamond (Printed Name) President	_____ (Signature) April D Miller (Printed Name) Secretary	_____ (Signature) Melinda S Fry (Printed Name) Treasurer
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Subscribed and sworn to before me this

.....day of ....., 2003

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

## ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds.....	50,504,239		50,504,239	27,027,280
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	1,052,448		1,052,448	1,000,000
2.2 Common stocks (Schedule D, Part 2, Section 2).....	5,034,210		5,034,210	6,826,385
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	948,384		948,384	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....10,258,834 Schedule E, Part 1) and short-term investments (\$.....7,055,489 Schedule DA, Part 2).....	17,314,323		17,314,323	22,046,013
6. Other invested assets (Schedule BA).....			.0	1,358,253
7. Receivable for securities.....			.0	
8. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	74,853,604	.0	74,853,604	58,257,931
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	6,937,626		6,937,626	4,485,480
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	26,997,314		26,997,314	17,799,248
10.3 Accrued retrospective premiums.....			.0	
11. Funds held by or deposited with reinsured companies.....			.0	
12. Bills receivable, taken for premiums.....			.0	
13. Amounts receivable under high deductible policies.....			.0	
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8).....	3,403,962		3,403,962	1,108,166
15. Federal and foreign income tax recoverable and interest thereon (including \$.....3,629,643 net deferred tax asset).....	3,629,643		3,629,643	2,332,818
16. Guaranty funds receivable or on deposit.....			.0	
17. Electronic data processing equipment and software.....	379,446		379,446	545,851
18. Interest, dividends and real estate income due and accrued.....	542,116		542,116	350,507
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			.0	
20. Receivable from parent, subsidiaries and affiliates.....	133,453		133,453	3,000,000
21. Amount due from/to protected cells.....			.0	
22. Equities and deposits in pools and associations.....			.0	
23. Amounts receivable relating to uninsured accident and health plans.....			.0	
24. Other assets nonadmitted (Exhibit 1).....	196,183	196,183	.0	
25. Aggregate write-ins for other than invested assets.....	109,437	.0	109,437	.0
26. Total assets excluding protected cell assets (Lines 9 through 25).....	117,182,784	196,183	116,986,601	87,880,001
27. Protected cell assets.....			.0	
28. TOTALS (Lines 26 and 27).....	117,182,784	196,183	116,986,601	87,880,001

### DETAILS OF WRITE-INS

0801. ....			.0	
0802. ....			.0	
0803. ....			.0	
0898. Summary of remaining write-ins for Line 8 from overflow page.....	.0	.0	.0	.0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	.0	.0	.0	.0
2501. Foreign Tax Withheld.....	717		717	
2502. COLI.....	108,720		108,720	
2503. ....			.0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	109,437	.0	109,437	.0

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	34,323,494	22,906,539
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	6,146,281	5,012,358
4. Commissions payable, contingent commissions and other similar charges.....	(3,596,949)	(694,527)
5. Other expenses (excluding taxes, licenses and fees).....	3,334,602	3,368,484
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	2,773,656	1,400,815
7. Federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) (including \$.....0 net deferred tax liability).....	722,298	1,191,298
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....10,142,088 and including warranty reserves of \$.....0).....	30,426,265	18,031,745
10. Advance premiums.....		
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	5,606,791	9,501,512
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....		
19. Payable to parent, subsidiaries and affiliates.....	101,190	1,358,253
20. Payable for securities.....		
21. Liability for amounts held under uninsured accident and health plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	79,837,628	62,076,477
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	79,837,628	62,076,477
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	1,500,000	1,500,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	7,900,000	7,900,000
33. Unassigned funds (surplus).....	27,748,972	16,403,524
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38).....	37,148,972	25,803,524
36. TOTALS (Page 2, Line 28, Col. 3).....	116,986,600	87,880,001

### DETAILS OF WRITE-INS

2301. ....		
2302. ....		
2303. ....		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	0	0
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

## UNDERWRITING AND INVESTMENT EXHIBIT

	1 Current Year	2 Prior Year
<b>STATEMENT OF INCOME</b>		
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 34, Column 4).....	92,904,496	64,734,302
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	57,801,339	35,726,958
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	9,512,506	6,398,019
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	17,650,333	17,406,701
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	84,964,178	59,531,678
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	7,940,318	5,202,624
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	2,289,749	1,756,486
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	(1,085,286)	(1,435,517)
11. Net investment gain (loss) (Lines 9 + 10).....	1,204,463	320,969
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....1,921,488).....	(1,921,488)	(1,244,278)
13. Finance and service charges not included in premiums.....	11,205,012	3,851,516
14. Aggregate write-ins for miscellaneous income.....	822	0
15. Total other income (Lines 12 through 14).....	9,284,346	2,607,238
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	18,429,127	8,130,832
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	18,429,127	8,130,832
19. Federal and foreign income taxes incurred.....	8,221,258	3,529,926
20. Net income (Line 18 minus Line 19) (to Line 22).....	10,207,869	4,600,906
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	25,803,524	16,717,588
<b>GAINS AND (LOSSES) IN SURPLUS</b>		
22. Net income (from Line 20).....	10,207,869	4,600,906
23. Net unrealized capital gains or (losses).....	(729,587)	(413,632)
24. Change in net unrealized foreign exchange capital gains (loss).....		
25. Change in net deferred income tax.....	1,516,324	781,243
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	91,160	283,360
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
28. Change in surplus notes.....		
29. Surplus (contributed to) withdrawn from protected cells.....		
30. Cumulative effect of changes in accounting principles.....		999,771
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.....		3,005,000
32.2 Transferred to capital (Stock Dividend).....		
32.3. Transferred from capital.....		
33. Net remittances from or (to) Home Office.....		
34. Dividends to stockholders.....		
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.....	259,682	(170,712)
37. Change in surplus as regards policyholders for the year (Lines 22 through 36).....	11,345,448	9,085,936
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	37,148,972	25,803,524

### DETAILS OF WRITE-INS

0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous Income.....	822	
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	822	0
3601. Prior Period Adjustment to correct ST Accrued Inv. Income on Bonds at 12/31/00.....		(170,712)
3602. Monroe Building Expensed in 2001.....	259,682	
3603. ....		
3698. Summary of remaining write-ins for Line 36 from overflow page.....	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above).....	259,682	(170,712)

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	89,754,083	68,866,043
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	57,058,763	35,688,577
3. Underwriting expenses paid.....	19,213,796	16,391,181
4. Other underwriting income (expenses).....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	13,481,524	16,786,285
6. Net investment income.....	2,321,720	1,592,955
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(1,921,488)	(1,244,278)
7.2 Net funds held under reinsurance treaties.....		
7.3 Net amount withheld or retained for account of others.....		
7.4 Aggregate write-ins for miscellaneous items.....	11,205,897	3,851,516
7.5 Total other income (Lines 7.1 to 7.4).....	9,284,409	2,607,238
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....	(8,470,759)	(2,930,000)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	16,616,894	18,056,479
<b>CASH FROM INVESTMENTS</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	7,737,581	4,357,881
11.2 Stocks.....	84,199	834,148
11.3 Mortgage loans.....		
11.4 Real estate.....		
11.5 Other invested assets.....	1,358,253	
11.6 Net gains or (losses) on cash and short-term investments.....	28	10,819
11.7 Miscellaneous proceeds.....		
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	9,180,061	5,202,848
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	31,429,011	10,875,476
12.2 Stocks.....	144,226	3,145,792
12.3 Mortgage loans.....		
12.4 Real estate.....	713,020	
12.5 Other invested assets.....		(10,000)
12.6 Miscellaneous applications.....		
12.7 Total investments acquired (Lines 12.1 to 12.6).....	32,286,257	14,011,268
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(23,106,196)	(8,808,420)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....		3,005,000
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....	2,866,547	1,336,021
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	257,565	138,098
14.6 Total (Lines 14.1 to 14.5).....	3,124,112	4,479,119
15. Cash applied:		
15.1 Dividends to stockholders paid.....		
15.2 Net transfers to affiliates.....	1,257,063	2,982,903
15.3 Borrowed funds repaid.....		
15.4 Other applications.....	109,437	170,228
15.5 Total (Lines 15.1 to 15.4).....	1,366,500	3,153,131
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	1,757,612	1,325,988
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	(4,731,689)	10,574,047
18. Cash and short-term investments:		
18.1 Beginning of year.....	22,046,013	11,471,966
18.2 End of year (Line 17 plus Line 18.1).....	17,314,323	22,046,013

