



ANNUAL STATEMENT

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

ATLANTA SPECIALTY INSURANCE COMPANY

NAIC Group Code.....0084, 0084 NAIC Company Code..... 31925 Employer's ID Number..... 42-1019055
(Current Period) (Prior Period)

Organized under the Laws of OHIO State of Domicile or Port of Entry OHIO
Country of Domicile USA
Incorporated..... February 6, 1974 Commenced Business..... February 21, 1974

Statutory Home Office	580 Walnut Street Cincinnati OH 45202-2575 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	11700 Great Oaks Way Alpharetta GA 30022-2448 <i>(Street and Number) (City or Town, State and Zip Code)</i>	678-627-6000 <i>(Area Code) (Telephone Number)</i>
Mail Address	P.O. Box 105091 Atlanta GA 30348-5091 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	11700 Great Oaks Way Alpharetta GA 30022-2448 <i>(Street and Number) (City or Town, State and Zip Code)</i>	678-627-6000 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	www.atlantacasualty.com	
Statement Contact	Robert James Schwartz <i>(Name)</i> BSchwartz@GAIC.com <i>(E-Mail Address)</i>	513-369-5092 <i>(Area Code) (Telephone Number) (Extension)</i> 513-369-3873 <i>(Fax Number)</i>
Policyowner Relations Contact	11700 Great Oaks Way Alpharetta GA 30022-2448 <i>(Street and Number) (City or Town, State and Zip Code)</i>	800-225-8930 (x72371) <i>(Area Code) (Telephone Number) (Extension)</i>

OFFICERS

President James Randall Gober	Treasurer John Thomas Brooks	Secretary Thomas Sumner Neff
Thomas Bligh Freeland III Marsha Jo Walker Fred Joseph Runk	Karen Holley Horrell Eve Cutler Rosen Robert James Schwartz	Troy David Druhot Ronald Charles Hayes David John Witzgall
		Richard Marion Kroviak Thomas Edward Mischell Robert Jude Zbacnik

DIRECTORS OR TRUSTEES

James Randall Gober Eve Cutler Rosen	Karen Holley Horrell Roger Smith	Keith Alan Jensen David John Witzgall	John Raymond Miner #
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State of..... Georgia
County of..... Fulton

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

_____ (Signature) James Randall Gober (Printed Name) President	_____ (Signature) Thomas Sumner Neff (Printed Name) Secretary	_____ (Signature) John Thomas Brooks (Printed Name) Treasurer
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Subscribed and sworn to before me this

10th day of February, 2003

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a. Is this an original filing? Yes [X] No []

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds.....	9,973,696	0	9,973,696	9,831,621
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	0	0	0	0
2.2 Common stocks (Schedule D, Part 2, Section 2).....	0	0	0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....	0	0	0	0
3.2 Other than first liens.....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances).....	0	0	0	0
5. Cash (\$.....570 Schedule E, Part 1) and short-term investments (\$.....1,928,490 Schedule DA, Part 2).....	1,929,060	0	1,929,060	1,665,940
6. Other invested assets (Schedule BA).....	0	0	0	0
7. Receivable for securities.....	0	0	0	0
8. Aggregate write-ins for invested assets.....	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	11,902,757	0	11,902,757	11,497,561
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	632	0	632	0
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	25,187	500	24,687	0
10.3 Accrued retrospective premiums.....	0	0	0	0
11. Funds held by or deposited with reinsured companies.....	0	0	0	0
12. Bills receivable, taken for premiums.....	0	0	0	0
13. Amounts receivable under high deductible policies.....	0	0	0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8).....	0	0	0	0
15. Federal and foreign income tax recoverable and interest thereon (including \$.....5,205 net deferred tax asset) -	383,304	378,099	5,205	7,354
16. Guaranty funds receivable or on deposit.....	0	0	0	0
17. Electronic data processing equipment and software.....	0	0	0	0
18. Interest, dividends and real estate income due and accrued.....	190,324	11,063	179,261	167,248
19. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0	0	0
20. Receivable from parent, subsidiaries and affiliates.....	0	0	0	14,590
21. Amount due from/to protected cells.....	0	0	0	0
22. Equities and deposits in pools and associations.....	0	0	0	0
23. Amounts receivable relating to uninsured accident and health plans.....	0	0	0	0
24. Other assets nonadmitted (Exhibit 1).....	0	0	0	0
25. Aggregate write-ins for other than invested assets.....	0	0	0	0
26. Total assets excluding protected cell assets (Lines 9 through 25).....	12,502,204	389,662	12,112,542	11,686,753
27. Protected cell assets.....	0	0	0	0
28. TOTALS (Lines 26 and 27).....	12,502,204	389,662	12,112,542	11,686,753

DETAILS OF WRITE-INS

0801.	0	0	0	0
0802.	0	0	0	0
0803.	0	0	0	0
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	0	0	0	0
2501.	0	0	0	0
2502.	0	0	0	0
2503.	0	0	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	0	0	0	0

ATLANTA SPECIALTY INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	109,904	130,547
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6).....	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	24,563	25,987
4. Commissions payable, contingent commissions and other similar charges.....	0	0
5. Other expenses (excluding taxes, licenses and fees).....	4,872	4,381
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	2,597	2,649
7. Federal and foreign income taxes (including \$.....0 on realized capital gains (losses)) (including \$.....0 net deferred tax liability).....	37,637	60,549
8. Borrowed money \$.....0 and interest thereon \$.....0.....	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$....11,709,709 and including warranty reserves of \$.....0).....	28,756	55,253
10. Advance premiums.....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions).....	0	0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	0	0
14. Amounts withheld or retained by company for account of others.....	0	0
15. Remittances and items not allocated.....	0	0
16. Provision for reinsurance (Schedule F, Part 7).....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	24,222	0
20. Payable for securities.....	0	0
21. Liability for amounts held under uninsured accident and health plans.....	0	0
22. Capital notes \$.....0 and interest thereon \$.....0.....	0	0
23. Aggregate write-ins for liabilities.....	4,323	21,390
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	236,874	300,757
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	236,874	300,757
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,000,528	3,000,528
29. Preferred capital stock.....	0	0
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....	0	0
32. Gross paid in and contributed surplus.....	7,000,000	7,000,000
33. Unassigned funds (surplus).....	1,875,139	1,385,468
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....	0	0
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38).....	11,875,667	11,385,996
36. TOTALS (Page 2, Line 28, Col. 3).....	12,112,542	11,686,753

DETAILS OF WRITE-INS

2301. Other liabilities.....	4,323	21,390
2302.	0	0
2303.	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	4,323	21,390
2701.	0	0
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.	0	0
3002.	0	0
3003.	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

	1 Current Year	2 Prior Year
STATEMENT OF INCOME		
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	168,386	273,988
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	99,930	183,801
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	40,731	38,772
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	30,753	62,046
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	171,414	284,619
7. Net income of protected cells.....	0	0
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(3,028)	(10,631)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	639,495	621,471
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	80,657	22,825
11. Net investment gain (loss) (Lines 9 + 10).....	720,152	644,296
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....0 amount charged off \$.....3,126).....	(3,126)	(5,309)
13. Finance and service charges not included in premiums.....	0	0
14. Aggregate write-ins for miscellaneous income.....	(525)	(1,131)
15. Total other income (Lines 12 through 14).....	(3,651)	(6,441)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	713,472	627,223
17. Dividends to policyholders.....	0	0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	713,472	627,223
19. Federal and foreign income taxes incurred.....	210,088	157,595
20. Net income (Line 18 minus Line 19) (to Line 22).....	503,384	469,628
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	11,385,996	10,909,013
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	503,384	469,628
23. Net unrealized capital gains or (losses).....	0	0
24. Change in net unrealized foreign exchange capital gains (loss).....	0	0
25. Change in net deferred income tax.....	(38,665)	(49,181)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	24,952	(5,385)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	0	0
28. Change in surplus notes.....	0	0
29. Surplus (contributed to) withdrawn from protected cells.....	0	0
30. Cumulative effect of changes in accounting principles.....	0	61,920
31. Capital changes:		
31.1 Paid in.....	0	0
31.2 Transferred from surplus (Stock Dividend).....	0	0
31.3 Transferred to surplus.....	0	0
32. Surplus adjustments:		
32.1 Paid in.....	0	0
32.2 Transferred to capital (Stock Dividend).....	0	0
32.3. Transferred from capital.....	0	0
33. Net remittances from or (to) Home Office.....	0	0
34. Dividends to stockholders.....	0	0
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1).....	0	0
36. Aggregate write-ins for gains and losses in surplus.....	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36).....	489,671	476,983
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	11,875,667	11,385,996
DETAILS OF WRITE-INS		
0501.	0	0
0502.	0	0
0503.	0	0
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. Miscellaneous expense.....	(525)	(1,131)
1402.	0	0
1403.	0	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).....	(525)	(1,131)
3601.	0	0
3602.	0	0
3603.	0	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

