



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
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Statement Contact Michael Martino, mamartino@household.com
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.

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

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

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		18,571,183	19,969,436
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0		0	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	128,013,000		128,013,000	76,089,000
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$148,169 Schedule E, Part 1) and short-term investments(\$ .....571,667 Schedule DA, Part 2)	719,836		719,836	818,029
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities			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	0	147,304,019	96,876,465
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	0		0	80,787
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$ earned but unbilled premiums)			0	0
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)			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
17. Electronic data processing equipment and software			0	0
18. Interest, dividends and real estate income due and accrued	168,166		168,166	171,746
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates			0	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)			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	345,355	147,652,370	97,401,865
27. Protected cell assets			0	0
28. TOTALS (Lines 26 and 27)	147,997,725	345,355	147,652,370	97,401,865
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
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.				
2502.				
2503.				
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)	0	0	0	0

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
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	4,176	5,000
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)		0
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	2,361	72,805
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)	198,914	195,866
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)	7,484,182	11,310,594
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		135
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		1,400
19. Payable to parent, subsidiaries and affiliates	1,062,292	1,898,369
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		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		
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
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	112,104,141	112,104,141
33. Unassigned funds (surplus)	24,450,480	(30,681,446)
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	138,804,621	83,672,695
36. TOTALS (Page 2, Line 28, Col. 3)	147,652,370	97,401,864
DETAILS OF WRITE-INS		
2301.		0
2302.		0
2303.		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
2702.		0
2703.		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
3001.		0
3002.		0
3003.		0
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

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		
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 \$ amount charged off \$)		0
13. Finance and service charges not included in premiums		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
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
25. Change in net deferred income tax	(270,322)	(35,749)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	177,640	0
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		308,616
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		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)	55,131,926	(11,898,140)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	138,804,621	83,672,695
DETAILS OF WRITE-INS		
0501.		0
0502.		0
0503.		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
1402.		0
1403.		0
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)	0	0
3601.		0
3602.		0
3603.		0
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)	0	0

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

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	185,924	3,641,090
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	200,458	285,881
3. Underwriting expenses paid	152,571	1,073,983
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(167,105)	2,281,226
6. Net investment income	1,195,088	1,154,999
7. Other income (expenses):		
7.1 Agents' balances charged off	0	0
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	0	0
7.4 Aggregate write-ins for miscellaneous items	0	0
7.5 Total other income (Lines 7.1 to 7.4)	0	0
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered	(1,487,601)	(1,847,983)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(459,618)	1,588,242
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	4,400,000	3,518,911
11.2 Stocks	0	0
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	4,400,000	3,518,911
12. Cost of investments acquired (long-term only):		
12.1 Bonds	3,202,494	15,312,926
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6)	3,202,494	15,312,926
13. Net Cash from investments (Line 11.8 minus Line 12.7)	1,197,506	(11,794,015)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	1,717,108
14.4 Borrowed funds received	0	0
14.5 Other cash provided	0	0
14.6 Total (Lines 14.1 to 14.5)	0	1,717,108
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	836,077	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	0	0
15.5 Total (Lines 15.1 to 15.4)	836,077	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(836,077)	1,717,108
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(98,189)	(8,488,665)
18. Cash and short-term investments:		
18.1 Beginning of year	818,025	9,306,690
18.2 End of year (Line 17 plus Line 18.1)	719,836	818,025
DETAILS OF WRITE-INS		
07.401		0
07.402		
07.403		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	(75,726)	479,865	259,279	144,860
2.	Allied lines	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0
5.	Commercial multiple peril	0	0	0	0
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	160,773	10,830,729	7,224,903	3,766,599
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	0	0	0	0
19.3,19.4	Commercial auto liability	0	0	0	0
21.	Auto physical damage	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	20,090	0	0	20,090
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	105,137	11,310,594	7,484,182	3,931,549
DETAILS OF WRITE-INS					
3301.	.....			
3302.	.....			
3303.	.....			
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	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (b)	Amount Unearned (Running More Than One Year from Date of Policy) (b)	Earned but Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
1. Fire	31	259,248			259,279
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	868	7,224,035			7,224,903
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					0
19.3,19.4 Commercial auto liability					0
21. Auto physical damage					0
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	899	7,483,283	0	0	7,484,182
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					7,484,182
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
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 . Monthly Pro-Rata.....