**DETAILS OF WRITE-INS**

7.401 Other Income.....	11,205,012	3,851,516
7.402 Miscellaneous Income.....	885	
7.403 .....		
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	0	0
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	11,205,897	3,851,516

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 2	Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				0
2. Allied lines.....				0
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....				0
5. Commercial multiple peril.....				0
6. Mortgage guaranty.....				0
8. Ocean marine.....				0
9. Inland marine.....				0
10. Financial guaranty.....				0
11.1 Medical malpractice - occurrence.....				0
11.2 Medical malpractice - claims-made.....				0
12. Earthquake.....				0
13. Group accident and health.....				0
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....				0
17.1 Other liability - occurrence.....				0
17.2 Other liability - claims-made.....				0
18.1 Products liability - occurrence.....				0
18.2 Products liability - claims-made.....				0
19.1, 19.2 Private passenger auto liability.....	72,688,253	12,665,030	21,034,098	64,319,185
19.3, 19.4 Commercial auto liability.....				0
21. Auto physical damage.....	32,610,763	5,366,715	9,392,167	28,585,311
22. Aircraft (all perils).....				0
23. Fidelity.....				0
24. Surety.....				0
26. Burglary and theft.....				0
27. Boiler and machinery.....				0
28. Credit.....				0
29. International.....				0
30. Reinsurance - nonproportional assumed property.....				0
31. Reinsurance - nonproportional assumed liability.....				0
32. Reinsurance - nonproportional assumed financial lines.....				0
33. Aggregate write-ins for other lines of business.....	0	0	0	0
34. TOTALS.....	105,299,016	18,031,745	30,426,265	92,904,496

#### DETAILS OF WRITE-INS

3301. ....				0
3302. ....				0
3303. ....				0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

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

	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
Line of Business					
1. Fire.....					.0
2. Allied lines.....					.0
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....					.0
5. Commercial multiple peril.....					.0
6. Mortgage guaranty.....					.0
8. Ocean marine.....					.0
9. Inland marine.....					.0
10. Financial guaranty.....					.0
11.1 Medical malpractice - occurrence.....					.0
11.2 Medical malpractice - claims-made.....					.0
12. Earthquake.....					.0
13. Group accident and health.....					.0
14. Credit accident and health (group and individual).....					.0
15. Other accident and health.....					.0
16. Workers' compensation.....					.0
17.1 Other liability - occurrence.....					.0
17.2 Other liability - claims-made.....					.0
18.1 Products liability - occurrence.....					.0
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....	21,034,098				21,034,098
19.3, 19.4 Commercial auto liability.....					.0
21. Auto physical damage.....	9,392,167				9,392,167
22. Aircraft (all perils).....					.0
23. Fidelity.....					.0
24. Surety.....					.0
26. Burglary and theft.....					.0
27. Boiler and machinery.....					.0
28. Credit.....					.0
29. International.....					.0
30. Reinsurance - nonproportional assumed property.....					.0
31. Reinsurance - nonproportional assumed liability.....					.0
32. Reinsurance - nonproportional assumed financial lines.....					.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
34. TOTALS.....	30,426,265	.0	.0	.0	30,426,265
35. Accrued retrospective premiums based on experience.....					
36. Earned but unbilled premiums.....					
37. Balance (sum of Lines 34 through 36).....					30,426,265

#### DETAILS OF WRITE-INS

3301. ....					.0
3302. ....					.0
3303. ....					.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	.0	.0	.0	.0	.0
3399. TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	.0	.0	.0

- (a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [ X ] No [ ].  
 (b) State here basis of computation used in each case:

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....						.0
11.1 Medical malpractice - occurrence.....						.0
11.2 Medical malpractice - claims-made.....						.0
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....	100,055,785				27,367,532	72,688,253
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....	44,888,896				12,278,133	32,610,763
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Reinsurance - nonproportional assumed property.....	XXX					.0
31. Reinsurance - nonproportional assumed liability.....	XXX					.0
32. Reinsurance - nonproportional assumed financial lines.....	XXX					.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
34. TOTALS.....	144,944,681	.0	.0	.0	39,645,665	105,299,016

#### DETAILS OF WRITE-INS

3301. ....						.0
3302. ....						.0
3303. ....						.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	.0	.0	.0	.0	.0	.0
3399. TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	.0	.0	.0	.0

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

If yes: 1. The amount of such installment premiums \$.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0			.0	
2. Allied lines.....				0			.0	
3. Farmowners multiple peril.....				0			.0	
4. Homeowners multiple peril.....				0			.0	
5. Commercial multiple peril.....				0			.0	
6. Mortgage guaranty.....				0			.0	
8. Ocean marine.....				0			.0	
9. Inland marine.....				0			.0	
10. Financial guaranty.....				0			.0	
11.1 Medical malpractice - occurrence.....				0			.0	
11.2 Medical malpractice - claims-made.....				0			.0	
12. Earthquake.....				0			.0	
13. Group accident and health.....				0			.0	
14. Credit accident and health (group and individual).....				0			.0	
15. Other accident and health.....				0			.0	
16. Workers' compensation.....				0			.0	
17.1 Other liability - occurrence.....				0			.0	
17.2 Other liability - claims-made.....				0			.0	
18.1 Products liability - occurrence.....				0			.0	
18.2 Products liability - claims-made.....				0			.0	
19.1, 19.2 Private passenger auto liability.....	34,619,319		6,557,869	28,061,450	29,438,593	19,967,375	37,532,668	58.4
19.3, 19.4 Commercial auto liability.....				0			.0	
21. Auto physical damage.....	23,476,672		5,153,738	18,322,934	4,884,901	2,939,164	20,268,671	70.9
22. Aircraft (all perils).....				0			.0	
23. Fidelity.....				0			.0	
24. Surety.....				0			.0	
26. Burglary and theft.....				0			.0	
27. Boiler and machinery.....				0			.0	
28. Credit.....				0			.0	
29. International.....				0			.0	
30. Reinsurance - nonproportional assumed property.....	XXX			0			.0	
31. Reinsurance - nonproportional assumed liability.....	XXX			0			.0	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0			.0	
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	.0	
34. TOTALS.....	58,095,991	0	11,711,607	46,384,384	34,323,494	22,906,539	57,801,339	62.2

#### DETAILS OF WRITE-INS

3301. ....				0			.0	
3302. ....				0			.0	
3303. ....				0			.0	
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	.0	
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0	.0	

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....				0				0	
10. Financial guaranty.....				0				0	
11.1 Medical malpractice - occurrence.....				0				0	
11.2 Medical malpractice - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....				0				0	
17.2 Other liability - claims-made.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	25,471,102		5,584,389	19,886,713	10,809,782		1,257,902	29,438,593	5,381,137
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....	5,211,997		870,568	4,341,429	739,570		196,098	4,884,901	765,144
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
31. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
34. TOTALS.....	30,683,099	0	6,454,957	24,228,142	11,549,352	0	1,454,000	34,323,494	6,146,281

**DETAILS OF WRITE-INS**

3301. ....				0				0	
3302. ....				0				0	
3303. ....				0				0	
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0	0	0	0