ATLANTA SPECIALTY INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	116,070	295,279
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	162,728	242,958
3. Underwriting expenses paid.....	30,805	63,587
4. Other underwriting income (expenses).....	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	(77,463)	(11,266)
6. Net investment income.....	631,746	669,615
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(3,126)	(5,309)
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.....	(525)	(755)
7.5 Total other income (Lines 7.1 to 7.4).....	(3,651)	(6,064)
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....	0	0
9. Federal and foreign income taxes (paid) recovered.....	(233,000)	(75,000)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	317,631	577,285
CASH FROM INVESTMENTS		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	2,713,816	1,301,261
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).....	2,713,816	1,301,261
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	2,790,071	3,090,737
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).....	2,790,071	3,090,737
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(76,255)	(1,789,476)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....	0	0
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....	0	0
14.3 Net transfers from affiliates.....	38,811	1,305,061
14.4 Borrowed funds received.....	0	0
14.5 Other cash provided.....	0	17,968
14.6 Total (Lines 14.1 to 14.5).....	38,811	1,323,029
15. Cash applied:		
15.1 Dividends to stockholders paid.....	0	0
15.2 Net transfers to affiliates.....	0	0
15.3 Borrowed funds repaid.....	0	0
15.4 Other applications.....	17,067	0
15.5 Total (Lines 15.1 to 15.4).....	17,067	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	21,744	1,323,029
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	263,120	110,837
18. Cash and short-term investments:		
18.1 Beginning of year.....	1,665,940	1,555,103
18.2 End of year (Line 17 plus Line 18.1).....	1,929,060	1,665,940
DETAILS OF WRITE-INS		
7.401 Miscellaneous expense.....	(525)	(755)
7.402	0	0
7.403	0	0
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	0	0
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	(525)	(755)

ATLANTA SPECIALTY INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 2	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	.0	.0	.0	.0
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.....	.0	.0	.0	.0
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.....	135,424	51,572	27,234	159,763
19.3, 19.4 Commercial auto liability.....	.0	.0	.0	.0
21. Auto physical damage.....	6,464	3,681	1,522	8,623
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.....	.0	.0	.0	.0
29. International.....	.0	.0	.0	.0
30. Reinsurance - nonproportional assumed property.....	.0	.0	.0	.0
31. Reinsurance - nonproportional assumed liability.....	.0	.0	.0	.0
32. Reinsurance - nonproportional assumed financial lines.....	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
34. TOTALS.....	141,888	55,253	28,756	168,386

DETAILS OF WRITE-INS

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

ATLANTA SPECIALTY INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

Line of Business		1	2	3	4	5
		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.....	0	0	0	0	0
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.....	0	0	0	0	0
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.....	27,234	0	0	0	27,234
19.3, 19.4	Commercial auto liability.....	0	0	0	0	0
21.	Auto physical damage.....	1,522	0	0	0	1,522
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	0	0	0	0
29.	International.....	0	0	0	0	0
30.	Reinsurance - nonproportional assumed property.....	0	0	0	0	0
31.	Reinsurance - nonproportional assumed liability.....	0	0	0	0	0
32.	Reinsurance - nonproportional assumed financial lines.....	0	0	0	0	0
33.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
34.	TOTALS.....	28,756	0	0	0	28,756
35.	Accrued retrospective premiums based on experience.....					0
36.	Earned but unbilled premiums.....					0
37.	Balance (sum of Lines 34 through 36).....					28,756

DETAILS OF WRITE-INS

3301.	.....	0	0	0	0	0
3302.	.....	0	0	0	0	0
3303.	.....	0	0	0	0	0
3398.	Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0
3399.	TOTALS (Lines 3301 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: Pro Rata

ATLANTA SPECIALTY INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....	0	0	0	0	0	0
2. Allied lines.....	0	0	0	0	0	0
3. Farmowners multiple peril.....	0	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0
5. Commercial multiple peril.....	0	0	0	0	0	0
6. Mortgage guaranty.....	0	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0	0
9. Inland marine.....	0	0	0	0	0	0
10. Financial guaranty.....	0	0	0	0	0	0
11.1 Medical malpractice - occurrence.....	0	0	0	0	0	0
11.2 Medical malpractice - claims-made.....	0	0	0	0	0	0
12. Earthquake.....	0	0	0	0	0	0
13. Group accident and health.....	0	0	0	0	0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0
15. Other accident and health.....	0	0	0	0	0	0
16. Workers' compensation.....	0	0	0	0	0	0
17.1 Other liability - occurrence.....	0	0	0	0	0	0
17.2 Other liability - claims-made.....	0	0	0	0	0	0
18.1 Products liability - occurrence.....	0	0	0	0	0	0
18.2 Products liability - claims-made.....	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	39,517,462	135,424	0	39,517,462	0	135,424
19.3, 19.4 Commercial auto liability.....	0	0	0	0	0	0
21. Auto physical damage.....	21,414,941	6,464	0	21,414,941	0	6,464
22. Aircraft (all perils).....	0	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0	0
24. Surety.....	0	0	0	0	0	0
26. Burglary and theft.....	0	0	0	0	0	0
27. Boiler and machinery.....	0	0	0	0	0	0
28. Credit.....	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0
30. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	0	0
31. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	0	0
32. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	0	0
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
34. TOTALS.....	60,932,403	141,888	0	60,932,403	0	141,888

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	0	0	0	0	0	0	0	0.0
2. Allied lines.....	0	0	0	0	0	0	0	0.0
3. Farmowners multiple peril.....	0	0	0	0	0	0	0	0.0
4. Homeowners multiple peril.....	0	0	0	0	0	0	0	0.0
5. Commercial multiple peril.....	0	0	0	0	0	0	0	0.0
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0.0
8. Ocean marine.....	0	0	0	0	0	0	0	0.0
9. Inland marine.....	0	0	0	0	0	0	0	0.0
10. Financial guaranty.....	0	0	0	0	0	0	0	0.0
11.1 Medical malpractice - occurrence.....	0	0	0	0	0	0	0	0.0
11.2 Medical malpractice - claims-made.....	0	0	0	0	0	0	0	0.0
12. Earthquake.....	0	0	0	0	0	0	0	0.0
13. Group accident and health.....	0	0	0	0	0	0	0	0.0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	0.0
15. Other accident and health.....	0	0	0	0	0	0	0	0.0
16. Workers' compensation.....	0	0	0	0	0	0	0	0.0
17.1 Other liability - occurrence.....	0	0	0	0	0	0	0	0.0
17.2 Other liability - claims-made.....	0	0	0	0	0	0	0	0.0
18.1 Products liability - occurrence.....	0	0	0	0	0	0	0	0.0
18.2 Products liability - claims-made.....	0	0	0	0	0	0	0	0.0
19.1, 19.2 Private passenger auto liability.....	33,293,043	107,634	33,293,043	107,634	115,739	131,280	92,093	57.6
19.3, 19.4 Commercial auto liability.....	0	0	0	0	0	0	0	0.0
21. Auto physical damage.....	16,147,782	12,938	16,147,782	12,938	(5,835)	(733)	7,836	90.9
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0.0
23. Fidelity.....	0	0	0	0	0	0	0	0.0
24. Surety.....	0	0	0	0	0	0	0	0.0
26. Burglary and theft.....	0	0	0	0	0	0	0	0.0
27. Boiler and machinery.....	0	0	0	0	0	0	0	0.0
28. Credit.....	0	0	0	0	0	0	0	0.0
29. International.....	0	0	0	0	0	0	0	0.0
30. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	0	0	0	0.0
31. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	0	0	0	0.0
32. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	0	0	0	0.0
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
34. TOTALS.....	49,440,825	120,572	49,440,825	120,572	109,904	130,547	99,929	59.3