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	(75,726)					(75,726)
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	160,773					160,773
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						0
19.3,19.4 Commercial auto liability						0
21. Auto physical damage						0
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit	20,090					20,090
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	105,137	0	0	0	0	105,137
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
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 \$

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

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

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 Previous 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	3,776			3,776	2,924	7,997	(1,297)	(0.9)
2. Allied lines .....				.0	.0	.0	.0	.0
3. Farmowners multiple peril .....				.0	.0	.0	.0	.0
4. Homeowners multiple peril .....				.0	.0	.0	.0	.0
5. Commercial multiple peril .....				.0	.0	.0	.0	.0
6. Mortgage guaranty .....				.0	.0	.0	.0	.0
8. Ocean marine .....				.0	.0	.0	.0	.0
9. Inland marine	178,597			178,597	92,494	237,003	34,088	.9
10. Financial guaranty .....				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence .....				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made .....				.0	.0	.0	.0	.0
12. Earthquake .....				.0	.0	.0	.0	.0
13. Group accident and health .....				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual) .....				.0	.0	.0	.0	.0
15. Other accident and health .....				.0	.0	.0	.0	.0
16. Workers' compensation .....				.0	.0	.0	.0	.0
17.1 Other liability - occurrence .....				.0	.0	.0	.0	.0
17.2 Other liability - claims-made .....				.0	.0	.0	.0	.0
18.1 Products liability - occurrence .....				.0	.0	.0	.0	.0
18.2 Products liability - claims-made .....				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability .....				.0	.0	.0	.0	.0
19.3,19.4 Commercial auto liability .....				.0	.0	.0	.0	.0
21. Auto physical damage .....				.0	.0	.0	.0	.0
22. Aircraft (all perils) .....				.0	.0	.0	.0	.0
23. Fidelity .....				.0	.0	.0	.0	.0
24. Surety .....				.0	.0	.0	.0	.0
26. Burglary and theft .....				.0	.0	.0	.0	.0
27. Boiler and machinery .....				.0	.0	.0	.0	.0
28. Credit .....				.0	406	.0	406	2.0
29. International .....				.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business .....	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	182,373	0	0	182,373	95,824	245,000	33,197	0.8
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page0	.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

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

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

Line of Business	Reported Losses			Incurred But Not Reported			8	9
	1	2	3	4	5	6			7
	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable from Unauthorized Companies	Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1. Fire					2,924		2,924	154
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine	16,484			16,484	76,010		92,494	4,000
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims-made								
12. Earthquake								
13. Group accident and health								
14. Credit accident and health (group and individual)							(a)	
15. Other accident and health							(a)	
16. Workers' compensation								
17.1 Other liability - occurrence								
17.2 Other liability - claims-made								
18.1 Products liability - occurrence								
18.2 Products liability - claims-made								
19.1,19.2 Private passenger auto liability								
19.3,19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit					406		406	22
29. International								
30. Reinsurance - Nonproportional Assumed Property	XXX				XXX			
31. Reinsurance - Nonproportional Assumed Liability	XXX				XXX			
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX				XXX			
33. Aggregate write-ins for other lines of business								
34. TOTALS	16,484			16,484	79,340		95,824	4,176
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)								

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	3,194			3,194
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded				0
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	3,194	0	0	3,194
2. Commission and brokerage:				
2.1 Direct excluding contingent	0	34,506		34,506
2.2 Reinsurance assumed excluding contingent				0
2.3 Reinsurance ceded excluding contingent				0
2.4 Contingent-direct				0
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded				0
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	34,506	0	34,506
3. Allowances to managers and agents				0
4. Advertising		569		569
5. Boards, bureaus and associations		304		304
6. Surveys and underwriting reports				0
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	4,985	26,625	142	31,752
8.2 Payroll taxes	106	568	3	677
9. Employee relations and welfare	1,592	8,505	45	10,142
10. Insurance				0
11. Directors' fees	3	13		16
12. Travel and travel items	74	395	2	471
13. Rent and rent items	3,615	19,309	103	23,027
14. Equipment	19	99	1	119
15. Cost or depreciation of EDP equipment and software				0
16. Printing and stationery	734	3,919	21	4,674
17. Postage, telephone and telegraph, exchange and express	317	1,694	9	2,020
18. Legal and auditing	1,172	6,260	33	7,465
19. Totals (Lines 3 to 18)	12,617	68,260	359	81,236
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		(11,766)		(11,766)
20.2 Insurance department licenses and fees		43,456		43,456
20.3 Gross guaranty association assessments				0
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)	0	31,690	0	31,690
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	(85)	(455)	885	345
25. Total expenses incurred	15,726	134,001	1,244	(a) 150,971
26. Less unpaid expenses - current year	4,176	54,235		58,411
27. Add unpaid expenses - prior year	5,000	72,805	0	77,805
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	16,550	152,571	1,244	170,365
DETAILS OF WRITE-INS				
2401. Investment Expense			887	887
2402. Sundry and General	(85)	(455)	(2)	(542)
2403.				
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)	(85)	(455)	885	345