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

**UNDERWRITING AND INVESTMENT EXHIBIT****PART 3 - EXPENSES**

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	4,978,005			4,978,005
1.2 Reinsurance assumed.....				.0
1.3 Reinsurance ceded.....				.0
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	4,978,005	.0	.0	4,978,005
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		11,315,847		11,315,847
2.2 Reinsurance assumed excluding contingent.....				.0
2.3 Reinsurance ceded excluding contingent.....		9,902,758		9,902,758
2.4 Contingent - direct.....				.0
2.5 Contingent - reinsurance assumed.....				.0
2.6 Contingent - reinsurance ceded.....		11,620,494		11,620,494
2.7 Policy and membership fees.....				.0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	.0	(10,207,405)	.0	(10,207,405)
3. Allowances to managers and agents.....				.0
4. Advertising.....		348,952		348,952
5. Boards, bureaus and associations.....		20,893		20,893
6. Surveys and underwriting reports.....		3,224		3,224
7. Audit of assureds' records.....				.0
8. Salary and related items:				
8.1 Salaries.....	2,475,021	13,020,994		15,496,015
8.2 Payroll taxes.....	186,815	1,023,741		1,210,556
9. Employee relations and welfare.....	80,553	244,771		325,324
10. Insurance.....	234,515	692,447		926,962
11. Directors' fees.....	6,775	20,005		26,780
12. Travel and travel items.....	4,924	39,327		44,251
13. Rent and rent items.....	172,597	646,035		818,632
14. Equipment.....	3,417	10,088		13,505
15. Cost or depreciation of EDP equipment and software.....	131,488	388,242		519,730
16. Printing and stationery.....	67,261	225,620		292,881
17. Postage, telephone and telegraph, exchange and express.....	794,594	2,347,702		3,142,296
18. Legal and auditing.....	57,023	168,373		225,396
19. Totals (Lines 3 to 18).....	4,214,983	19,200,414	.0	23,415,397
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....		3,771,312		3,771,312
20.2. Insurance department licenses and fees.....	29,996	167,476		197,472
20.3. Gross guaranty association assessments.....		56,858		56,858
20.4. All other (excluding federal and foreign income and real estate).....				.0
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	29,996	3,995,646	.0	4,025,642
21. Real estate expenses.....				.0
22. Real estate taxes.....				.0
23. Reimbursements by uninsured accident and health plans.....				.0
24. Aggregate write-ins for miscellaneous expenses.....	289,522	4,661,678	79,652	5,030,852
25. Total expenses incurred.....	9,512,506	17,650,333	79,652	(a).....27,242,491
26. Less unpaid expenses - current year.....	6,146,281	2,511,308		8,657,589
27. Add unpaid expenses - prior year.....	5,012,358	4,074,772		9,087,130
28. Amounts receivable relating to uninsured accident and health plans, prior year.....				.0
29. Amounts receivable relating to uninsured accident and health plans, current year.....				.0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	8,378,583	19,213,797	79,652	27,672,032

**DETAILS OF WRITE-INS**

2401. Miscellaneous Expenses.....	289,522	4,661,678	79,652	5,030,852
2402. ....				.0
2403. ....				.0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	.0	.0	.0	.0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	289,522	4,661,678	79,652	5,030,852

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

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....414,713	.....417,460
1.1 Bonds exempt from U.S. tax.....	(a).....418,220	.....459,512
1.2 Other bonds (unaffiliated).....	(a).....927,411	.....1,069,284
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....14,452	.....14,652
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....68,230	.....77,295
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....83,330	.....83,330
5. Contract loans.....	.....	.....
6. Cash/short-term investments.....	(e).....270,829	.....272,186
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....2,197,185	.....2,393,719
11. Investment expenses.....	.....	(g).....79,652
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....24,318
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....103,970
17. Net investment income (Line 10 minus Line 16).....	.....	.....2,289,749

### DETAILS OF WRITE-INS

0901. ....		
0902. ....		
0903. ....		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0
1501. ....		
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		0

- (a) Includes \$....40,207 accrual of discount less \$....239,469 amortization of premium and less \$....214,744 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$....83,330 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$....24,318 depreciation on real estate and \$.....0 depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. government bonds.....	7,303				7,303
1.1 Bonds exempt from U.S. tax.....	269				269
1.2 Other bonds (unaffiliated).....	(22,776)				(22,776)
1.3 Bonds of affiliates.....					0
2.1 Preferred stocks (unaffiliated).....					0
2.11 Preferred stocks of affiliates.....					0
2.2 Common stocks (unaffiliated).....	(32)	(1,190,630)			(1,190,662)
2.21 Common stocks of affiliates.....					0
3. Mortgage loans.....					0
4. Real estate.....		120,552			120,552
5. Contract loans.....					0
6. Cash/short-term investments.....	28				28
7. Derivative instruments.....					0
8. Other invested assets.....					0
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	(15,208)	(1,070,078)	0	0	(1,085,286)

### DETAILS OF WRITE-INS

0901. ....					0
0902. ....					0
0903. ....					0
0998. Summary of remaining write-ins for Line 9 from overflow page..	0	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	0	0	0	0	0

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

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2.....			.0
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....			.0
2.2 Furniture, equipment and supplies.....	196,183	287,343	91,160
2.3 Leasehold improvements.....			.0
2.4 Loans on personal security, endorsed or not.....			.0
3. Total (Lines 2.1 to 2.4).....	196,183	287,343	91,160
4. Aggregate write-ins for other assets.....	.0	.0	.0
5. Total (Line 1 plus Lines 3 and 4).....	196,183	287,343	91,160

### DETAILS OF WRITE-INS

0401. ....			.0
0402. ....			.0
0403. ....			.0
0498. Summary of remaining write-ins for Line 4 from overflow page.....	.0	.0	.0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above).....	.0	.0	.0

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## NOTES TO FINANCIAL STATEMENTS

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Accounting Practices**

1. The financial statements of Safe Auto Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Insurance Department of the State of Ohio. The Insurance Department of the State of Ohio 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 the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, version effective January 1, 2002, (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**

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

**C. Accounting Policies**

1. Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as advertising and sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Net investment income earned consists primarily of interest, dividends and rent income less investment related expense. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Rent income includes an imputed rent for the Company's occupancy of its own building. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Realized capital losses include writedowns for impairments considered to be other than temporary.

2. In addition, the company uses the following accounting policies:

- A. Short-term investments are stated at amortized cost.
- B. Bonds not backed by other loans are stated at amortized cost using the interest method.
- C. Unaffiliated Common Stocks are carried at market.
- D. Preferred stocks are carried at cost.
- E. 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.
- F. The Company owns no subsidiaries.
- G. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- H. Prior to 2002, the Company offset the expenses incurred to generate finance and service charge income on line 11 of page 4 to ensure proper match of billing related income with the related expense. This difference does not impact net income or statutory surplus.
- I. Salvage and subrogation are recognized when received, rather than when earned.

**2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS****A. Accounting Changes Other than Codification and Correction of Errors**

1. None

**B. Accounting Changes as a Result of Codification**

1. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio requires that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual - Version effective January 1, 2002 subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.
2. Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual - Version effective January 1, 2002 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased unassigned funds (surplus), of \$1.0 million as of January 1, 2001. Included in this total adjustment is an increase in unassigned funds of approximately \$1.3 million related to deferred tax assets along with other miscellaneous decreases of \$300,000.

