



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
SERVICE GENERAL INSURANCE COMPANY

NAIC Group Code 0352 (Current Period) 0352 (Prior Period) NAIC Company Code 28657 Employer's ID Number 31-0715368
Organized under the Laws of Ohio State of Domicile or Port of Entry NA
Country of Domicile United States of America
Incorporated 06/23/1965 Commenced Business 09/03/1965
Statutory Home Office 5025 Arlington Centre Blvd Columbus, OH 43221
Main Administrative Office 200 Somerset Corporate Blvd, Suite 100 Bridgewater, NJ 08807
Mail Address 200 Somerset Corporate Blvd, Suite 100 Bridgewater, NJ 08807
Primary Location of Books and Records 200 Somerset Corporate Blvd, Suite 100 Bridgewater, NJ 08807
Internet Website Address www.household.com
Statement Contact Jeanne Mitchell 908-203-2115
Policyowner Relations Contact 200 Somerset Corp. Blvd., Suite 100 Bridgewater, NJ 08807

OFFICERS

President PATRICK ANTHONY COZZA # Secretary JO ANN DAVIS
Treasurer TIMOTHY JOSEPH TITUS

VICE PRESIDENTS

PERRY JOSEPH MORELLI # GERARD LUNEMANN TIMOTHY JOSEPH TITUS
WILLIAM HEYNACHER KESLER # DENNIS JOSEPH MICKEY #

DIRECTORS OR TRUSTEES

GEORGE THOMAS HENRY # JO ANN DAVIS CLAUDIA HENRY ORMROD #
TIMOTHY JOSEPH TITUS PATRICK ANTHONY COZZA

State of New Jersey
County of Somerset } ss

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

Handwritten signatures of Patrick Anthony Cozza, Alan Michael Komensky, and Timothy Joseph Titus.
PATRICK ANTHONY COZZA President
ALAN MICHAEL KOMENSKY Secretary
TIMOTHY JOSEPH TITUS Treasurer

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Service General Insurance Company