DETAILS OF WRITE-INS

3301.	0	0	0	0	0	0	0	0.0
3302.	0	0	0	0	0	0	0	0.0
3303.	0	0	0	0	0	0	0	0.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....	0	0	0	0	0	0	0	0	0
2. Allied lines.....	0	0	0	0	0	0	0	0	0
3. Farmowners multiple peril.....	0	0	0	0	0	0	0	0	0
4. Homeowners multiple peril.....	0	0	0	0	0	0	0	0	0
5. Commercial multiple peril.....	0	0	0	0	0	0	0	0	0
6. Mortgage guaranty.....	0	0	0	0	0	0	0	0	0
8. Ocean marine.....	0	0	0	0	0	0	0	0	0
9. Inland marine.....	0	0	0	0	0	0	0	0	0
10. Financial guaranty.....	0	0	0	0	0	0	0	0	0
11.1 Medical malpractice - occurrence.....	0	0	0	0	0	0	0	0	0
11.2 Medical malpractice - claims-made.....	0	0	0	0	0	0	0	0	0
12. Earthquake.....	0	0	0	0	0	0	0	0	0
13. Group accident and health.....	0	0	0	0	0	0	0	(a).....0	0
14. Credit accident and health (group and individual).....	0	0	0	0	0	0	0	(a).....0	0
15. Other accident and health.....	0	0	0	0	0	0	0	0	0
16. Workers' compensation.....	0	0	0	0	0	0	0	0	0
17.1 Other liability - occurrence.....	0	0	0	0	0	0	0	0	0
17.2 Other liability - claims-made.....	0	0	0	0	0	0	0	0	0
18.1 Products liability - occurrence.....	0	0	0	0	0	0	0	0	0
18.2 Products liability - claims-made.....	0	0	0	0	0	0	0	0	0
19.1, 19.2 Private passenger auto liability.....	24,358,704	83,900	24,358,704	83,900	9,360,390	31,839	9,360,390	115,739	23,980
19.3, 19.4 Commercial auto liability.....	0	0	0	0	0	0	0	0	0
21. Auto physical damage.....	(480,762)	(2,810)	(480,762)	(2,810)	97,166	(3,025)	97,166	(5,835)	583
22. Aircraft (all perils).....	0	0	0	0	0	0	0	0	0
23. Fidelity.....	0	0	0	0	0	0	0	0	0
24. Surety.....	0	0	0	0	0	0	0	0	0
26. Burglary and theft.....	0	0	0	0	0	0	0	0	0
27. Boiler and machinery.....	0	0	0	0	0	0	0	0	0
28. Credit.....	0	0	0	0	0	0	0	0	0
29. International.....	0	0	0	0	0	0	0	0	0
30. Reinsurance - nonproportional assumed property.....	XXX	0	0	0	XXX	0	0	0	0
31. Reinsurance - nonproportional assumed liability.....	XXX	0	0	0	XXX	0	0	0	0
32. Reinsurance - nonproportional assumed financial lines.....	XXX	0	0	0	XXX	0	0	0	0
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
34. TOTALS.....	23,877,942	81,090	23,877,942	81,090	9,457,556	28,814	9,457,556	109,904	24,563

DETAILS OF WRITE-INS

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

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

ATLANTA SPECIALTY INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	3,400,626	.0	.0	3,400,626
1.2 Reinsurance assumed.....	12,577	.0	.0	12,577
1.3 Reinsurance ceded.....	3,400,626	.0	.0	3,400,626
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	12,577	.0	.0	12,577
2. Commission and brokerage:				
2.1 Direct excluding contingent.....	.0	7,263,872	.0	7,263,872
2.2 Reinsurance assumed excluding contingent.....	.0	(564)	.0	(564)
2.3 Reinsurance ceded excluding contingent.....	.0	7,263,872	.0	7,263,872
2.4 Contingent - direct.....	.0	.0	.0	.0
2.5 Contingent - reinsurance assumed.....	.0	.0	.0	.0
2.6 Contingent - reinsurance ceded.....	.0	.0	.0	.0
2.7 Policy and membership fees.....	.0	.0	.0	.0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	.0	(564)	.0	(564)
3. Allowances to managers and agents.....	.2	.18	.0	.20
4. Advertising.....	.0	221	.0	221
5. Boards, bureaus and associations.....	114	379	.0	493
6. Surveys and underwriting reports.....	277	1,002	.0	1,279
7. Audit of assureds' records.....	.0	.0	.0	.0
8. Salary and related items:				
8.1 Salaries.....	15,651	17,318	.0	32,969
8.2 Payroll taxes.....	1,140	1,276	.0	2,416
9. Employee relations and welfare.....	2,191	2,970	.0	5,161
10. Insurance.....	41	36	.0	77
11. Directors' fees.....	.0	.0	.0	.0
12. Travel and travel items.....	785	393	.0	1,178
13. Rent and rent items.....	1,265	2,221	.0	3,486
14. Equipment.....	201	1,210	.0	1,412
15. Cost or depreciation of EDP equipment and software.....	3,898	2,589	.0	6,487
16. Printing and stationery.....	192	500	.0	692
17. Postage, telephone and telegraph, exchange and express.....	2,229	2,987	.0	5,216
18. Legal and auditing.....	31	172	.0	202
19. Totals (Lines 3 to 18).....	28,017	33,291	.0	61,309
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....0.....	.0	4,840	.0	4,840
20.2. Insurance department licenses and fees.....	27	858	.0	885
20.3. Gross guaranty association assessments.....	.0	834	.0	834
20.4. All other (excluding federal and foreign income and real estate).....	3	(1,951)	.0	(1,948)
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	31	4,581	.0	4,611
21. Real estate expenses.....	.0	.0	.0	.0
22. Real estate taxes.....	.0	.0	.0	.0
23. Reimbursements by uninsured accident and health plans.....	.0	.0	.0	.0
24. Aggregate write-ins for miscellaneous expenses.....	106	(6,555)	24,046	17,597
25. Total expenses incurred.....	40,731	30,753	24,046	(a) 95,530
26. Less unpaid expenses - current year.....	24,563	2,597	4,872	32,033
27. Add unpaid expenses - prior year.....	25,987	2,649	4,381	33,018
28. Amounts receivable relating to uninsured accident and health plans, prior year.....	.0	.0	.0	.0
29. Amounts receivable relating to uninsured accident and health plans, current year.....	.0	.0	.0	.0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	42,155	30,805	23,555	96,515

DETAILS OF WRITE-INS

2401. Outside services.....	.0	.28	24,046	24,073
2402. Other expenses.....	106	(6,583)	.0	(6,476)
2403. ....	.0	.0	.0	.0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	.0	.0	.0	.0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	106	(6,555)	24,046	17,597

(a) Includes management fees of \$.....71,114 to affiliates and \$.....28 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....212,087	.....246,462
1.1 Bonds exempt from U.S. tax.....	(a).....0	.....0
1.2 Other bonds (unaffiliated).....	(a).....399,837	.....388,538
1.3 Bonds of affiliates.....	(a).....0	.....0
2.1 Preferred stocks (unaffiliated).....	(b).....0	.....0
2.11 Preferred stocks of affiliates.....	(b).....0	.....0
2.2 Common stocks (unaffiliated).....	.....0	.....0
2.21 Common stocks of affiliates.....	.....0	.....0
3. Mortgage loans.....	(c).....0	.....0
4. Real estate.....	(d).....0	.....0
5. Contract loans.....	.....0	.....0
6. Cash/short-term investments.....	(e).....28,452	.....28,452
7. Derivative instruments.....	(f).....0	.....0
8. Other invested assets.....	.....0	.....0
9. Aggregate write-ins for investment income.....	.....89	.....89
10. Total gross investment income.....	.....640,464	.....663,540
11. Investment expenses.....		(g).....24,046
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....0
13. Interest expense.....		(h).....0
14. Depreciation on real estate and other invested assets.....		(i).....0
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....24,046
17. Net investment income (Line 10 minus Line 16).....		.....639,495

DETAILS OF WRITE-INS

0901. Miscellaneous investment income.....	89	89
0902.	0	0
0903.	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page.....	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	89	89
1501.		0
1502.		0
1503.		0
1598. Summary of remaining write-ins for Line 15 from overflow page.....		0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		0

(a) Includes \$.....5,197 accrual of discount less \$.....20,034 amortization of premium and less \$.....33,975 paid for accrued interest on purchases.

(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.

(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.

(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.

(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.

(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.

(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.