**3. BUSINESS COMBINATIONS AND GOODWILL**

- A. None

**4. DISCONTINUED OPERATIONS**

- A. None

**5. INVESTMENTS****A. Mortgage Loans**

1. None

**B. Troubled Debt Restructuring for Creditors**

**NOTES TO FINANCIAL STATEMENTS**

1. None
- C. Reverse Mortgages
1. None
- D. Loan Backed Securities
1. The Company does not own any securities purchased prior to January 1, 1994.
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. The Company used the Securities Valuation Office in determining the market value of its loan-backed securities.
4. The company had no negative yield situations requiring a change from the retrospective to prospective method.
- E. Repurchase Agreements
1. None
6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES
- A. None
7. INVESTMENT INCOME
- A. Accrued Investment Income
1. All investment income due and accrued with amounts that are over 90 days past due are excluded from surplus.
- B. Amounts Nonadmitted
1. None
8. DERIVATIVE INSTRUMENTS
- A. None
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)      | \$ 5,107,168 | \$ 2,631,433 |
| 2. Total of all deferred tax liabilities                            | \$ 585,818   | \$ 219,499   |
| 3. Total deferred tax assets nonadmitted in accordance with SSAP 10 | \$ 891,707   | \$ 298,615   |
| 4. Increase (decrease) in deferred tax assets nonadmitted           | \$ 593,092   | \$ 298,615   |
- B. Deferred tax liabilities are not recognized for the following amounts:
1. Not applicable
- C. The components of incurred income tax expense and the change in DTA's and DTL's are as follows:
- |  | 2002         | 2001         |
|--|--------------|--------------|
| 1. Current income tax expense (benefit)                                      | \$ 8,221,258 | \$ 3,529,926 |
| 2. Change in deferred tax assets   | \$ 2,475,735 | \$ 781,575   |
| 3. Change in deferred tax liabilities  | \$ 366,319   | \$ 62,456    |
| 4. Net change in deferred taxes  | \$ 2,109,416 | \$ 719,119   |
| 5. Deferred income taxes include a benefit of \$0 from net operating losses. |              |              |
- D. The Company's income tax expense and change in DTA/DTL differs from the amount obtained by applying the federal statutory rate of 35% for 2002 and 34% for 2001 to Earnings Before Income Tax for the following reasons:
- |  | 2002         | 2001         |
|--|--------------|--------------|
| 1. Expected federal income tax expense | \$ 6,345,194 | \$ 2,742,254 |
| A. Tax exempt income                   | (181,458)    | (144,156)    |
| B. 20% of unearned premium             | 694,093      | 262,570      |
| C. Loss reserve discounting            | 384,675      | 215,185      |
| D. Salvage and subrogation             | 21,000       | 60,167       |
| E. Accrued market discount on bonds    | (14,072)     | (29,589)     |
| F. Depreciation                        | (26,355)     | (47,121)     |
| G. Accrued Taxes                       | 480,494      | 300,639      |
| H. Other Amounts                       | 517,687      | 169,977      |
| I. Total incurred income tax expense   | \$ 8,221,258 | \$ 3,529,926 |
2. As of December 31, 2002, the Company had \$1,276,105 and \$15,176 of capital loss carryforward generated in 2001 and 2002 respectively. These capital loss carryforwards, if unused, will expire beginning in 2006 and 2007 respectively.
3. 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 (current year) | \$8,272,297 |
| 2003                | \$3,735,942 |
| 2004                | \$1,625,892 |
- E. The Company's federal income tax return is consolidated with the following entities:
1. Safe Auto Group, Inc., Safe Auto Services, Inc. and Safe Auto Group Agency, Inc.
- F. The company files a consolidated federal income tax return with its parent, Safe Auto Group, Inc. The Company has a tax sharing agreement with its parent whereby federal income tax expense is determined as if the Company filed a separate federal income tax return and payments for this liability are made to the parent.
10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES
- A. Nature of Relationships

**NOTES TO FINANCIAL STATEMENTS**

1. The Company is a wholly owned subsidiary of Safe Auto Group, Inc. (Parent), a privately held company incorporated in Ohio.
- B. Detail of Transactions Greater than 1/2% of Admitted Assets
1. The Company received two capital contributions totaling \$3,005,000 capital contribution from Parent during 2001.
  2. SAGI Realty Ltd. (SAGI) owns Safe Auto Insurance Company's headquarters building. Rent totaled \$641,668 and \$ 599,529 in 2002 and 2001, respectively.
  3. Safe Auto Group Agency negotiates, manages and purchases all the advertising for Safe Auto Insurance Company and is reimbursed 100% by Safe Auto Insurance Company.
  4. SAGI Realty, Inc. negotiates, managers and purchases a large portion of the micro computer needs for Safe Auto Insurance Company and is reimbursed 100% by Safe Auto Insurance Company. These Intercompany asset transfers totaled \$412,752 in 2002.
  5. No other transactions exceeding the 1/2 % limit occurred in 2002 or 2001.
- C. Change in Terms of Intercompany Arrangements
1. None
- D. Amounts Due to or From Related Parties
1. At December 31, 2001, the Company reported \$1,358,253 as amounts due to SAGI Realty of Florida. The terms of the settlement require that these amounts are settled within one year. SAGI Realty of Florida settled this Intercompany balance and was dissolved in 2002.
  2. At December 31, 2001, the Company reported a note receivable from Parent of \$3,000,000 representing the second capital contribution mentioned previously. On February 22, 2002, the Company received cash to replace the note. This capital contribution and the method of contribution was reviewed and approved by the Ohio Department of Insurance.
- E. Guarantees or Contingencies for Related Parties
1. None
- F. Management, Service Contracts, Cost Sharing Arrangements
1. None
- G. Nature of Relationships that Could affect Operations
1. All outstanding shares of the Company are owned by Parent.
- H. Amount Deducted for Investment in Upstream Company
1. None
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets
1. None
- J. Write down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies
1. None
11. DEBT
- A. None
12. RETIREMENT PLANS, DEFERRED COMPENSATION, AND POSTEMPLOYMENT BENEFITS
- A. None
13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS
- A. Outstanding Shares
1. The Company has 750 shares of \$15,000 par value common stock authorized and 100 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.
- B. Dividend Rate of Preferred Stock
1. Not applicable
- C. Dividend Restrictions
1. Dividends on common stock are paid as declared by the Board of Directors of the Company. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by Ohio insurance law.
- D. Ordinary Dividends
1. Ohio law states that insurance company dividends are limited to the greater of prior year's (a) statutory net income, or (b) 10% of statutory surplus of the insurance company. Within these limitations, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. Restrictions on Surplus
1. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- F. Mutual Surplus Advances
1. Not applicable
- G. Company Stock Held for Special Purposes
1. None
- H. Changes in Special Surplus Funds
1. None
- I. Changes in Unassigned Funds
1. The portion of surplus represented (reduced) by each item below is as follows:
- |                              | Cumulative Incr<br>(Decr) in Surplus | Curr Year Incr<br>(Decr) in Surplus |
|------------------------------|--------------------------------------|-------------------------------------|
| unrealized gains and losses: | \$ (995,016)                         | \$ (729,623)                        |
| nonadmitted asset values:    | \$ (196,183)                         | \$ 91,160                           |
| provision for reinsurance:   | \$ 0                                 | \$ 0                                |
| total increase (decrease)    | \$(1,191,199)                        | \$ (638,463)                        |
- J. Surplus Notes
1. None
- K. & L. Quasi Reorganizations
1. None
14. CONTINGENCIES
- A. Contingent Commitments

**NOTES TO FINANCIAL STATEMENTS**

1. The company has no commitments or contingent commitments to affiliates or other entities.
- B. Guaranty Fund and Other Assessments
1. 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.
2. The Company determined there are no accruals needed at this time. This represents management's best estimate based on information received from the states in which the Company writes business and may change if different information is received from a state.
- C. Gain Contingencies
1. Not applicable.
- D. All Other contingencies
1. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, claims, 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. The Company leases office space and miscellaneous equipment under several noncancelable operating lease agreements that expire at various times through October 2007. Rental expense for 2002 and 2001 was approximately \$694,147, and \$599,529, respectively.
- At January 1, 2003 the minimum aggregate rental commitments areas follows:
- | <u>Year Ending December 31</u> | <u>Operating Leases</u> |
|--------------------------------|-------------------------|
| 2003                           | \$ 872,012              |
| 2004                           | \$ 872,012              |
| 2005                           | \$ 872,012              |
| 2006                           | \$ 872,012              |
| 2007                           | \$ 610,268              |
| Thereafter                     | \$ 0                    |
| Aggregate                      | \$ 4,098,316            |
2. Certain rental commitments have renewal options extending through the year 2007. Some of these renewals are subject to adjustments in future periods. The company is not party to any leases involving contingent rental payments, renewal/purchase options, or escalation clauses.
3. The company is not involved in any sales - leaseback transactions.
- B. Lessor Leasing Arrangements
1. Not applicable
16. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS AND WITH CONCENTRATIONS OF CREDIT RISK
- A. Financial Instruments With Off-Balance Sheet Risk
1. Not applicable
- B. Financial Instruments With Concentrations of Credit Risk
1. Not applicable
17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES
- A. None
18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A&H PLANS AND THE UNINSURED PORTION OF THE PARTIALLY INSURED PLANS
- A. None
19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS
- A. None
20. OTHER ITEMS
- A. Extraordinary Items
1. Not applicable
- B. Troubled Debt Restructuring for Debtors
1. Not applicable
- C. Other Disclosures
1. Assets in the amount of \$1,520,000 and \$1,720,000 at December 31, 2002 and 2001, respectively, were on deposit with government authorities or trustees as required by law in the various states of operation.
- D. Uncollectible Premiums Receivable
1. At December 31, 2002 and 2001 the Company had admitted assets of \$33,934,940 and \$22,284,728, respectively in accounts receivable from policyholders. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.
- E. Reinsurance Accounted for as a Deposit
1. Not applicable
- F. Multiple Peril Crop Insurance
1. Not applicable
- G. Mezzanine Real Estate Loans

**NOTES TO FINANCIAL STATEMENTS**

1. Not applicable  
H. Health Care Receivables  
1. Not applicable  
I. September 11 Events  
1. Not applicable

## 21. EVENTS SUBSEQUENT

- A. There were no events occurring subsequent to December 31, 2002 meriting disclosure.