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	18,571,183	0	18,571,183	19,969,436
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0	0	0	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	128,013,000	128,013,000	0	76,089,000
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$ 0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$ 0 encumbrances)	0	0	0	0
5. Cash (\$ 148,169 Schedule E, Part 1) and short-term investments(\$ 571,667 Schedule DA, Part 2)	719,836	0	719,836	818,029
6. Other invested assets (Schedule BA)	0	0	0	0
7. Receivable for securities	0	0	0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	147,304,019	128,013,000	19,291,019	96,876,465
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	0	0	0	80,787
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)	0	0	0	0
10.3 Accrued retrospective premiums	0	0	0	0
11. Funds held by or deposited with reinsured companies	0	0	0	0
12. Bills receivable, taken for premiums	0	0	0	0
13. Amounts receivable under high deductible policies	0	0	0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	0	0	0	0
15. Federal and foreign income tax recoverable and interest thereon (including \$ 525,540 net deferred tax asset)	525,540	345,355	180,185	272,867
16. Guaranty funds receivable or on deposit	0	0	0	0
17. Electronic data processing equipment and software	0	0	0	0
18. Interest, dividends and real estate income due and accrued	168,166	0	168,166	171,746
19. Net adjustments in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Receivable from parent, subsidiaries and affiliates	0	0	0	0
21. Amount due from/to protected cells	0	0	0	0
22. Equities and deposits in pools and associations	0	0	0	0
23. Amounts receivable relating to uninsured accident and health plans	0	0	0	0
24. Other assets nonadmitted (Exhibit 1)	0	0	0	0
25. Aggregate write-ins for other than invested assets	0	0	0	0
26. Total assets excluding protected cell assets (Lines 9 through 25)	147,997,725	128,358,355	19,639,370	97,401,865
27. Protected cell assets	0	0	0	0
28. TOTALS (Lines 26 and 27)	147,997,725	128,358,355	19,639,370	97,401,865
DETAILS OF WRITE-INS				
0801.	0	0	0	0
0802.	0	0	0	0
0803.	0	0	0	0
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501.	0	0	0	0
2502.	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Service General Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	95,824	245,000
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	4,176	5,000
4. Commissions payable, contingent commissions and other similar charges	0	0
5. Other expenses (excluding taxes, licenses and fees)	0	0
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	2,361	72,805
7. Federal and foreign income taxes (including \$ 0 on realized capital gains (losses)) (including \$ 0 net deferred tax liability)	198,914	195,866
8. Borrowed money \$ 0 and interest thereon \$ 0	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 0 and including warranty reserves of \$ 0)	7,484,182	11,310,594
10. Advance premiums	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	0	0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	0	0
14. Amounts withheld or retained by company for account of others	0	0
15. Remittances and items not allocated	0	135
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	0	1,400
19. Payable to parent, subsidiaries and affiliates	1,062,292	1,898,369
20. Payable for securities	0	0
21. Liability for amounts held under uninsured accident and health plans	0	0
22. Capital Notes \$ 0 and interest thereon \$ 0	0	0
23. Aggregate write-ins for liabilities	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	8,847,749	13,729,169
25. Protected cell liabilities	0	0
26. Total liabilities (Lines 24 and 25)	8,847,749	13,729,169
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	2,250,000	2,250,000
29. Preferred capital stock	0	0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	0	0
32. Gross paid in and contributed surplus	112,104,141	112,104,141
33. Unassigned funds (surplus)	(103,562,520)	(30,681,446)
34. Less treasury stock, at cost:		
34.1 0 shares common (value included in Line 28 \$ 0)	0	0
34.2 0 shares preferred (value included in Line 29 \$ 0)	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	10,791,621	83,672,695
36. TOTALS (Page 2, Line 28, Col. 3)	19,639,370	97,401,864
DETAILS OF WRITE-INS		
2301.	0	0
2302.	0	0
2303.	0	0
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.	0	0
2702.	0	0
2703.	0	0
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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Service General Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	3,931,549	4,660,266
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	33,197	8,812
3. Loss expenses incurred (Part 3, Line 25, Column 1)	15,726	20,870
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	134,001	975,446
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	182,924	1,005,128
7. Net income of protected cells	0	0
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	3,748,625	3,655,138
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,134,518	1,162,681
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	0	9,455
11. Net investment gain or (loss) (Lines 9 + 10)	1,134,518	1,172,136
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 0 charged off \$ 0)	0	0
13. Finance and service charges not included in premiums	0	0
14. Aggregate write-ins for miscellaneous income	0	0
15. Total other income (Lines 12 through 14)	0	0
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	4,883,143	4,827,274
17. Dividends to policyholders	0	0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	4,883,143	4,827,274
19. Federal and foreign income taxes incurred	1,438,779	1,585,281
20. Net income (Line 18 minus Line 19) (to Line 22)	3,444,364	3,241,993
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	83,672,695	95,570,835
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	3,444,364	3,241,993
23. Net unrealized capital gains or (losses)	51,780,244	(15,413,000)
24. Change in net unrealized foreign exchange capital gain (loss)	0	0
25. Change in net deferred income tax	(270,322)	(35,749)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	(127,835,360)	0
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
28. Change in surplus notes	0	0
29. Surplus (contributed to) withdrawn from protected cells	0	0
30. Cumulative effect of changes in accounting principles	0	308,616
31. Capital changes:		
31.1. Paid in	0	0
31.2. Transferred from surplus (Stock Dividend)	0	0
31.3. Transferred to surplus	0	0
32. Surplus adjustments:		
32.1. Paid in	0	0
32.2. Transferred to capital (Stock Dividend)	0	0
32.3. Transferred from capital	0	0
33. Net remittances from or (to) Home Office	0	0
34. Dividends to stockholders (cash)	0	0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	(72,881,074)	(11,898,140)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	10,791,621	83,672,695
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
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.	0	0
1402.	0	0
1403.	0	0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0

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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	345,355	0	(345,355)
2. Other Nonadmitted Assets:			
2.1 Bills receivable	0	0	0
2.2 Furniture, equipment and supplies	0	0	0
2.3 Leasehold improvements	0	0	0
2.4 Loans on personal security, endorsed or not	0	0	0
3. Total (Lines 2.1 to 2.4)	0	0	0
4. Aggregate write-ins for other assets	127,490,005	0	(127,490,005)
5. Total (Line 1 plus Lines 3 and 4)	127,835,360	0	(127,835,360)
0401. Non-admitted deferred tax asset - 2001	(522,995)	0	522,995
0402. Change in value of investments in affiliates	128,013,000	0	(128,013,000)
0403.	0	0	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)	127,490,005	0	(127,490,005)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Service General Insurance Company