(a) Includes management fees of \$ 81,913 paid to affiliates and \$ 0 paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 183,620	170,792
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 950,077	959,325
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 8,850	8,850
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	(3,205)	(3,205)
10. Total gross investment income	1,139,342	1,135,762
11. Investment expenses		(g) 1,244
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)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		1,244
17. Net Investment Income - (Line 10 minus Line 16)		1,134,518
DETAILS OF WRITE-INS		
0901. Miscellaneous Expense	(3,205)	(3,205)
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	(3,205)	(3,205)
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 3,969 accrual of discount less \$ 60,959 amortization of premium and less \$ 870 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)			(143,755)		(143,755)
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates				51,924,000	51,924,000
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
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)	0	0	(143,755)	51,924,000	51,780,245
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 through 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	345,355	0	(345,355)
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies		0	0
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	0	0	0
4. Aggregate write-ins for other assets	(522,995)	0	522,995
5. Total (Line 1 plus Lines 3 and 4)	(177,640)	0	177,640
0401. Non-admitted deferred tax asset - 2001.....	(522,995)	0	522,995
0402.			
0403.			
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)	(522,995)	0	522,995

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Service General Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company 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, 2001 has been adopted as a component of prescribed or permitted practices by the State of Ohio. There are no prescribed or permitted practices of the State of Ohio that would result in changes to net income or statutory surplus of the Company.

B. Use of Estimates in the Preparation of the Financial Statements

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

C. Accounting Policy

The accompanying financial statements have been prepared using the following accounting policies:

- (1) Bonds are carried at amortized cost.
- (2) Preferred stocks are carried at cost, except where prescribed by the Security Valuation Office (SVO) of the NAIC.
- (3) Common stocks are reflected at values published by the SVO of the NAIC, which are generally based on market values.
- (4) Investments in controlled subsidiaries are accounted for using the equity method, adjusted for statutory non-admitted asset values.
- (5) Premiums and discounts on callable bonds, which management expects to be called, are amortized and accreted to the call date.
- (6) Changes in the values of equity securities are reflected as unrealized gains or losses directly in surplus.
- (7) Costs of acquiring business, principally commissions, are charged to income as incurred.
- (8) Certain assets designated as "non-admitted" assets are excluded from the statements of admitted assets, liabilities and capital and surplus, and are charged to surplus.
- (9) The statement of admitted assets, liabilities and capital and surplus is reported net of reinsurance activity.
- (10) Premiums are earned commensurate with the period for which coverage is provided.

2. Accounting Changes and Corrections of Errors

The Company did not have any material changes in accounting principles and/or correction of errors during the year ended December 31, 2002.

3. Business Combinations and Goodwill

The Company did not participate in any business combinations, and as a result reported no goodwill, during the year ended December 31, 2002.

4. Discontinued Operations

The Company did not enter into any agreements to discontinue operations during the year ended December 31, 2002.

5. Investments

- A. The Company had no mortgage loans outstanding during the year ended December 31, 2002.
- B. The Company had no loans outstanding during the year ended December 31, 2002.
- C. The Company had no reverse mortgages outstanding during the year ended December 31, 2002.
- D. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from independent sources. The company uses the prospective method to determine prepayment assumptions.
- E. The Company had no repurchase, reverse repurchase or dollar purchase agreements in effect during the year ended December 31, 2002.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company had no ownership interests in any joint ventures, partnerships or limited liability companies during the year ended December 31, 2002.

7. Investment Income

As of December 31, 2002, there was no due and accrued income excluded from investment income.