## 22. REINSURANCE

- A. Unsecured Reinsurance Recoverables

1. The Company has an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium exceeding 3% of the Company's policyholder surplus with General Reinsurance Corporation. The recoverable amount, net of ceded premiums due the reinsurer, was \$20,923,000 and \$3,213,000 at December 31, 2002 and 2001, respectively.

- B. Reinsurance Recoverables in Dispute

1. Not applicable

- C. Reinsurance Assumed and Ceded

1. The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2001.

	Assumed Reinsurance		Ceded Reinsurance		Net	
	(1)	(2)	(3)	(4)	(5)	(6)
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a. Affiliates	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
b. All Other	\$ 0	\$ 0	\$ 10,142,088	\$ 2,535,522	\$ (10,142,088)	\$ (2,535,522)
c. TOTAL	\$ 0	\$ 0	\$ 10,142,088	\$ 2,535,522	\$ (10,142,088)	\$ (2,535,522)
d. Direct Unearned Premium Reserve	\$ 40,568,351					

Line (c) of Column 5 plus Line (d) must equal Page 3, Line 9, Column 1.

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

	(1)	(2)	(3)	(4)
	Direct	Assumed	Ceded	Net
a. Contingent Commission	\$ 0	\$ 0	\$ 11,620,494	\$ (11,620,494)
b. Sliding Scale Adjustments	0	0	0	0
c. Other Profit Commission Arrangements	0	0	0	0
d. TOTAL	\$ 0	\$ 0	\$ 11,620,494	\$ (11,620,494)

- D. Uncollectible Reinsurance

1. None

- E. Commutation of Ceded Reinsurance

1. Not applicable

- F. Retroactive Reinsurance

1. None

## 23. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

- A. None

## 24. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

- A. Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased by \$534,000 from \$8.1 million in 2000 to \$8.7 million in 2001 as a result of reestimation of unpaid losses and loss adjustment expenses principally on the private passenger automobile line of insurance. This increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. The company's significant growth in 2001 was the primary reason for the majority of the increase. Since the business to which this development relates is not subject to premium adjustments, surplus was impacted by this development.

## 25. INTERCOMPANY POOLING ARRANGEMENTS

- A. None

## 26. STRUCTURED SETTLEMENTS

- A. None

## 27. HIGH DEDUCTIBLES

- A. None

## 28. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

- A. The Company does not discount liabilities for unpaid losses or unpaid loss adjustment expenses.

## 29. ASBESTOS/ENVIRONMENTAL RESERVES

- A. None

## 30. SUBSCRIBER SAVINGS ACCOUNTS

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## NOTES TO FINANCIAL STATEMENTS

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A. None

31. FINANCIAL GUARANTY INSURANCE EXPOSURES

A. None

**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.....	4,250,019	5.7	4,250,019	5.7
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	1,250,534	1.7	1,250,534	1.7
1.22 Issued by U.S. government sponsored agencies.....	3,266,610	4.4	3,266,610	4.4
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	200,000	0.3	200,000	0.3
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	1,404,341	1.9	1,404,341	1.9
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	3,529,181	4.7	3,529,181	4.7
1.43 Revenue and assessment obligations.....	9,476,384	12.7	9,476,384	12.7
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....		0.0		0.0
1.512 Issued by FNMA and FHLMC.....	3,970,430	5.3	3,970,430	5.3
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....	1,096,673	1.5	1,096,673	1.5
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....		0.0		0.0
1.523 All other privately issued.....	11,947,373	16.0	11,947,373	16.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	9,852,608	13.2	9,852,608	13.2
2.2 Unaffiliated foreign securities.....	260,088	0.3	260,088	0.3
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	618,450	0.8	618,450	0.8
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....	1,052,448	1.4	1,052,448	1.4
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	4,415,757	5.9	4,415,757	5.9
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....	948,384	1.3	948,384	1.3
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....		0.0		0.0
6. Policy loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash and short-term investments.....	17,314,323	23.1	17,314,323	23.1
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	74,853,603	100.0	74,853,603	100.0

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A

1.3 State regulating? Ohio Department of Insurance

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No

2.2 If yes, date of change: 05/23/2002  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2000

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1997

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/04/1999

3.4 By what department or departments? Ohio Department of Insurance

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes  No

4.12 renewals? Yes  No

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes  No

4.22 renewals? Yes  No

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes  No

6.2 If yes, give full information:  
\_\_\_\_\_

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes  No

7.2 If yes,  
7.21 State the percentage of foreign control. .....0.000 %

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

## GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young LLP  
1100 Huntington Center, Columbus, OH 43215
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Rector & Associates, Inc.  
172 East State Street, Suite 305, Columbus, OH 43215
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?  


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- 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 [ ]

### BOARD OF DIRECTORS

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

### FINANCIAL

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

## GENERAL INTERROGATORIES (continued)

### INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred.....	.....	.....	.....	.....	Yes [ ].....No [ ].....	Yes [ ].....No [ ].....
Common.....	.....750,000	.....100,000	.....15,000.00	.....XXX.....	.....XXX.....XXX.....	.....XXX.....XXX.....

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

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

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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 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	\$.....0
19.22 Subject to repurchase agreements	\$.....0
19.23 Subject to reverse repurchase agreements	\$.....0
19.24 Subject to dollar repurchase agreements	\$.....0
19.25 Subject to reverse dollar repurchase agreements	\$.....0
19.26 Pledged as collateral	\$.....360,000
19.27 Placed under option agreements	\$.....0
19.28 Letter stock or securities restricted as to sale	\$.....0
19.29 Other	\$.....0

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

19.31	_____
19.32	_____
19.33	_____
19.34	_____
19.35	_____
19.36	National City Bank as collateral for phone system under lease with National City.
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? Yes [ ]    No [ ]    N/A [ ]  
If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
U.S. Bank	425 Walnut Street, 6th Floor, Cincinnati, OH 45202
AmSouth Capital Markets	315 Deaderick Street, Nashville, TN 37237
Whitney National Bank	228 Saint Charles Avenue, New Orleans, LA 70130
Prudential Securities, Inc	One Seaport Plaza, New York, NY 10292
Merrill Lynch	65 East State Street, Suite 2600, Columbus, OH 43215
UBS PaineWebber Inc.	The Huntington Center, 33rd Floor, 41 South High Street, Columbus, OH 43215

## 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
Firstar Bank	U.S. Bank		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
105900	General Re/New England Asset Management	76 Batterson Park Road, Farmington, CT 06032
8174	UBS Paine Webber	41 S. High Street, Columbus, OH 43215
7691	Merrill Lynch	65 E. State Street, Columbus, OH 43215

### OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....66,790

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 Offices	43,669

24.1 Amount of payments for legal expenses, if any? \$.....88,545

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
Vorys, Sater, Seymour & Pease	43,281