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	2,701,889	1.952	2,701,889	14.006
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	520,469	0.376	520,469	2.698
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	0	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	0	0.000	0	0.000
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	0	0.000	0	0.000
1.512 Issued by FNMA and FHLMC	0	0.000	0	0.000
1.513 Privately issued	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	1,012,410	0.731	1,012,410	5.248
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	0	0.000	0	0.000
1.523 All other privately issued	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	13,480,312	9.738	13,366,415	69.288
2.2 Unaffiliated foreign securities	999,859	0.722	970,000	5.028
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	0	0.000	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	0	0.000	0	0.000
3.4 Other equity securities:				
3.41 Affiliated	0	0.000	0	0.000
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	118,990,008	85.960	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (includes \$ 0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (\$ 0 including property acquired in satisfaction of debt)	0	0.000	0	0.000

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Service General Insurance Company

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, 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)	0	0	0	0	0
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	85,047	3,224,164	7,613,302	7,024,681	6,001,034
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	20,090	11,402	2,520	989	0
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	105,137	3,235,566	7,615,822	7,025,670	6,001,034
Net Premiums Written (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)	0	0	0	0	0
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	85,047	3,224,164	12,646,607	1,756,170	1,500,258
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	20,090	11,402	1,953	247	0
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	105,137	3,235,566	12,648,560	1,756,417	1,500,258
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	3,748,625	3,655,138	(1,390,010)	254,643	1,719,515
14. Net Investment Gain (Loss) (Line 11)	1,134,518	1,172,136	569,227	419,446	460,339
15. Total Other Income (Line 15)	0	0	199,992	263,907	215,110
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	1,438,779	1,585,281	512,277	377,660	802,421
18. Net Income (Line 20)	3,444,364	3,241,993	(1,133,068)	560,336	1,592,543
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	19,639,370	97,401,865	109,633,920	162,063,600	144,082,472
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	0	80,787	486,311	34,424	135,741
20.2 Deferred and not yet due (Line 10.2)	0	0	0	0	0
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	8,847,749	13,729,169	14,063,086	3,790,060	3,003,279
22. Losses (Page 3, Lines 1 and 2)	95,824	245,000	495,000	118,749	136,839
23. Loss Adjustment Expenses (Page 3, Line 3)	4,176	5,000	5,000	6,250	6,250
24. Unearned premiums (Page 3, Line 9)	7,484,182	11,310,594	12,735,294	2,411,297	1,926,813
25. Capital Paid Up (Page 3, Lines 28 & 29)	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
26. Surplus as Regards Policyholders (Page 3, Line 35)	10,791,621	83,672,695	95,570,834	158,273,539	141,079,193
Risk-Based Capital Analysis					
27. Total Adjusted Capital	10,791,621	83,672,695	95,570,834	158,273,539	141,079,193
28. Authorized Control Level Risk-Based Capital	14,402,545	8,571,242	10,294,979	17,220,653	15,349,267
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	96.3	20.6	7.5	3.8	4.3
30. Stocks (Lines 2.1 & 2.2)	0.0	78.5	83.9	94.5	94.9
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and Short-Term Investments (Line 5)	3.7	0.8	8.5	1.6	0.8
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	0	76,089,000	91,502,000	153,071,636	136,437,626

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Service General Insurance Company

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	51,780,244	(15,413,000)	(61,569,636)	16,634,010	(6,826,018)
47. Dividends to Stockholders (Line 34)	0	0	0	0	(700,000)
48. Change in surplus as regards policyholders for the year (Line 37)	(72,881,074)	(11,898,140)	(62,702,704)	17,194,346	(5,933,475)
Gross Losses Paid (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)	0	0	0	0	0
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	182,373	257,690	440,052	533,044	1,021,237
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	1,122	0	0	7,344
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
54. Total (Line 34)	182,373	258,812	440,052	533,044	1,028,581
Net Losses Paid (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)	0	0	0	0	0
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	182,373	257,690	(199,121)	133,261	255,309
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	1,122	0	0	1,836
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
60. Total (Line 34)	182,373	258,812	(199,121)	133,261	257,145
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums Earned (Line 1)	100.0	100.0	100.0	100.0	100.0
62. Losses Incurred (Line 2)	0.8	0.2	7.6	9.1	(38.5)
63. Loss Expenses Incurred (Line 3)	0.4	0.4	1.7	1.0	1.0
64. Other Underwriting Expenses Incurred (Line 4)	3.4	20.9	150.4	69.9	25.5
65. Net Underwriting gain (loss) (Line 8)	95.3	78.4	(59.8)	20.0	112.0
Other Percentages					
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)	127.5	30.1	26.1	35.6	11.7
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	1.2	0.6	9.3	10.1	(37.5)
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)	1.0	3.9	13.2	1.1	1.1
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(183)	(415)	(28)	(102)	(932)
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	(0.2)	(0.4)	(0.0)	(0.1)	(0.6)
Two Year Loss Development (000 omitted)					
71. Development in Estimated Losses and Loss Expenses Incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(419)	(121)	(105)	(929)	(788)
72. Percent of Development of Loss and Loss Expenses					