(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	Total
1. U.S. government bonds.....	0	0	0	0	0
1.1 Bonds exempt from U.S. tax.....	0	0	0	0	0
1.2 Other bonds (unaffiliated).....	80,657	0	0	0	80,657
1.3 Bonds of affiliates.....	0	0	0	0	0
2.1 Preferred stocks (unaffiliated).....	0	0	0	0	0
2.11 Preferred stocks of affiliates.....	0	0	0	0	0
2.2 Common stocks (unaffiliated).....	0	0	0	0	0
2.21 Common stocks of affiliates.....	0	0	0	0	0
3. Mortgage loans.....	0	0	0	0	0
4. Real estate.....	0	0	0	0	0
5. Contract loans.....	0	0	0	0	0
6. Cash/short-term investments.....	0	0	0	0	0
7. Derivative instruments.....	0	0	0	0	0
8. Other invested assets.....	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	80,657	0	0	0	80,657

DETAILS OF WRITE-INS

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

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2.....	378,599	414,615	36,015
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....	0	0	0
2.2 Furniture, equipment and supplies.....	0	0	0
2.3 Leasehold improvements.....	0	0	0
2.4 Loans on personal security, endorsed or not.....	0	0	0
3. Total (Lines 2.1 to 2.4).....	0	0	0
4. Aggregate write-ins for other assets.....	11,063	0	(11,063)
5. Total (Line 1 plus Lines 3 and 4).....	389,662	414,615	24,952

DETAILS OF WRITE-INS

0401. Interest, dividends and real estate income due and accrued.....	11,063	0	(11,063)
0402.	0	0	0
0403.	0	0	0
0498. Summary of remaining write-ins for Line 4 from overflow page.....	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above).....	11,063	0	(11,063)

ATLANTA SPECIALTY INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

1.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of Atlanta Specialty Insurance Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for purposes of determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Ohio.

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

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

C. Accounting Policies

Investments – Invested asset values are generally stated as follows:

Bonds, including issuer obligations, mortgage-backed securities and asset-backed securities rated 1 and 2 are stated at amortized cost using the interest method; all others are stated at the lower of amortized cost or market. For mortgage-backed and asset-backed securities, dealer modeled prepayment assumptions are used at the date of purchase to determine effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis.

Short-term investments are stated at cost.

Unpaid Losses and Loss Adjustment Expense Reserves - The net liabilities stated for unpaid claims and for expenses of investigation and adjustment of unpaid claims are based upon (a) the accumulation of case estimates for losses reported prior to the close of the accounting period on the direct business written; (b) estimates received from ceding reinsurers and insurance pools and associations; (c) estimates of unreported losses and development on reported losses based on past experience; and (d) estimates based on experience of expenses for investigating and adjusting claims. The total of these factors is reduced for portions ceded to other reinsurers. All such estimates are based on the current state of the law and coverage litigation, which could change substantially by the time claims are settled. These liabilities are subject to the impact of changes in claim amounts and frequency and other factors. In spite of the variability inherent in such estimates, management believes that the liabilities for unpaid losses and loss adjustment expenses are adequate. Changes in estimates of the liabilities for losses and loss adjustment expenses are reflected in the statement of income in the period in which determined.

Premium Deficiency Reserve – The Company uses anticipated investment income as a factor in premium deficiency calculations.

Premium Recognition - Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Underwriting Expense Recognition - Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

2.) ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

A. The Company did not have any material changes in accounting principles and/or corrections of errors, other than the items disclosed in Note 2B.

B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the state of Ohio. Effective January 1, 2001, the state of Ohio required that insurance companies domiciled in the state of Ohio prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedure Manual*, subject to any deviation prescribed by the State of Ohio insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedure Manual* are reported as changes in accounting principles. The cumulative effect of the changes in principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in the accounting principle. As a result of these changes, the Company reported a change of accounting principles, an adjustment that increased unassigned funds (surplus), of \$61,920 as of January 1, 2001. The components of the adjustment are as follows:

Deferred tax assets	\$61,920
Total	\$61,920

3.) BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method – Not applicable.

B. Merger – Not applicable.

C. Impairment Loss – Not applicable.

ATLANTA SPECIALTY INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

4.) DISCONTINUED OPERATIONS

The Company did not have any discontinued operations during 2002.

5.) INVESTMENTS

- A. Mortgage Loans – The Company does not have any investment in mortgage loans.
- B. Debt Restructuring – The Company does not hold any investments involved in debt restructuring.
- C. Reverse Mortgages – The Company does not invest in reverse mortgages.
- D. Loan-Backed Securities

The Company uses dealer-modeled prepayment assumptions for mortgage-backed and asset-backed securities at the date of purchase to determine effective yields; significant changes in estimated cash flows from the original purchase assumptions are accounted for on a prospective basis. In determining the market value of its loan-backed securities, the Company obtains the majority of its pricing from dealer quotes. When dealer quotes are unavailable, the Company uses EJV Partners, L.P. pricing service or management estimates.

- E. Repurchase Agreements – The Company does not invest in repurchase agreements.

6.) JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

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

7.) INVESTMENT INCOME

- A. Due and accrued income was excluded from surplus on the following basis:
1. All investment income due and accrued with amounts that are over 90 days past due.
 2. The total amount excluded from surplus was \$11,063.

8.) DERIVATIVE INSTRUMENTS

The Company's investment objectives do not include holding or issuing derivative financial instruments.

9.) INCOME TAXES

- A. The components of the net deferred tax assets/liabilities at December 31 are as follows:

	2002	2001
Gross deferred tax assets	\$398,536	\$453,030
Gross deferred tax liabilities	15,232	31,061
Net deferred tax assets	383,304	421,969
Deferred tax assets non-admitted	378,099	414,615
Admitted deferred tax assets	\$5,205	\$7,354
Increase (Decrease) in non-admitted deferred tax assets	\$(36,516)	\$(5,385)

- B. The Company has recognized all deferred tax liabilities.
- C. Current income taxes incurred consist of the following major components:

	2002	2001
Current year income tax	\$210,113	\$167,042
Prior year accrual of tax reserves	(25)	(9,447)
Current income taxes incurred	\$210,088	\$157,595

The changes in main components of deferred tax assets and deferred tax liabilities are as follows:

<u>Deferred Tax Assets resulting from book/tax differences in:</u>	2002	2001	Difference
Amortization of Intangibles	\$387,740	\$443,799	\$(56,059)
Non-admitted assets	3,871	-	3,871
Reserves	4,912	5,363	(451)
Unearned premiums	2,013	3,868	(1,855)
Total deferred tax assets	\$398,536	\$453,030	\$(54,494)
Deferred tax assets non-admitted	\$378,099	\$414,615	\$(36,516)

ATLANTA SPECIALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

<u>Deferred tax liabilities resulting from book/tax differences in:</u>	<u>2002</u>	<u>2001</u>	<u>Difference</u>
Salvage and subrogation	\$182	\$261	\$(79)
Securities	15,050	30,800	(15,750)
Total deferred tax liabilities	<u>\$15,232</u>	<u>\$31,061</u>	<u>\$(15,829)</u>
Net deferred tax assets	<u>\$5,205</u>	<u>\$7,354</u>	<u>\$(2,149)</u>

The changes in net deferred income taxes is comprised of the following (this analysis excludes non-admitted assets; the change in non-admitted assets is reported separately from the change in net deferred income taxes in the Underwriting and Investment Exhibit):

	<u>2002</u>	<u>2001</u>	<u>Change</u>
Total deferred tax assets	\$398,536	\$453,030	\$(54,494)
Total deferred tax liabilities	15,232	31,061	(15,829)
Net deferred tax assets	<u>\$383,304</u>	<u>\$421,969</u>	<u>\$(38,665)</u>
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			<u>\$(38,665)</u>

- D. The Company's income tax expense and change in deferred taxes differs from the amount obtained by applying the federal statutory rate of 35% to net income after dividends to policyholders are as follows:

	<u>2002</u>	<u>2001</u>
Income taxes at the statutory rate	\$249,715	\$219,528
Prior year accrual of tax reserves	(25)	(9,447)
Non-admitted assets	(3,872)	-
Other items	2,935	(3,305)
Total	<u>\$248,753</u>	<u>\$206,776</u>
Federal and foreign income taxes incurred	\$210,088	\$157,595
Change in net deferred income taxes excluding unrealized	38,665	49,181
Total statutory income taxes	<u>\$248,753</u>	<u>\$206,776</u>

- E. Operating Loss Carryforwards and Income Taxes Available for Recoupment:

At December 31, 2002, the Company had no net operating loss carryforwards.

The amount of federal income taxes incurred and available for recoupment in the event of future net losses: Current year \$210,113; first preceding year \$167,017; second preceding year \$24,957.