8. Derivative Instruments

The Company holds no investments in derivative instruments.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

- A. The components of the net deferred tax asset (DTA) recognized in the Company's assets, liabilities, surplus and other funds for December 31, are as follows:

	<u>2002</u>	<u>2001</u>
Total of gross deferred tax assets	\$525,540	\$795,862
Total of deferred tax liabilities	0	0
Net deferred tax assets	525,540	795,862
Deferred tax asset nonadmitted	345,355	522,995
Net admitted deferred tax asset	<u>\$180,185</u>	<u>\$272,867</u>
Increase (Decrease) in nonadmitted asset	<u>(\$177,640)</u>	<u>(\$68,519)</u>

- B. As of December 31, 2002, the Company had no investments in foreign subsidiaries.

- C1. The provisions for incurred taxes on earnings for the years ended December 31 are:

	<u>2002</u>	<u>2001</u>
Federal	\$1,438,779	\$1,581,970
Foreign	0	0
	<u>1,438,779</u>	<u>1,581,970</u>
Federal income tax on net capital gains		3,309
Utilization of capital loss carry forwards	0	0
Federal and foreign income taxes incurred	<u>\$1,438,779</u>	<u>\$1,585,279</u>

- C2. The tax effect of the change in temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	<u>2002</u>
Deferred tax assets:	
Discounting of unpaid losses	(2,473)
Change in unearned premium reserve	<u>(267,849)</u>
Total deferred tax assets	<u>(270,322)</u>
Nonadmitted deferred tax assets	<u>(177,640)</u>
Admitted deferred tax assets	<u>(92,682)</u>
Deferred tax liabilities	<u>0</u>
Net admitted deferred tax asset	<u>(92,682)</u>

- C3. The change in net deferred income taxes is comprised of the following:

	<u>12/31/02</u>	<u>01/01/02</u>	<u>Change</u>
Total deferred tax assets	\$525,540	\$795,862	(\$270,322)
Total deferred tax liabilities	0	0	0
Net deferred tax asset (liability)	<u>\$525,540</u>	<u>\$795,862</u>	<u>(\$270,322)</u>
Tax effect of unrealized gains (losses)			<u>0</u>
Change in net deferred tax			<u>(\$270,322)</u>

- D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

Provision computed at statutory rate	\$1,709,100
Non-deductible meals and entertainment	1
Total	<u>\$1,709,101</u>
Federal and foreign income taxes incurred	\$1,438,779
Change in net deferred income taxes	270,322
Total statutory income taxes	<u>\$1,709,101</u>

- E. As of December 31, 2002, the Company had no net operating loss carryforwards.

- F. The Company files its Federal income tax return with Household International Incorporated and certain subsidiaries. The method of allocation between the companies is subject to written agreement and was approved by an officer and the Board of Directors of the respective companies. The consolidated tax return liability is allocated among the members of the

NOTES TO FINANCIAL STATEMENTS

group in the ratio that each member's separate return tax liability bears to the total tax liabilities and benefits of the group. In the event of future net losses, the Company will recoup Federal taxes to the extent that they are utilized in consolidation to offset the income of related corporations of carried back to prior years.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. All outstanding shares of the Company are owned by Household Insurance Group Holding Company, an insurance holding company domiciled in the State of Delaware.
- B. See attached.
- C. The Company owns no short-term investments in its ultimate parent, Household International Incorporated.
- D. The Company owns no shares of an upstream intermediate or ultimate parent, either directly or indirectly via a downstream subsidiary, controlled or affiliated company.
- E. The Company has not made any guarantees or undertakings for the benefit of an affiliate, which result in a material contingent exposure of the Company's assets.
- F. The Company has service agreements involving affiliated companies. At December 31, 2002, the Company reported \$17,746 as amounts due Household Insurance Group Incorporated.
- G. The Company owns a 100% interest in Beneficial Ohio Incorporated, a non-insurance company, whose carrying value is equal to or exceeds 10% of the admitted assets of the Company. The Company carries Beneficial Ohio Incorporated at GAAP equity less non-admitted assets. Based on the Company's ownership percentage of Beneficial Ohio Incorporated, the statement value of assets and liabilities as of 12/31/2002 and 12/31/2001 were \$1,179,651,000 and \$984,372,000, respectively.
- H. The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.