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

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

1 Name	2 Amount Paid
Vorys, Sater, Seymour & Pease	10,000

## GENERAL INTERROGATORIES (continued)

### Part 2 - Property and Casualty Interrogatories

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ <input type="checkbox"/> ]		No [ <input checked="" type="checkbox"/> ]
1.2	If yes, indicate premium earned on U.S. business only.			\$.....0
1.3	What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?			\$.....0
1.31	Reason for excluding:			
<hr/>				
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.			\$.....0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.			\$.....0
1.6	Individual policies:			
	Most current three years:			
1.61	Total premium earned			\$.....0
1.62	Total incurred claims			\$.....0
1.63	Number of covered lives			.....0
	All years prior to most current three years:			
1.64	Total premium earned			\$.....0
1.65	Total incurred claims			\$.....0
1.66	Number of covered lives			.....0
1.7	Group policies:			
	Most current three years:			
1.71	Total premium earned			\$.....0
1.72	Total incurred claims			\$.....0
1.73	Number of covered lives			.....0
	All years prior to most current three years:			
1.74	Total premium earned			\$.....0
1.75	Total incurred claims			\$.....0
1.76	Number of covered lives			.....0
2.1	Does the reporting entity issue both participating and non-participating policies?			Yes [ <input type="checkbox"/> ]    No [ <input checked="" type="checkbox"/> ]
2.2	If yes, state the amount of calendar year premiums written on:			
2.21	Participating			\$.....0
2.22	Non-participating policies			\$.....0
3.	For Mutual Reporting Entities and Reciprocal Exchange only:			
3.1	Does the reporting entity issue assessable policies?			Yes [ <input type="checkbox"/> ]    No [ <input checked="" type="checkbox"/> ]
3.2	Does the reporting entity issue non-assessable policies?			Yes [ <input type="checkbox"/> ]    No [ <input checked="" type="checkbox"/> ]
3.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?			.....0.0 %
3.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.			\$.....0
4.	For Reciprocal Exchanges only:			
4.1	Does the exchange appoint local agents?			Yes [ <input type="checkbox"/> ]    No [ <input type="checkbox"/> ]
4.2	If yes, is the commission paid:			
4.21	Out of Attorney's-in-fact compensation	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	N/A [ <input type="checkbox"/> ]
4.22	As a direct expense of the exchange	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	N/A [ <input type="checkbox"/> ]
4.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?			
<hr/>				
4.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?			Yes [ <input type="checkbox"/> ]    No [ <input type="checkbox"/> ]
4.5	If yes, give full information:			
<hr/>				
5.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?			
	The Company does not issue Workers Compensation contracts.			
<hr/>				
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:			
	This exposure was examined in 1998 with the help of General Reinsurance Corporation. The findings were that there is minimal exposure.			
<hr/>				
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 property insurance loss?			
	No provision has been made due to the findings discussed in 5.2 above.			
<hr/>				
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 [ <input type="checkbox"/> ]    No [ <input checked="" type="checkbox"/> ]
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.			
	Because of the minimal exposure, no arrangements were deemed necessary.			
<hr/>				
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 reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?			Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]
6.2	If yes, indicate the number of reinsurance contracts containing such provisions.			.....1

## GENERAL INTERROGATORIES (continued)

### Part 2 - Property and Casualty Interrogatories (continued)

7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

7.2 If yes, give full information:

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8. If the reporting entity has assumed risks from another entity, there should be a charge on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [ ] No [ ] N/A [X]

9.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [ ] No [X]

9.2 If yes, give full information:

---

10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

10.11 Unpaid losses \$.....0

10.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0

10.2 Of the amount on Line 10.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$.....0

10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [ ] No [ ] 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 .....0.0 %

10.42 To .....0.0 %

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 a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [ ] No [X]

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

10.61 Letters of credit \$.....0

10.62 Collateral and other funds \$.....0

11.1 What amount of installment notes is owned and now held by the reporting entity? \$.....0

11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes [ ] No [X]

11.3 If yes, what amount? \$.....0

12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....342,500

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 this amount. .....1

13.1 Has the reporting entity guaranteed any financed premium accounts? Yes [ ] No [X]

13.2 If yes, give full information:

---

14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

14.11 Name of real estate holding company .....

14.12 Number of parcels involved .....0

14.13 Total book/adjusted carrying value \$.....0

14.2 If yes, provide explanation

---

15.1 Does the reporting entity write any warranty business? Yes [ ] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 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: .....

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**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
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	100,055,785	61,112,339	33,240,738	28,072,208	21,540,710
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	44,888,896	26,337,467	14,293,788	12,103,450	10,240,149
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
6. Total (Line 34).....	144,944,681	87,449,806	47,534,526	40,175,658	31,780,859
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	72,688,253	48,629,281	30,387,303	26,671,055	16,863,973
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	32,610,763	20,931,673	13,066,788	11,507,960	7,956,216
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
12. Total (Line 34).....	105,299,016	69,560,954	43,454,091	38,179,015	24,820,189
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	7,940,318	5,202,624	2,132,788	(530,876)	938,610
14. Net investment gain (loss) (Line 11).....	1,204,463	320,969	1,617,958	1,295,707	1,056,205
15. Total other income (Line 15).....	9,284,346	2,607,238	951,668	3,562,393	2,985,964
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	8,221,258	3,529,926	1,625,892	1,805,362	2,029,235
18. Net income (Line 20).....	10,207,869	4,600,906	3,076,522	2,521,862	2,951,544
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	116,986,601	87,880,001	53,887,158	46,441,724	35,956,958
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	6,937,626	4,485,480	11,614,381	8,617,093	8,357,963
20.2 Deferred and not yet due (Line 10.2).....	26,997,314	17,799,248			
20.3 Accrued retrospective premiums (Line 10.3).....					
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	79,837,628	62,076,477	37,169,570	32,431,807	24,052,579
22. Losses (Page 3, Lines 1 & 2).....	34,323,494	22,906,539	16,521,751	15,263,763	10,695,661
23. Loss adjustment expenses (Page 3, Line 3).....	6,146,281	5,012,358	3,998,314	4,141,978	3,166,768
24. Unearned premiums (Page 3, Line 9).....	30,426,265	18,031,745	13,205,093	9,628,809	8,166,079
25. Capital paid up (Page 3, Lines 28 & 29).....	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26. Surplus as regards policyholders (Page 3, Line 35).....	37,148,972	25,803,524	16,717,588	14,009,917	11,904,376
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital.....	37,148,972	25,803,524	16,717,588	14,009,917	11,904,376
28. Authorized control level risk-based capital.....	6,013,904	8,289,386	5,576,293	7,253,888	3,737,450
<b>Percentage Distribution of Cash and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1).....	67.5	46.4	50.8	51.9	72.0
30. Stocks (Lines 2.1 & 2.2).....	8.1	13.4	18.6	13.5	7.3
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
32. Real estate (Lines 4.1, 4.2 & 4.3).....	1.3				
33. Cash and short-term investments (Line 5).....	23.1	37.8	28.3	32.5	20.7
34. Other invested assets (Line 6).....		2.3	2.3	2.2	
35. Receivable for securities (Line 7).....					
36. Aggregate write-ins for invested assets (Line 8).....					
37. Cash and invested assets (Line 9).....	100.0	100.0	100.0	100.1	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
38. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....					
39. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
40. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....					
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11).....					
42. Affiliated mortgage loans on real estate.....					
43. All other affiliated.....		1,358,102	1,247,696	800,164	
44. Total of above lines 38 to 43.....	0	1,358,102	1,247,696	800,164	0
45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0).....	0.0	5.3	7.5	5.7	