- F. The Company's federal income tax return is consolidated.

1. The Company's federal income tax return is consolidated with the following entities:

AAG Holding Company, Inc.	AAG Insurance Agency, Inc.
AAG Insurance Agency of Alabama, Inc.	AAG Insurance Agency of Massachusetts, Inc.
AAG Insurance Agency of Texas, Inc.	ADL Financial Services, Inc.
AFC Coal Properties, Inc.	American Commonwealth Development Company
American DataSolutions International, Inc.	American Deposit Insurance Company
American Empire Insurance Company	American Empire Surplus Lines Insurance Company
American Empire Underwriters, Inc.	American Financial Corporation
American Financial Corporation (Inactive)	American Financial Enterprises, Inc.
American Insurance Agency, Inc.	American Memorial Marketing Services, Inc.
American Money Management Corporation	American Payroll Services, Inc.
American Premier Insurance Company	American Premier Underwriters, Inc.
American Retirement Life Insurance Company	American Signature Underwriters, Inc.
American Special Risk, Inc.	Ann Arbor Railroad Company (The)
Annuity Investors Life Insurance Company	Associates of the Jersey Company (The)
Atlanta Casualty Company	Atlanta Casualty General Agency, Inc.
Atlanta Casualty Group, Inc.	Atlanta Insurance Brokers, Inc.
Atlanta Reserve Insurance Company	Atlanta Specialty Insurance Company
Aviation Specialty Managers, Inc.	Brothers Pennsylvanian Corporation
Brothers Port Richey Corporation	Brothers Property Corporation
Brothers Property Management Corporation	Brothers Railyard Corporation
Budget Insurance Premiums, Inc.	Cal Coal, Inc.
Charleston Harbor Marina, Inc.	CHATBAR, Inc.
Chatham Enterprises, Inc.	Consolidated Financial Corporation
Coventry Insurance Company	Crop Managers Insurance Agency, Inc.
CSW Management Services, Inc.	Delbay Corporation
Dempsey & Siders Agency, Inc.	Detroit Manufacturers Railroad Company
Dixie Terminal Corporation	Driskill Holdings, Inc.
Dudley L. Moore Insurance, Inc.	Eden Park Insurance Brokers, Inc.
ESC, Inc.	Fairmont Holdings, Inc.
FCIA Management Company, Inc.	Fidelity Excess and Surplus Insurance Company
FlexTech Holding Co., Inc.	FWC Corporation
GAI Warranty Company	GAI Warranty Company of Florida
Gains Group, Inc. (The)	GALIC Brothers, Inc.
GALIC Disbursing Company	Global Premier Finance Company
Granite Finance Co., Inc.	Great American Advisors, Inc.

ATLANTA SPECIALTY INSURANCE COMPANY

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Great American Agency of Texas, Inc.	Great American Alliance Insurance Company
Great American Assurance Company	Great American Claims Services, Inc.
Great American Contemporary Insurance Company	Great American Custom Insurance Services California, Inc.
Great American Custom Insurance Services Illinois, Inc.	Great American Custom Insurance Services, Inc.
Great American Custom Insurance Services Massachusetts, Inc.	Great American Custom Solutions, Inc.
Great American E & S Insurance Company	Great American Fidelity Insurance Company
Great American Financial Resources, Inc.	Great American Holding, Inc.
Great American Insurance Agency, Inc.	Great American Insurance Company
Great American Insurance Company of New York	Great American Life Assurance Company
Great American Life Insurance Company	Great American Lloyd's, Inc.
Great American Lloyd's Insurance Company	Great American Management Services, Inc.
Great American Protection Insurance Company	Great American Re Inc.
Great American Security Insurance Company	Great American Spirit Insurance Company
Great Southwest Corporation	Grizzly Golf Center, Inc.
Hangar Acquisition Corp.	Indianapolis Union Railway Company (The)
Infinity Agency of Texas, Inc.	Infinity Group, Inc. (The)
Infinity Insurance Company	Infinity National Insurance Company
Infinity Property and Casualty Corporation	Infinity Select Insurance Company
Instech Corporation	Integrated Display Systems, Inc.
Key Largo Group, Inc.	Keyes-Graham Insurance Agency, Inc.
Laurentian Credit Services Corporation	Laurentian Marketing Services, Inc.
Laurentian Securities Corporation	Leader Group, Inc.
Leader Insurance Company	Leader Managing General Agency, Inc.
Leader National Agency, Inc.	Leader Preferred Insurance Company
Leader Specialty Insurance Company	Lehigh Valley Railroad Company
Lifestyle Financial Investments, Inc.	Lifestyle Financial Investments Agency of Ohio, Inc.
Lifestyle Financial Investments of Indiana, Inc.	Lifestyle Financial Investments of the Northwest, Inc.
Loyal American Life Insurance Company	Loyal Marketing Services, Inc.
Marathon Manufacturing Companies, Inc.	Marathon Manufacturing Company
Mid-Continent Casualty Company	Mid-Continent Insurance Company
Money-Plan International, Inc.	Moore Group Inc.
New York and Harlem Railroad Company (The)	Oklahoma Surety Company
One East Fourth, Inc.	Owasco River Railway, Inc. (The)
PCC 38 Corp.	PCC Chicago Realty Corp.
PCC Gun Hill Realty Corp.	PCC Maryland Realty Corp.
PCC Michigan Realty, Inc.	PCC Real Estate, Inc.
PCC Scarsdale Realty Corp.	PCC Technical Industries, Inc.
Penn Camarillo Realty Corp.	Penn Central Energy Management Company
Penn Towers, Inc.	Pennsylvania Company
Pioneer Carpet Mills, Inc.	Pittsburgh and Cross Creek Railroad Company
PLLS, Ltd.	Pointe Apartments, Inc.
Premier Dealer Services, Inc.	Premier Lease & Loan Services Insurance Agency, Inc.
Premier Lease & Loan Services of Canada, Inc.	Professional Risk Brokers of Connecticut, Inc.
Professional Risk Brokers, Inc.	Professional Risk Brokers of Ohio, Inc.
Purity Financial Corporation	Regal Insurance Company
Republic Indemnity Company of America	Republic Indemnity Company of California
Republic Indemnity Medical Management, Inc.	Risiko Management Corporation
Skipjack Marina Corp.	Solid State Scientific Hi-Rel, Inc.
Solid State Scientific International, Inc.	Stone Mountain Professional Liability Agency, Inc.
Superior NWWN of Ohio, Inc.	SWTC, Inc.
TEJ Holdings, Inc.	Terminal Realty Penn Co.
Texas Windsor Group, Inc.	Three East Fourth, Inc.
TICO Insurance Company	Transport Insurance Company
Treaty House, Ltd. (d/b/a Mr. Budget)	United Railroad Corp.
United Teacher Associates, Ltd.	Waynesburg Southern Railroad Company
Windsor Group, Inc.	Windsor Insurance Company
World Houston, Inc.	Worldwide Casualty Insurance Company
Worldwide Direct Auto Insurance Company	Worldwide Insurance Company

2. Tax payments and the recoupment (in the event of future losses) of tax paid pursuant to the tax allocation agreement are computed on a separate company basis as determined in accordance with generally accepted accounting principles, based upon the rules provided by the Internal Revenue Code of 1986 as amended.

10.) INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. The Company is an indirect subsidiary of American Financial Group, Inc., 100% of the outstanding common stock of the Company is owned directly by Atlanta Casualty Company. See Schedule Y, Part I, Organizational Chart.
- B. Detail of Transactions Greater than 1/2% of Admitted Assets
- The Company sold a security at market to Great American Insurance Company for \$259,237 on July 26, 2002.
- C. Change in terms of Intercompany Arrangements - None
- D. Amounts Due to or from Related Parties - The Company has a payable to its parent, Atlanta Casualty Company, in the amount of \$24,222 as a result of its pooling agreement. The terms of the pooling agreement require that these amounts be settled within thirty days.