11. Debt

The Company had no capital notes or other debt obligations issued and outstanding during the year ended December 31, 2002.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Employee Retirement Plan
The Company has a noncontributory pension plan covering substantially all employees. The plan is maintained by its' ultimate parent company, Household International Incorporated, and is fully funded. The Company's share of the expense for the sponsored plan was \$343 and \$2,721 for the years ended 2002 and 2001, respectively.
- B. Deferred Compensation Plan
The Company has a stock purchase plan, to purchase Household International Incorporated common stock, and a stock option plan for eligible employees.
- C. Postretirement Benefit Plans
The Company participates in healthcare and life insurance benefit plans sponsored by the ultimate parent, Household International Incorporated for retired employees. Substantially all employees may become eligible for these benefits if they reach retirement age while working for the Company.

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

- A. The Company has 6,000 shares of common stock authorized and 6,000 shares issued and outstanding.
- B. The maximum amount of dividends which can be paid by the State of Ohio Insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating statutory surplus and net investment income, as defined. Statutory surplus was \$138,804,621 at December 31, 2002. The maximum dividend payout, which may be made without prior approval in 2003, is \$5,541,621.
- C. The Company had no preferred stock outstanding.
- D. The unassigned surplus is held for the benefit of the Company stockholders.
- E. The Company has no shares held or received for any special purposes.
- F. The Company has no surplus debentures outstanding.

14. Contingencies

- A. The Company has no commitments or contingent liabilities to affiliated entities, joint ventures, partnerships or limited liability companies at December 31, 2002.
- B. The Company is not aware of any insolvency that would have a material effect on its financial position. Accordingly, no estimates of assessment have been made.
- C. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes, and other matters are not considered material in relation to the financial position of the Company.
- D. The Company does not act as an intermediary/broker in Over The Counter derivative instruments.

15. Leases

The Company does not have any material lease obligations at this time.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company has no financial instruments with off-balance-sheet risk.

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

The Company has no transfer of receivables reported as sales, or extinguishment of liabilities for the year ended December 31, 2002.

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

NOTES TO FINANCIAL STATEMENTS

The Company is not engaged in any business using uninsured A&H Plans or uninsured portions of partially insured plans.

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

The Company did not write direct premiums through Managing General Agents or Third Party Administrators during 2002.

20. Other Items

- A. Items in these statements may not add to the total shown due to rounding.
- B. Assets in the amount of \$250,000 at December 31, 2002 and 2001 respectively, were on deposit with government authorities or trustees as required by law.
- C. The terrorist attacks of September 11, 2001, did not have a financial impact on the Company. Since the Company only writes property insurance in the State of Ohio, there will be no financial impact going forward.
- D. The Company's ultimate parent, Household International Incorporated, has elected to discontinue the sale of Credit Personal Property Insurance (PPI), effective October 1, 2002.
- E. On November 14, 2002 Household International and HSBC Holdings plc announced an agreement for HSBC Holdings plc to acquire Household International. The transaction is to be completed in the first quarter of 2003, subject to shareholder and regulatory approval.

21. Events Subsequent

The Company is not aware of any events occurring subsequent to the close of the books for this statement, which may have a material effect on its financial condition.

22. Reinsurance

- A. The Company has no unsecured reinsurance recoverable.
- B. The Company has no reinsurance recoverable in dispute.
- C. The Company has no reinsurance assumed and ceded.
- D. The Company has no uncollectible reinsurance.
- E. The Company did not commute any ceded reinsurance during the year of this statement.
- F. The Company has no retroactive reinsurance.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Company has no retrospectively rated contracts or contracts subject to redetermination.

24. Change in Incurred Losses and Loss Adjustment Expenses

Incurred losses for accident years 1998 and earlier did not change. For accident years of 1999 and later, there was a favorable deviation of \$183,000.

25. Intercompany Pooling Arrangements

The Company does not participate in any intercompany pooling arrangements.

26. Structured Settlement

The Company does not have structured settlement contracts.

27. High Deductibles

The Company does not issue policies that carry deductibles.

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

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

29. Asbestos/Environmental Reserves

The Company does not transact this type of business.

30. Subscriber Savings Accounts

- A. The Company does not make contributions to subscriber savings accounts from unassigned surplus.
- B. The Company does not accept contributions for subscriber savings accounts from subscribers.

31. Financial Guaranty Insurance Exposures

The Company has no exposure under these types of financial guarantees.