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
<b>Capital and Surplus Accounts</b> (Page 4)					
46. Net unrealized capital gains (losses) (Line 23).....	(729,587)	(413,632)	(1,134,883)	849,932	433,190
47. Dividends to stockholders (Line 34).....					
48. Change in surplus as regards policyholders for the year (Line 37).....	11,345,448	9,085,936	2,707,671	2,105,541	3,903,216
<b>Gross Losses Paid</b> (Page 9, Part 2, Cols. 1 & 2)					
49. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	34,619,319	18,133,752	11,739,937	8,654,014	6,774,920
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	23,476,672	12,694,850	7,378,378	5,881,966	4,806,715
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....					
54. Total (Line 34).....	58,095,991	30,828,602	19,118,315	14,535,980	11,581,635
<b>Net Losses Paid</b> (Page 9, Part 2, Col. 4)					
55. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	28,061,450	17,369,108	10,935,606	8,045,997	5,932,098
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	18,322,934	11,973,062	7,254,913	5,701,097	4,265,965
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....					
60. Total (Line 34).....	46,384,384	29,342,170	18,190,519	13,747,094	10,198,063
<b>Operating Percentages</b> (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).....	62.2	55.2	48.8	49.9	51.1
63. Loss expenses incurred (Line 3).....	10.2	9.9	14.8	8.9	12.0
64. Other underwriting expenses incurred (Line 4).....	19.0	26.9	38.7	42.6	32.6
65. Net underwriting gain (loss) (Line 8).....	8.5	8.0	(2.3)	(1.4)	4.3
<b>Other Percentages</b>					
66. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....	7.9	21.3	26.4	31.7	16.4
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	72.5	65.1	63.5	58.8	63.1
68. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0).....	283.5	269.6	259.9	272.5	208.5
<b>One Year Loss Development (000 omitted)</b>					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(4,475)	(2,759)	(4,318)	(5,762)	(4,513)
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, Col. 1 x 100).....	(17.3)	(16.5)	(30.8)	(48.4)	(56.4)
<b>Two Year Loss Development (000 omitted)</b>					
71. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(6,729)	(6,154)	(6,112)	(5,704)	(5,175)
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second year end (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(40.3)	(43.9)	(51.3)	(71.3)	(90.6)

## SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States.....8,767,163	.....9,109,288	.....8,796,412	.....8,720,000
	2. Canada.....	.....	.....	.....
	3. Other Countries.....200,000	.....199,996	.....200,000	.....200,000
	4. Totals.....8,967,163	.....9,309,284	.....8,996,412	.....8,920,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....1,404,340	.....1,404,340	.....1,416,776	.....1,400,000
	6. Canada.....	.....	.....	.....
	7. Other Countries.....	.....	.....	.....
	8. Totals.....1,404,340	.....1,404,340	.....1,416,776	.....1,400,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....3,529,180	.....3,529,180	.....3,562,733	.....3,400,000
	10. Canada.....	.....	.....	.....
	11. Other Countries.....	.....	.....	.....
	12. Totals.....3,529,180	.....3,529,180	.....3,562,733	.....3,400,000
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....14,543,491	.....14,560,884	.....14,646,160	.....14,193,770
	14. Canada.....	.....	.....	.....
	15. Other Countries.....	.....	.....	.....
	16. Totals.....14,543,491	.....14,560,884	.....14,646,160	.....14,193,770
Public Utilities (unaffiliated)	17. United States.....2,494,186	.....2,581,615	.....2,523,382	.....2,375,000
	18. Canada.....	.....	.....	.....
	19. Other Countries.....	.....	.....	.....
	20. Totals.....2,494,186	.....2,581,615	.....2,523,382	.....2,375,000
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....19,305,800	.....19,549,322	.....19,392,491	.....19,171,751
	22. Canada.....	.....	.....	.....
	23. Other Countries.....260,088	.....250,625	.....265,705	.....250,000
	24. Totals.....19,565,888	.....19,799,947	.....19,658,196	.....19,421,751
Parent, Subsidiaries and Affiliates	25. Totals.....	.....	.....	.....
	26. <b>Total Bonds</b> .....50,504,248	.....51,185,250	.....50,803,659	.....49,710,521
<b>PREFERRED STOCKS</b>				
Public Utilities (Unaffiliated)	27. United States.....52,448	.....52,448	.....60,075	.....
	28. Canada.....	.....	.....	.....
	29. Other Countries.....	.....	.....	.....
	30. Totals.....52,448	.....52,448	.....60,075	.....
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	.....	.....	.....
	32. Canada.....	.....	.....	.....
	33. Other Countries.....	.....	.....	.....
	34. Totals.....0	.....0	.....0	.....
Industrial and Miscellaneous (Unaffiliated)	35. United States.....1,000,000	.....1,000,000	.....1,000,000	.....
	36. Canada.....	.....	.....	.....
	37. Other Countries.....	.....	.....	.....
	38. Totals.....1,000,000	.....1,000,000	.....1,000,000	.....
Parent, Subsidiaries and Affiliates	39. Totals.....	.....	.....	.....
	40. <b>Total Preferred Stocks</b> .....1,052,448	.....1,052,448	.....1,060,075	.....
<b>COMMON STOCKS</b>				
Public Utilities (Unaffiliated)	41. United States.....	.....	.....	.....
	42. Canada.....	.....	.....	.....
	43. Other Countries.....	.....	.....	.....
	44. Totals.....0	.....0	.....0	.....
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....563,170	.....563,169	.....676,483	.....
	46. Canada.....	.....	.....	.....
	47. Other Countries.....	.....	.....	.....
	48. Totals.....563,170	.....563,169	.....676,483	.....
Industrial and Miscellaneous (Unaffiliated)	49. United States.....4,425,756	.....4,425,754	.....6,485,622	.....
	50. Canada.....	.....	.....	.....
	51. Other Countries.....45,284	.....45,284	.....50,155	.....
	52. Totals.....4,471,040	.....4,471,038	.....6,535,777	.....
Parent, Subsidiaries and Affiliates	53. Totals.....	.....	.....	.....
	54. <b>Total Common Stocks</b> .....5,034,210	.....5,034,207	.....7,212,260	.....
	55. <b>Total Stocks</b> .....6,086,658	.....6,086,654	.....8,272,335	.....
	56. <b>Total Bonds and Stocks</b> .....56,590,906	.....57,271,904	.....59,075,994	.....

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....0.

## SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	34,853,670		6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	31,573,237		6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:			6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....	(179,962)		6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....	(7,628)		6.4 Column 11, Part 4.....	0
3.3 Column 10, Part 2, Section 2.....	(1,792,139)		7. Book/adjusted carrying value at end of current period.....	56,590,897
3.4 Column 10, Part 4.....	(19,264)	(1,998,993)	8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....	(15,237)		9. Subtotal (Lines 7 plus 8).....	56,590,897
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4...	7,821,780		10. Total nonadmitted amounts.....	
			11. Statement value of bonds and stocks, current period.....	56,590,897

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**

**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX								.0	XXX
2. 1993.....	297		297	155		5		5		2	165	XXX
3. 1994.....	5,403		5,403	3,177		324		92		10	3,593	XXX
4. 1995.....	11,837		11,837	6,822		1,084		276		140	8,182	XXX
5. 1996.....	18,122	1,264	16,858	10,227	644	803	35	866		141	11,217	XXX
6. 1997.....	23,048	4,628	18,420	11,456	2,177	873	129	1,083		369	11,106	XXX
7. 1998.....	29,318	7,650	21,668	13,175	2,293	159	1	359		378	11,399	XXX
8. 1999.....	38,701	1,986	36,715	18,114	414	605		1,695		544	20,000	XXX
9. 2000.....	43,230	3,352	39,878	21,777	444	901		5,136		736	27,370	XXX
10. 2001.....	76,122	11,388	64,734	36,583	2,960	961		4,423		862	39,007	XXX
11. 2002.....	130,136	37,232	92,904	43,012	9,302	1,842		6,137		1,667	41,689	XXX
12. Totals.....	XXX	XXX	XXX	164,498	18,234	7,557	165	20,072	0	4,849	173,728	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....											.0	XXX	
2. 1993.....											.0	XXX	
3. 1994.....											.0	XXX	
4. 1995.....											.0	XXX	
5. 1996.....			.9				.1				.10	XXX	
6. 1997.....	.28	.5	.9		.3		.1		.1		.37	XXX	
7. 1998.....	125	.71	.31		.15		.4		.4		.108	XXX	
8. 1999.....	537	.57	.45		.64		.6		.14		.609	XXX	
9. 2000.....	1,269	.100	.156		.152		.23		.33		1,533	XXX	
10. 2001.....	4,636	.668	1,631	.248	.556		.243		.123		6,273	XXX	
11. 2002.....	24,088	5,554	9,669	1,206	2,893		1,449		561		31,900	XXX	
12. Totals..	30,683	6,455	11,550	1,454	3,683	.0	1,727	.0	736	.0	40,470	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. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	.0	.0
2. 1993.....	165	.0	165	.55.6	.0.0	.55.6				.0	.0
3. 1994.....	3,593	.0	3,593	.66.5	.0.0	.66.5				.0	.0
4. 1995.....	8,182	.0	8,182	.69.1	.0.0	.69.1				.0	.0
5. 1996.....	11,906	.679	11,227	.65.7	.53.7	.66.6				.9	.1
6. 1997.....	13,454	2,311	11,143	.58.4	.49.9	.60.5				.32	.5
7. 1998.....	13,872	2,365	11,507	.47.3	.30.9	.53.1				.85	.23
8. 1999.....	21,080	.471	20,609	.54.5	.23.7	.56.1				.525	.84
9. 2000.....	29,447	.544	28,903	.68.1	.16.2	.72.5				1,325	.208
10. 2001.....	49,156	3,876	45,280	.64.6	.34.0	.69.9				5,351	.922
11. 2002.....	89,651	16,062	73,589	.68.9	.43.1	.79.2				26,997	4,903
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	XXX	34,324	6,146