ATLANTA SPECIALTY INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

- E. Guarantees or Contingencies for Related Parties - 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 or any affiliated insurer's assets to liability.
- F. Management or service contracts and all cost sharing arrangements involving the Company or any affiliated insurer
 - 1. The Company and affiliated insurance companies have contracts with American Money Management Corporation (an affiliate) which, subject to the direction of the Finance Committees of the companies, provide for management and accounting services related to the investment portfolios.
 - 2. Certain administrative, consultative, printing, office duplicating, telecommunications, purchasing, personnel, data processing and other services are provided under General Services Agreements between the Company and insurance and non-insurance affiliates for which actual costs are allocated on the basis of usage.
 - 3. Certain administrative, management, accounting, data processing, underwriting, claim, collection and investment services are provided under agreements between the Company and affiliates at charges not unfavorable to the Company or insurance affiliates.
- G. The Company is an indirect subsidiary of American Financial Group, Inc., 100% of the outstanding common stock of the Company is owned directly by Atlanta Casualty Company. See Schedule Y, Part 1, Organizational Chart.
- H. The Company owns no shares, either directly or indirectly, of an upstream intermediate or ultimate parent.
- I. The Company does not have any investments in affiliates.
- J. Not applicable.

11.) DEBT

- A. The Company does not have any capital note obligations.
- B. The Company does not have any outstanding liability for borrowed money.

12.) RETIREMENT PLAN, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Defined Benefit Plans

The Company does not have any defined benefit plans.

B. Defined Contribution Plans

The Company does not have any defined contribution plans.

C. Multiemployer Plans

The Company does not have any multiemployer plans.

D. Consolidated/Holding Company Plans

Employee Retirement Plan

American Financial Group, Inc. (Parent) has established the American Financial Group Retirement and Savings Plan for the benefit of employees of American Financial Group, Inc. and its participating subsidiaries. All employees meeting minimum requirements regarding service are eligible to participate in this Plan. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by the Company on their behalf. The Plan has three types of contributions, including (1) Retirement Contributions made by the Company, (2) 401(k) Contributions made by participating employees, and (3) Matching Contributions made by the Company. The benefits for the Retirement Contributions Account are based on eligible compensation for each year of participation. Funding is determined annually. Each employer contributes an amount for the Retirement Contributions Account based upon the relationship of its total eligible compensation to total eligible compensation under the Plan. In addition, participating employees are permitted to make 401(k) Contributions to the Plan. Matching Contributions may be made by the Company based on the amount of 401(k) Contributions made by the participating employees. Plan costs are funded as they accrue and vested benefits are fully funded. Both Retirement Contributions and Matching Contributions to the Plan are subject to the discretion of the Board of Directors of the Company, and the Company has no liability for future contributions to the Plan. At December 31, 2002, the fair market value of the Plan's Retirement Contributions Account assets was \$243,364,068 and the fair market value of the Plan's Matching Contributions Account assets was \$12,764,826. The Company's share of the expense for the plan during 2002 was \$158.

ATLANTA SPECIALTY INSURANCE COMPANY
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Postretirement Benefit Plan

The Company provides postretirement health care and life insurance benefits to employees meeting age and service requirements through plans sponsored by American Financial Group, Inc. The retiree medical care plan is a contributory plan covering all eligible employees hired prior to 1993; employees hired after 1992 pay the full cost of retiree medical coverage. The Company currently pays the full cost of life insurance coverage for eligible retirees. The medical plan is funded by monthly payments to a trust. Life insurance benefits are provided by insurance contracts. American Financial Group, Inc. has the right to modify or terminate either of these plans in the future. The Company has the right to terminate its participation at any time in the future.

The Company accrues its postretirement benefits over the period the employees qualify for such benefits. At December 31, 2002, the Company's accumulated postretirement benefit obligation was \$1,064 using a discount rate of 6.75% of which \$115 is currently accrued. Net postretirement benefits costs for the year ended December 31, 2002, were \$29 which includes service cost, interest cost and amortization of the transition obligation.

The weighted average annual assumed rate of increase in the health care cost trend rate is 10% for 2003 and is assumed to decrease gradually to 5% over 5 years and to remain at that level thereafter. The effect of a 1% increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation at December 31, 2002 by \$105.

E. Postemployment Benefits and Compensated Absences

The Company has accrued for postemployment benefits and compensated absences in accordance with SSAP No. 11.

13.) CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- A. The Company has 300,000 shares of common stock authorized and 250,043 shares issued and outstanding with a par value of \$12.00.
- B. The Company has no preferred stock outstanding.
- C. The maximum amount of dividends or distributions which may be paid to stockholders by property/casualty insurance companies domiciled in the State of Ohio without (i) prior approval or (ii) expiration of a 30 day waiting period without disapproval of the Director of Insurance is the greater of net income or 10% of policyholders' surplus as of the preceding December 31, but only to the extent of earned surplus as of the preceding December 31. The maximum amount of ordinary dividends or distributions which may be paid in 2003 based on policyholders' surplus is \$1,187,566.
- D. Within the limitations of (C) above, there are no specific restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. There were no restrictions placed on the Company's unassigned funds.
- F. Mutual Surplus Advances - Not applicable.
- G. No stock of the Company or its affiliates is held by it for special purposes.
- H. The Company does not have any special surplus funds.
- I. The portion of unassigned funds represented or reduced by each item below is as follows:

<u>Description</u>	<u>Cumulative Increase (Decrease) in Surplus</u>	<u>Current Year Increase (Decrease) in Surplus</u>
1. Unrealized gain or loss	\$0	\$0
2. Nonadmitted assets	(389,662)	24,952
3. Provision for reinsurance	-	-

- J. The Company does not have any surplus debentures or similar obligations.
- K. Quasi Reorganizations - Not applicable.

14.) CONTINGENCIES

A. Contingent Commitments

The Company does not have any contingent commitments.

B. Assessments

The Company has received notifications of insolvency of a number of insurance companies. It is expected that these insolvencies will result in guaranty fund assessments against the Company at some future date. The Company has accrued for these assessments.

C. Gain Contingencies

The Company does not have any gain contingencies.

D. All Other contingencies

Various lawsuits against the Company have arisen in the ordinary course of the Company's business. The Company's management believes that contingent liabilities arising from such litigation and other matters will not have a material effect on the financial position or

ATLANTA SPECIALTY INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

results of operations of the Company.

15.) LEASES**A. Lessee Operating Lease**

The Company does not have any lease obligations.

B. Lessor Leases

The Company does not participate in any leasing activities as a lessor.

16.) INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company does not have any financial instruments with off-balance sheet risk or financial instruments with concentrations of credit risk.

17.) SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A. The Company did not sell any receivable balances during 2002.

B. Transfer and Servicing of Financial Assets – Not applicable.

C. The Company was not involved in any wash sale transactions during 2002.

18.) GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED A & H PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Company does not serve as an administrator for uninsured accident and health plans or uninsured portions of partially insured plans.

19.) DIRECT PREMIUM WRITTEN PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The Company does not have any direct written premium by a managing general agent or third party administrator.

20.) OTHER ITEMS

A. Extraordinary Items – Not applicable.

B. Troubled Debt Restructuring for Debtors – Not applicable.

C. Other Disclosures – Not applicable.

D. Uncollectible Balances – At December 31, 2002 and 2001, the Company had admitted assets of \$25,819 and \$0, respectively in premiums receivables. The Company's policy is to charge off all balance over 90 days. Based on this conservative practice, no additional provision has been recorded. The potential for any additional loss is not believed to be material to the Company's financial condition.

E. Reinsurance Accounted for as a Deposit – Not applicable.

F. Multiple Peril Crop Insurance

The Company does not write multiple peril crop insurance.

G. Mezzanine Real Estate Loans

The Company does not have any investment in mezzanine real estate loans.

H. Health Care Receivables – Not applicable.

I. September 11 Events

The Company had no material exposure to losses resulting from the September 11 events.

J. Real Estate - Not applicable.

K. Participating Policies - Not applicable.

L. Premium Deficiency Reserves

The Company does not have a liability relating to premium deficiency reserves.

M. Noncash Transactions - Not applicable.

21.) EVENTS SUBSEQUENT

There have not been any events subsequent to December 31, 2002, which may have a material effect on the financial condition of the

ATLANTA SPECIALTY INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

Company.

22.) REINSURANCE

A. Unsecured Reinsurance Recoverable

The Company does not have with any individual reinsurer any unsecured aggregate recoverable for losses, loss adjustment expenses, and unearned premiums that exceeds 3% of its policyholders surplus.

B. Reinsurance Recoverable in Dispute

The Company does not have any reinsurance recoverables on losses in dispute.

C. Reinsurance Assumed and Ceded

1. The Company's maximum amount of return commission due as a result of cancellation as of December 31, 2002, of all reinsurance agreements would be:

	ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
Affiliates	\$28,756	\$(114)	\$11,709,709	\$1,395,937	\$(11,680,953)	\$(1,396,051)
All Other	-	-	-	-	-	-
TOTAL	\$28,756	\$(114)	\$11,709,709	\$1,395,937	\$(11,680,953)	\$(1,396,051)

Direct Unearned Premium Reserve \$11,709,709

2. There were no other commissions accrued.

3. The Company does not use protected cells as an alternative to traditional reinsurance.

D. Uncollectible Reinsurance

The Company has not written off any uncollectible reinsurance during 2002.