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	1.834
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	520,469	0.376	520,469	0.353
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	1,012,410	0.731	1,012,410	0.687
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		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	9.074
2.2 Unaffiliated foreign securities	999,859	0.722	970,000	0.659
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	118,990,008	85.960	128,013,000	86.904
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	719,836	0.520	719,836	0.489
9. Other invested assets		0.000		0.000
10. Total invested assets	138,424,782	100.000	147,304,019	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] NA []
- 1.3 State Regulating? Delaware
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2000
- 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.12/31/2000
- 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).04/05/2002
- 3.4 By what department or departments? State of Ohio
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide 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 [X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 KPMG, LLP
 757 Third Avenue
 New York, NY 10017
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?
 Christopher Lattin, Consulting Actuary
 Tillinghast Towers Perrin
 1001 19th Street, North, Suite 1500
 Rosslyn, VA 22209-1722
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

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 likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

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

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	0	0	0.000	0	[]	[X]	[]	[X]
Common	6,000	6,000	375.000	XXX	XXX	XXX	XXX	XXX

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

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

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [] No [X]

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

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

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

19.31	.....	19.35	.....
19.32	.....	19.36	.....
19.33	.....	19.37	.....
19.34	.....	19.38	.....
		19.39	.....

For categories (19.21) and (19.23) above, and for any other 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	2	3
Nature of Restriction	Description	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 [] NA [X]
If no, attach a description with this statement.

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

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

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	2
Name of Custodian(s)	Custodian's Address
National City Bank, Columbus, Trust Group	155 East Broad Street, Columbus, OH 43251-0050
.....

GENERAL INTERROGATORIES

(continued)
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No []

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

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

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

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....0

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
	\$
	\$
	\$

24.1 Amount of payments for legal expenses, if any?..... \$.....0

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$
- 2.22 Non-participating policies \$
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No []
- 3.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? \$
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? Yes [] No []
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes [] No [] NA []
- 4.22 As a direct expense of the Exchange Yes [] No [] NA []
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
- 4.5 If yes, give full information

- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 N/A
- 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.
 N/A
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
 N/A
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision 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 [] No [X]
- 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.
 The RELI and Credit Property products sold by SGIC are not like the typical homeowners or personal property policies. They are only sold in connection with a loan and therefore the concentration is significantly reduced. This, coupled with low net aggregate exposures on any one risk, mitigates the need for catastrophic or other supplemental reinsurance coverages. Therefore, none are employed.....
- 6.1 Has this 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 ratio cap, an aggregate limit or any similar provision)? Yes [] No [X]
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions:

GENERAL INTERROGATORIES
PART 2 - PROPERTY & 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 the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 7.2 If yes, give full information
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [] No [] NA [X]
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] NA [X]
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$
- 10.62 Collateral and other funds..... \$
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No [X]
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 30,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.
- 13.1 Has this 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
- 14.13 Total book/adjusted carrying value \$
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business? Yes [] No []
- 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:

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)	147,652,370	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)	138,804,621	83,672,695	95,570,834	158,273,539	141,079,193
Risk-Based Capital Analysis					
27. Total Adjusted Capital	138,804,621	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)	12.6	20.6	7.5	3.8	4.3
30. Stocks (Lines 2.1 & 2.2)	86.9	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)	0.5	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)	128,013,000	76,089,000	91,502,000	153,071,636	136,437,626
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	128,013,000	76,089,000	91,502,000	153,071,636	136,437,626
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)	92.2	90.9	95.7	96.7	96.7

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	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)	55,131,926	(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)	0.1	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 Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	(0.4)	(0.1)	(0.1)	(0.6)	(1.0)

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. Canada 0 3. Other Countries 520,469 4. Totals 3,222,358	2,771,712 0 550,675 3,322,387	2,702,629 0 533,990 3,236,619	2,700,000 0 500,000 3,200,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 0 7. Other Countries 0 8. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 0 10. Canada 0 11. Other Countries 0 12. Totals 0	0 0 0 0	0 0 0 0	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 14. Canada 0 15. Other Countries 0 16. Totals 1,012,410	1,012,410 0 0 1,012,410	1,015,625 0 0 1,015,625	1,000,000 0 0 1,000,000
Public Utilities (unaffiliated)	17. United States 3,040,392 18. Canada 0 19. Other Countries 0 20. Totals 3,040,392	3,331,740 0 0 3,331,740	3,061,140 0 0 3,061,140	3,000,000 0 0 3,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 10,326,023 22. Canada 0 23. Other Countries 970,000 24. Totals 11,296,023	10,698,074 0 970,000 11,668,074	10,482,908 0 999,590 11,482,498	10,340,000 0 1,000,000 11,340,000
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 18,571,183	0 19,334,611	0 18,795,882	0 18,540,000
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 0 50. Canada 0 51. Other Countries 0 52. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 128,013,000 54. Total Common Stocks 128,013,000	128,013,000 128,013,000	118,990,008 118,990,008	118,990,008 118,990,008
	55. Total Stocks 128,013,000 56. Total Bonds and Stocks 146,584,183	128,013,000 147,347,611	118,990,008 137,785,890	118,990,008 137,785,890