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Service General Insurance Company

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States	2,701,889	2,771,712	2,702,629	2,700,000
	2. Canada	0	0	0	0
	3. Other Countries	520,469	550,675	533,990	500,000
	4. Totals	3,222,358	3,322,387	3,236,619	3,200,000
States, Territories and Possessions (Direct and guaranteed)	5. United States	0	0	0	0
	6. Canada	0	0	0	0
	7. Other Countries	0	0	0	0
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	0	0	0	0
	10. Canada	0	0	0	0
	11. Other Countries	0	0	0	0
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	1,012,410	1,012,410	1,015,625	1,000,000
	14. Canada	0	0	0	0
	15. Other Countries	0	0	0	0
	16. Totals	1,012,410	1,012,410	1,015,625	1,000,000
Public Utilities (unaffiliated)	17. United States	3,040,392	3,331,740	3,061,140	3,000,000
	18. Canada	0	0	0	0
	19. Other Countries	0	0	0	0
	20. Totals	3,040,392	3,331,740	3,061,140	3,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	10,326,023	10,698,074	10,482,908	10,340,000
	22. Canada	0	0	0	0
	23. Other Countries	970,000	970,000	999,590	1,000,000
	24. Totals	11,296,023	11,668,074	11,482,498	11,340,000
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	18,571,183	19,334,611	18,795,882	18,540,000
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States	0	0	0	0
	28. Canada	0	0	0	0
	29. Other Countries	0	0	0	0
	30. Totals	0	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	0	0	0	0
	32. Canada	0	0	0	0
	33. Other Countries	0	0	0	0
	34. Totals	0	0	0	0
Industrial and Miscellaneous (unaffiliated)	35. United States	0	0	0	0
	36. Canada	0	0	0	0
	37. Other Countries	0	0	0	0
	38. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	0
	40. Total Preferred Stocks	0	0	0	0
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States	0	0	0	0
	42. Canada	0	0	0	0
	43. Other Countries	0	0	0	0
	44. Totals	0	0	0	0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	0	0	0	0
	46. Canada	0	0	0	0
	47. Other Countries	0	0	0	0
	48. Totals	0	0	0	0
Industrial and Miscellaneous (unaffiliated)	49. United States	0	0	0	0
	50. Canada	0	0	0	0
	51. Other Countries	0	0	0	0
	52. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	53. Totals	128,013,000	0	118,990,008	0
	54. Total Common Stocks	128,013,000	0	118,990,008	0
	55. Total Stocks	128,013,000	0	118,990,008	0
	56. Total Bonds and Stocks	146,584,183	19,334,611	137,785,890	0

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 5,418,165 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	96,058,436	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	3,202,494	6.1 Column 17, Part 1	0
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Sec. 1	0
		6.3 Column 11, Part 2, Sec. 2	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Service General Insurance Company

SCHEDULE D - PART 2 - SECTION 2

Showing all COMMON STOCKS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Number of Shares	4 Book/Adjusted Carrying Value	5 Rate Per Share Used to Obtain Fair Value	6 Fair Value	7 Actual Cost	8 Dividends		10 Increase/Decrease Adjusted
							8 Declared but Unpaid	9 Amount Received During Year	
08177g-10-8	Beneficial Ohio, Inc	50,000	128,013,000	2,340,309.678	0	117,038,887	0	0	51
81759g-10-2	Service Management Corp	100,000	0	0.000	0	1,951,121	0	0	51
69999999-10-1	Total - Common Stock - Parent Subsidiaries Affiliates		128,013,000	XXX	0	118,990,008	0	0	51
70999999	Total - Common Stocks		128,013,000	XXX	0	118,990,008	0	0	51
71999999	Total - Preferred and Common Stocks		128,013,000	XXX	0	118,990,008	0	0	51

(a) For all common stocks bearing the NAIC designation "U" provide: the number of such issues 0, the total \$ value (included in Column 6) of all such issues \$ 0