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.....											.....0	.....0
2. 1993.....	.....151	.....145	.....138	.....199	.....164	.....161	.....161	.....160	.....160	.....160	.....0	.....0
3. 1994.....	.....XXX	.....3,203	.....3,571	.....4,005	.....3,708	.....3,523	.....3,518	.....3,509	.....3,510	.....3,501	.....(9)	.....(8)
4. 1995.....	.....XXX	.....XXX	.....8,881	.....9,121	.....8,159	.....8,015	.....7,973	.....7,930	.....8,018	.....7,906	.....(112)	.....(24)
5. 1996.....	.....XXX	.....XXX	.....XXX	.....14,205	.....12,253	.....10,656	.....10,525	.....10,391	.....10,750	.....10,361	.....(389)	.....(30)
6. 1997.....	.....XXX	.....XXX	.....XXX	.....XXX	.....14,370	.....11,786	.....10,773	.....10,090	.....10,488	.....10,059	.....(429)	.....(31)
7. 1998.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....17,254	.....12,683	.....13,203	.....12,077	.....11,144	.....(933)	.....(2,059)
8. 1999.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....25,635	.....21,667	.....20,111	.....18,900	.....(1,211)	.....(2,767)
9. 2000.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....25,544	.....24,621	.....23,734	.....(887)	.....(1,810)
10. 2001.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....41,239	.....40,734	.....(505)	.....XXX
11. 2002.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....66,891	.....XXX	.....XXX
12. Totals.....											.....(4,475)	.....(6,729)

### 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.....	.....000										.....XXX	.....XXX
2. 1993.....	.....25	.....32	.....107	.....193	.....160	.....160	.....160	.....160	.....160	.....160	.....XXX	.....XXX
3. 1994.....	.....XXX	.....1,861	.....2,901	.....3,712	.....3,583	.....3,510	.....3,510	.....3,501	.....3,501	.....3,501	.....XXX	.....XXX
4. 1995.....	.....XXX	.....XXX	.....4,429	.....6,128	.....7,416	.....7,826	.....7,852	.....7,895	.....7,901	.....7,906	.....XXX	.....XXX
5. 1996.....	.....XXX	.....XXX	.....XXX	.....7,248	.....9,180	.....9,980	.....10,237	.....10,340	.....10,347	.....10,351	.....XXX	.....XXX
6. 1997.....	.....XXX	.....XXX	.....XXX	.....XXX	.....6,371	.....8,780	.....9,492	.....9,858	.....9,958	.....10,023	.....XXX	.....XXX
7. 1998.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....7,870	.....10,308	.....10,821	.....11,106	.....11,040	.....XXX	.....XXX
8. 1999.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....11,214	.....16,265	.....17,582	.....18,305	.....XXX	.....XXX
9. 2000.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....13,758	.....20,093	.....22,234	.....XXX	.....XXX
10. 2001.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....23,115	.....34,584	.....XXX	.....XXX
11. 2002.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....35,552	.....XXX	.....XXX

### SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior.....										
2. 1993.....	.....56			.....4	.....4	.....1	.....1			
3. 1994.....	.....XXX	.....397	.....177	.....92	.....85	.....13	.....8		.....9	
4. 1995.....	.....XXX	.....XXX	.....1,371	.....879	.....376	.....20	.....14		.....99	
5. 1996.....	.....XXX	.....XXX	.....XXX	.....2,705	.....1,890	.....77	.....18		.....362	.....10
6. 1997.....	.....XXX	.....XXX	.....XXX	.....XXX	.....4,255	.....846	.....90		.....439	.....10
7. 1998.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....4,448	.....921	.....1,890	.....689	.....35
8. 1999.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....4,088	.....1,511	.....592	.....51
9. 2000.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....769	.....840	.....179
10. 2001.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,659	.....1,626
11. 2002.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....9,912

## 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 Premiums Written for Federal Pur- chasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	NO								
2. Alaska.....AK	NO								
3. Arizona.....AZ	NO								
4. Arkansas.....AR	NO								
5. California.....CA	NO								
6. Colorado.....CO	NO								
7. Connecticut.....CT	NO								
8. Delaware.....DE	NO								
9. District of Columbia.....DC	NO								
10. Florida.....FL	YES								
11. Georgia.....GA	YES	8,885,092	7,993,095		3,632,850	4,097,209	1,756,623	334,646	
12. Hawaii.....HI	NO								
13. Idaho.....ID	NO								
14. Illinois.....IL	NO								
15. Indiana.....IN	YES	14,354,012	13,218,182		6,005,631	7,596,129	4,290,826	1,986,823	
16. Iowa.....IA	NO								
17. Kansas.....KS	NO								
18. Kentucky.....KY	YES	22,458,409	19,572,718		10,833,454	14,423,819	7,677,184	1,535,198	
19. Louisiana.....LA	YES								
20. Maine.....ME	NO								
21. Maryland.....MD	NO								
22. Massachusetts.....MA	NO								
23. Michigan.....MI	NO								
24. Minnesota.....MN	NO								
25. Mississippi.....MS	YES								
26. Missouri.....MO	NO								
27. Montana.....MT	NO								
28. Nebraska.....NE	NO								
29. Nevada.....NV	NO								
30. New Hampshire.....NH	NO								
31. New Jersey.....NJ	NO								
32. New Mexico.....NM	NO								
33. New York.....NY	NO								
34. North Carolina.....NC	NO								
35. North Dakota.....ND	NO								
36. Ohio.....OH	YES	54,726,592	50,358,470		23,591,629	26,607,339	18,563,967	4,508,967	
37. Oklahoma.....OK	NO								
38. Oregon.....OR	NO								
39. Pennsylvania.....PA	YES	28,560,370	25,574,801		8,178,895	11,414,626	5,900,906	1,840,797	
40. Rhode Island.....RI	NO								
41. South Carolina.....SC	YES	15,599,852	13,308,175		5,839,066	8,603,601	4,028,947	990,564	
42. South Dakota.....SD	NO								
43. Tennessee.....TN	YES	360,355	110,293		14,466	28,464	13,998	8,017	
44. Texas.....TX	NO								
45. Utah.....UT	NO								
46. Vermont.....VT	NO								
47. Virginia.....VA	NO								
48. Washington.....WA	NO								
49. West Virginia.....WV	NO								
50. Wisconsin.....WI	NO								
51. Wyoming.....WY	NO								
52. American Samoa.....AS	NO								
53. Guam.....GU	NO								
54. Puerto Rico.....PR	NO								
55. US Virgin Islands.....VI	NO								
56. Canada.....CN	NO								
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
58. Totals.....	(a).....10	144,944,682	130,135,734	0	58,095,991	72,771,187	42,232,451	11,205,012	0

**DETAILS OF WRITE-INS**

5701. ....	XXX								
5702. ....	XXX								
5703. ....	XXX								
5798. Summary of remaining write- ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

Explanation of Basis of Allocation of Premiums by States, etc.

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



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

### PART 1 – ORGANIZATIONAL CHART

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