E. Commutation of Reinsurance Ceded

The Company did not have any commutation of ceded reinsurance during 2002.

F. Retroactive Reinsurance

The Company does not have any retroactive reinsurance agreements in force.

23.) RETROSPECTIVELY RATED CONTRACTS

The Company does not have any retrospectively rated contracts.

24.) CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table provides an analysis of the change in loss and loss expense reserves net of reinsurance recoverables (in thousands):

	2002	2001
Balance at beginning of period	\$157	\$174
Loss and loss expense incurred:		
Current accident year	142	237
Prior accident years	(1)	(14)
	141	223
Loss and loss expense payments made for:		
Current accident year	(74)	(144)
Prior accident years	(89)	(96)
	(163)	(240)
Balance at end of period	\$135	\$157

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years had decreased by \$1,000 in 2002 and decreased by \$14,000 in 2001 as a result of reestimation of unpaid losses and loss adjustment expenses. The changes in the reestimation is a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

ATLANTA SPECIALTY INSURANCE COMPANY
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25.) INTERCOMPANY POOLING ARRANGEMENTS

The Company and certain affiliates maintain an inter-company reinsurance pooling agreement with their parent, Atlanta Casualty Company. The effect is to transfer all direct insurance liabilities of these subsidiaries to Atlanta Casualty Company and to cede specified percentages of the net underwriting results of Atlanta Casualty Company to the participating companies as follows:

Company	NAIC Company Code Number	Participation Percentage
Atlanta Casualty Company	21792	99.7%
American Premier Insurance Company	37001	0.1%
Atlanta Specialty Insurance Company	31925	0.1%
Atlanta Reserve Insurance Company	10968	0.1%
		<u>100.0%</u>

Atlanta Casualty Company's net underwriting results are determined after making cessions to various other affiliated and non-affiliated reinsurers under terms of other reinsurance agreements. These cessions are made subsequent to the pooling of business from the affiliated pool members to Atlanta Casualty Company. There are no discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead company and the corresponding entries on the assumed and ceded reinsurance schedules of other pool participants. The Provision for Reinsurance (Schedule F, Part 7) is recorded by Atlanta Casualty Company and is not shared with the other pool participants. Uncollectible reinsurance balances which are written off are subject to the terms of the pooling agreement.

26.) STRUCTURED SETTLEMENTS

- A. The Company has not purchased any annuities under which it is owner and payee to fund future payments that are fixed.
- B. The Company has not purchased any annuities of which the claimant is payee but for which the Company is contingently liable.

27.) HIGH DEDUCTIBLES

The Company does not have any high deductible policies.

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 have any exposure for asbestos or environmental claims.

30.) SUBSCRIBER SAVINGS ACCOUNTS

The Company is not a reciprocal exchange and, accordingly, has nothing to report.

31.) FINANCIAL GUARANTY INSURANCE EXPOSURES

The Company does not have any financial guaranty insurance exposures.

ATLANTA SPECIALTY INSURANCE COMPANY

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	4,183,671	35.1	4,183,671	35.1
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	0	0.0	0	0.0
1.22 Issued by U.S. government sponsored agencies.....	0	0.0	0	0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....	0	0.0	0	0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	0	0.0	0	0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	0	0.0	0	0.0
1.43 Revenue and assessment obligations.....	0	0.0	0	0.0
1.44 Industrial development and similar obligations.....	0	0.0	0	0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....	0	0.0	0	0.0
1.512 Issued by FNMA and FHLMC.....	95,105	0.8	95,105	0.8
1.513 Privately issued.....	0	0.0	0	0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....	506,493	4.3	506,493	4.3
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....	0	0.0	0	0.0
1.523 All other privately issued.....	0	0.0	0	0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	5,188,427	43.6	5,188,427	43.6
2.2 Unaffiliated foreign securities.....	0	0.0	0	0.0
2.3 Affiliated securities.....	0	0.0	0	0.0
3. Equity interests:				
3.1 Investments in mutual funds.....	0	0.0	0	0.0
3.2 Preferred stocks:				
3.21 Affiliated.....	0	0.0	0	0.0
3.22 Unaffiliated.....	0	0.0	0	0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....	0	0.0	0	0.0
3.32 Unaffiliated.....	0	0.0	0	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	0	0.0	0	0.0
3.42 Unaffiliated.....	0	0.0	0	0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....	0	0.0	0	0.0
3.52 Unaffiliated.....	0	0.0	0	0.0
4. Mortgage loans:				
4.1 Construction and land development.....	0	0.0	0	0.0
4.2 Agricultural.....	0	0.0	0	0.0
4.3 Single family residential properties.....	0	0.0	0	0.0
4.4 Multifamily residential properties.....	0	0.0	0	0.0
4.5 Commercial loans.....	0	0.0	0	0.0
5. Real estate investments:				
5.1 Property occupied by company.....	0	0.0	0	0.0
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....	0	0.0	0	0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....	0	0.0	0	0.0
6. Policy loans.....	0	0.0	0	0.0
7. Receivables for securities.....	0	0.0	0	0.0
8. Cash and short-term investments.....	1,929,060	16.2	1,929,060	16.2
9. Other invested assets.....	0	0.0	0	0.0
10. Total invested assets.....	11,902,757	100.0	11,902,757	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State regulating? Ohio

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

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

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001

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. 12/31/1999

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). 11/06/2000

3.4 By what department or departments? Ohio

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

4.11 sales of new business? Yes [] No [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
	00000	

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:
N/A

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.0.000 %

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

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP
1300 Chiquita Center, 250 East Fifth Street, Cincinnati, Ohio 45202-5190
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?
John L. Doellman, F.C.A.S., M.A.A.A., Vice President and Actuary of Great American Insurance Company
An affiliate of Atlanta Specialty Insurance Company, located at 580 Walnut Street, Cincinnati, Ohio 45202-3180
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?
N/A
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred.....	none.....	N/A.....	N/A.....	N/A.....	...Yes [].....No [].....	...Yes [].....No [].....
Common.....	300,000.000	250,043.000	12.00	XXX	XXX XXX	XXX XXX

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

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

N/A

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

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

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

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

- 19.31 N/A
- 19.32 N/A
- 19.33 N/A
- 19.34 N/A
- 19.35 N/A
- 19.36 N/A
- 19.37 N/A
- 19.38 N/A
- 19.39 N/A

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		0

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
The Bank of New York	New York, New York

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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

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

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
Not applicable.	American Money Management Corporation	1 East Fourth Street, Cincinnati, Ohio 45202

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....493

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
None	0

24.1 Amount of payments for legal expenses, if any? \$.....49

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
None.	0

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

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

1 Name	2 Amount Paid
None.	0

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$.....	0
1.3	What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$.....	0
1.31	Reason for excluding:	<hr/>	
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$.....	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$.....	0
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$.....	0
1.62	Total incurred claims	\$.....	0
1.63	Number of covered lives	.....	0
	All years prior to most current three years:		
1.64	Total premium earned	\$.....	0
1.65	Total incurred claims	\$.....	0
1.66	Number of covered lives	.....	0
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$.....	0
1.72	Total incurred claims	\$.....	0
1.73	Number of covered lives	.....	0
	All years prior to most current three years:		
1.74	Total premium earned	\$.....	0
1.75	Total incurred claims	\$.....	0
1.76	Number of covered lives	.....	0
2.1	Does the reporting entity issue both participating and non-participating policies?	Yes []	No [X]
2.2	If yes, state the amount of calendar year premiums written on:		
2.21	Participating	\$.....	0
2.22	Non-participating policies	\$.....	0
3.	For Mutual Reporting Entities and Reciprocal Exchange only:		
3.1	Does the reporting entity issue assessable policies?	Yes []	No []
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?	.....	0.0 %
3.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$.....	0
4.	For Reciprocal Exchanges only:		
4.1	Does the exchange appoint local agents?	Yes []	No []
4.2	If yes, is the commission paid:		
4.21	Out of Attorney's-in-fact compensation	Yes []	No [] N/A [X]
4.22	As a direct expense of the exchange	Yes []	No [] N/A [X]
4.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?	<hr/>	
	N/A		
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:	<hr/>	
	N/A		
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?	<hr/>	
	Line of business not written		
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:	<hr/>	
	The Company utilizes historical catastrophe loss data to estimate the Company's probable maximum loss (PML) in areas where there is concentration of automobiles insured. The Company's PML is limited since auto comprehensive is the primary property coverages sold. The Company does not use an outside model in its estimation.		
5.3	What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss?	<hr/>	
	The Company has a 90% physical damage quota share treaty that provides coverage for three occurrences per year which further limits the Company's PML.		
5.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes []	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.	<hr/>	
	The Company is covered by a property catastrophe excess contract but the Company's PML is less than the Company's retention.		
6.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes []	No [X]
6.2	If yes, indicate the number of reinsurance contracts containing such provisions.	.....	0