(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
3.1 Column 16, Part 1 (201,664)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 51,924,000	7. Book/adjusted carrying value at end of current period 146,584,183
3.4 Column 10, Part 4 917	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 0	9. Subtotal (Lines 7 plus 8) 146,584,183
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 4,400,000	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 146,584,183

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			
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	0	0	0	0	0	0	0	0	XXX
2. 1993	48	0	48	13	3	0	0	36	0	0	46	XXX
3. 1994	1,921	1,174	747	254	163	0	0	13	0	0	104	XXX
4. 1995	3,927	2,944	983	491	369	5	3	3	0	0	127	XXX
5. 1996	5,160	3,869	1,291	652	489	4	3	19	0	0	183	XXX
6. 1997	5,755	4,319	1,436	1,004	755	6	5	9	0	0	259	XXX
7. 1998	6,138	4,604	1,534	965	724	6	0	8	0	0	255	XXX
8. 1999	5,088	3,816	1,272	589	487	0	0	18	0	0	119	XXX
9. 2000	4,526	2,201	2,324	319	442	0	0	29	0	0	(95)	XXX
10. 2001	4,660	0	4,660	232	0	0	0	19	0	0	252	XXX
11. 2002	3,932	0	3,932	129	0	0	0	11	0	0	140	XXX
12. Totals	XXX	XXX	XXX	4,647	3,432	21	11	166	0	0	1,391	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					
	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.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
2.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
4.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
5.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
6.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
7.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9.	0	0	1	0	0	0	0	0	0	0	0	1	XXX
10.	0	0	7	0	0	0	0	0	0	0	0	7	XXX
11.	16	0	71	0	0	0	0	0	4	0	0	92	XXX
12. Totals	16	0	79	0	0	0	0	0	4	0	0	100	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	49	3	46	102.1	0.0	95.8	0	0		0	0
3.	267	163	104	13.9	13.9	13.9	0	0		0	0
4.	499	372	127	12.7	12.6	12.9	0	0		0	0
5.	675	492	183	13.1	12.7	14.2	0	0		0	0
6.	1,019	760	259	17.7	17.6	18.0	0	0		0	0
7.	979	724	255	15.9	15.7	16.6	0	0		0	0
8.	607	487	119	11.9	12.8	9.4	0	0		0	0
9.	349	442	(93)	7.7	20.1	(4.0)	0	0		1	0
10.	259	0	259	5.6	0.0	5.6	0	0		7	0
11.	232	0	232	5.9	0.0	5.9	0	0		88	4
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	96	4

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.

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

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	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	0	(11)	(21)	(21)	(21)	(11)	(11)	(11)	(11)	(11)	0	0
2. 1993	248	22	14	10	10	10	10	10	10	10	0	0
3. 1994	XXX	306	129	100	91	91	91	91	91	91	0	0
4. 1995	XXX	XXX	659	165	138	124	124	124	124	124	0	0
5. 1996	XXX	XXX	XXX	902	224	164	164	164	164	164	0	0
6. 1997	XXX	XXX	XXX	XXX	1,115	257	250	250	250	250	0	0
7. 1998	XXX	XXX	XXX	XXX	XXX	346	251	248	247	247	0	(1)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	217	192	100	101	1	(90)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	205	(117)	(122)	(5)	(328)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	419	239	(179)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	216	XXX	XXX
12. Totals											(183)	(419)

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	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	000	(11)	(21)	(21)	(21)	(21)	(11)	(11)	(11)	(11)	XXX	XXX
2. 1993	3	10	11	10	10	10	10	10	10	10	XXX	XXX
3. 1994	XXX	65	90	91	91	91	91	91	91	91	XXX	XXX
4. 1995	XXX	XXX	87	118	123	124	124	124	124	124	XXX	XXX
5. 1996	XXX	XXX	XXX	129	164	164	164	164	164	164	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	199	249	250	250	250	250	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	212	244	247	247	247	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	100	100	100	101	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(202)	(125)	(124)	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	182	232	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	129	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	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	0	3	0	0	0	0	0	0	0	0
2. 1993	30	12	0	0	0	0	0	0	0	0
3. 1994	XXX	220	36	9	0	0	0	0	0	0
4. 1995	XXX	XXX	565	46	15	0	0	0	0	0
5. 1996	XXX	XXX	XXX	749	58	0	0	0	0	0
6. 1997	XXX	XXX	XXX	XXX	894	8	0	0	0	0
7. 1998	XXX	XXX	XXX	XXX	XXX	121	7	1	0	0
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	79	90	0	0
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	356	8	1
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	181	7
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	71

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No	0	0	0	0	0	0	0
2. Alaska	AK	No	0	0	0	0	0	0	0
3. Arizona	AZ	No	0	0	0	0	0	0	0
4. Arkansas	AR	No	0	0	0	0	0	0	0
5. California	CA	No	0	0	0	0	0	0	0
6. Colorado	CO	No	0	0	0	0	0	0	0
7. Connecticut	CT	No	0	0	0	0	0	0	0
8. Delaware	DE	No	0	0	0	0	0	0	0
9. District of Columbia	DC	No	0	0	0	0	0	0	0
10. Florida	FL	No	0	0	0	0	0	0	0
11. Georgia	GA	No	0	0	0	0	0	0	0
12. Hawaii	HI	No	0	0	0	0	0	0	0
13. Idaho	ID	No	0	0	0	0	0	0	0
14. Illinois	IL	No	0	0	0	0	0	0	0
15. Indiana	IN	No	0	0	0	0	0	0	0
16. Iowa	IA	No	0	0	0	0	0	0	0
17. Kansas	KS	No	0	0	0	0	0	0	0
18. Kentucky	KY	No	0	0	0	0	0	0	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	No	0	0	0	0	0	0	0
22. Massachusetts	MA	No	0	0	0	0	0	0	0
23. Michigan	MI	No	0	0	0	0	0	0	0
24. Minnesota	MN	No	0	0	0	0	0	0	0
25. Mississippi	MS	No	0	0	0	0	0	0	0
26. Missouri	MO	No	0	0	0	0	0	0	0
27. Montana	MT	No	0	0	0	0	0	0	0
28. Nebraska	NE	No	0	0	0	0	0	0	0
29. Nevada	NV	No	0	0	0	0	0	0	0
30. New Hampshire	NH	No	0	0	0	0	0	0	0
31. New Jersey	NJ	No	0	0	0	0	0	0	0
32. New Mexico	NM	No	0	0	0	0	0	0	0
33. New York	NY	No	0	0	0	0	0	0	0
34. North Carolina	NC	No	0	0	0	0	0	0	0
35. North Dakota	ND	No	0	0	0	0	0	0	0
36. Ohio	OH	Yes	105,137	3,931,549	182,373	33,197	95,824	0	0
37. Oklahoma	OK	No	0	0	0	0	0	0	0
38. Oregon	OR	No	0	0	0	0	0	0	0
39. Pennsylvania	PA	No	0	0	0	0	0	0	0
40. Rhode Island	RI	No	0	0	0	0	0	0	0
41. South Carolina	SC	No	0	0	0	0	0	0	0
42. South Dakota	SD	No	0	0	0	0	0	0	0
43. Tennessee	TN	No	0	0	0	0	0	0	0
44. Texas	TX	No	0	0	0	0	0	0	0
45. Utah	UT	No	0	0	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0	0	0
47. Virginia	VA	No	0	0	0	0	0	0	0
48. Washington	WA	No	0	0	0	0	0	0	0
49. West Virginia	WV	No	0	0	0	0	0	0	0
50. Wisconsin	WI	No	0	0	0	0	0	0	0
51. Wyoming	WY	No	0	0	0	0	0	0	0
52. American Samoa	AS	No	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 1		105,137	3,931,549	182,373	33,197	95,824	0	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
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	0	0	0	0	0	0

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

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

Premiums are allocated based on the state in which the policy was issued.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