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories (continued)

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

7.2 If yes, give full information:

N/A

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

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

9.2 If yes, give full information:

N/A

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

10.11 Unpaid losses \$.....0

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

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

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

10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

10.41 From0.0 %

10.42 To0.0 %

10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]

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

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

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

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

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

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

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

12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]

12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.1

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

13.2 If yes, give full information:

N/A

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 N/A

14.12 Number of parcels involved0

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

14.2 If yes, provide explanation

N/A

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

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

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
15.11 Home.....	.....0	.....0	.....0	.....0	.....0
15.12 Products.....	.....0	.....0	.....0	.....0	.....0
15.13 Automobile.....	.....0	.....0	.....0	.....0	.....0
15.14 Other*.....	.....0	.....0	.....0	.....0	.....0

* Disclose type of coverage:

ATLANTA SPECIALTY 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).....	39,652,886	60,620,124	69,578,258	47,860,246	59,384,558
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	21,421,405	34,660,227	38,572,280	25,765,056	31,445,877
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).....	0	0	0	0	0
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	0	0	0	0	0
6. Total (Line 34).....	61,074,291	95,280,351	108,150,538	73,625,302	90,830,435
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).....	135,424	183,641	225,337	187,938	232,617
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	6,464	34,804	113,111	92,637	115,124
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).....	0	0	0	0	0
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	0	0	0	0	0
12. Total (Line 34).....	141,888	218,445	338,448	280,575	347,741
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	(3,028)	(10,631)	(42,854)	(17,051)	(28,097)
14. Net investment gain (loss) (Line 11).....	720,152	644,296	641,004	894,826	895,796
15. Total other income (Line 15).....	(3,651)	(6,441)	(10,025)	(6,420)	(4,088)
16. Dividends to policyholders (Line 17).....	0	0	0	0	0
17. Federal and foreign income taxes incurred (Line 19).....	210,088	157,595	61,000	254,000	236,919
18. Net income (Line 20).....	503,384	469,628	527,125	617,355	626,692
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	12,112,542	11,686,753	11,208,589	17,497,133	17,836,651
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	632	0	4,706	541	0
20.2 Deferred and not yet due (Line 10.2).....	24,687	0	72,129	69,429	81,434
20.3 Accrued retrospective premiums (Line 10.3).....	0	0	0	0	0
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	236,874	300,757	299,576	9,133,066	7,469,162
22. Losses (Page 3, Lines 1 & 2).....	109,904	130,547	145,394	1,365,101	1,377,933
23. Loss adjustment expenses (Page 3, Line 3).....	24,563	25,987	28,637	603,342	607,164
24. Unearned premiums (Page 3, Line 9).....	28,756	55,253	110,797	99,979	113,115
25. Capital paid up (Page 3, Lines 28 & 29).....	3,000,528	3,000,528	3,000,528	3,000,528	3,000,528
26. Surplus as regards policyholders (Page 3, Line 35).....	11,875,667	11,385,996	10,909,013	8,364,067	10,367,489
Risk-Based Capital Analysis					
27. Total adjusted capital.....	11,875,667	11,385,996	10,909,013	8,364,067	10,367,489
28. Authorized control level risk-based capital.....	46,418	36,840	50,659	160,203	149,081
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).....	83.8	85.5	83.8	75.3	79.5
30. Stocks (Lines 2.1 & 2.2).....	0.0	0.0	0.0	0.0	0.0
31. Mortgage loans on real estate (Lines 3.1 & 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).....	16.2	14.5	16.2	24.7	20.5
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 (Sch. D, Summary, Line 25, Col. 1).....	0	0	0	0	0
39. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....	0	0	0	0	0
40. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....	0	0	0	0	0
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.....	0	0	0	0	0
45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0).....	0.0	0.0	0.0	0.0	0.0

ATLANTA SPECIALTY INSURANCE COMPANY FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
Capital and Surplus Accounts (Page 4)					
46. Net unrealized capital gains (losses) (Line 23).....	0	0	11,053	(11,053)	0
47. Dividends to stockholders (Line 34).....	0	0	0	(1,000,000)	0
48. Change in surplus as regards policyholders for the year (Line 37).....	489,671	476,983	2,544,946	(2,003,422)	(482,919)
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).....	33,400,677	46,515,943	40,004,849	37,023,880	37,905,344
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	16,160,720	27,488,413	27,496,610	16,663,727	22,162,791
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	0	0	0	0
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	0	0	0	0	0
54. Total (Line 34).....	49,561,397	74,004,356	67,501,459	53,687,607	60,068,135
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).....	107,634	145,757	1,350,816	159,291	302,596
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	12,938	52,891	116,766	57,387	81,568
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	0	0	0	0
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	0	0	0	0	0
60. Total (Line 34).....	120,572	198,648	1,467,582	216,678	384,164
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
62. Losses incurred (Line 2).....	59.3	67.1	75.7	69.4	74.6
63. Loss expenses incurred (Line 3).....	24.2	14.2	10.4	12.4	12.2
64. Other underwriting expenses incurred (Line 4).....	18.3	22.6	27.0	24.0	20.7
65. Net underwriting gain (loss) (Line 8).....	(1.8)	(3.9)	(13.1)	(5.8)	(7.5)
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).....	24.2	31.4	29.1	27.4	23.4
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	83.5	81.2	86.1	81.8	86.8
68. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0).....	1.2	1.9	3.1	3.4	3.4
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).....	(6)	(20)	(1,541)	(1)	(23)
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Col. 1 x 100).....	(0.1)	(0.2)	(18.4)	(0.0)	(0.3)
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).....	(15)	(24)	(1,531)	(16)	21
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second year end (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(0.1)	(0.3)	(14.8)	(0.1)	0.1

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	4,183,671	4,363,965	4,214,671	4,195,000
	2. Canada.....	0	0	0	0
	3. Other Countries.....	0	0	0	0
	4. Totals.....	4,183,671	4,363,965	4,214,671	4,195,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	0	0	0	0
	6. Canada.....	0	0	0	0
	7. Other Countries.....	0	0	0	0
	8. Totals.....	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	0	0	0	0
	10. Canada.....	0	0	0	0
	11. Other Countries.....	0	0	0	0
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	601,598	616,317	601,732	594,578
	14. Canada.....	0	0	0	0
	15. Other Countries.....	0	0	0	0
	16. Totals.....	601,598	616,317	601,732	594,578
Public Utilities (unaffiliated)	17. United States.....	0	0	0	0
	18. Canada.....	0	0	0	0
	19. Other Countries.....	0	0	0	0
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	5,188,427	5,638,683	5,197,678	5,185,000
	22. Canada.....	0	0	0	0
	23. Other Countries.....	0	0	0	0
	24. Totals.....	5,188,427	5,638,683	5,197,678	5,185,000
Parent, Subsidiaries and Affiliates	25. Totals.....	0	0	0	0
	26. Total Bonds.....	9,973,696	10,618,965	10,014,081	9,974,578
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....	0	0	0	
	28. Canada.....	0	0	0	
	29. Other Countries.....	0	0	0	
	30. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	0	0	0	
	32. Canada.....	0	0	0	
	33. Other Countries.....	0	0	0	
	34. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	0	0	0	
	36. Canada.....	0	0	0	
	37. Other Countries.....	0	0	0	
	38. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals.....	0	0	0	
	40. Total Preferred Stocks.....	0	0	0	
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....	0	0	0	
	42. Canada.....	0	0	0	
	43. Other Countries.....	0	0	0	
	44. Totals.....	0	0	0	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	0	0	0	
	46. Canada.....	0	0	0	
	47. Other Countries.....	0	0	0	
	48. Totals.....	0	0	0	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	0	0	0	
	50. Canada.....	0	0	0	
	51. Other Countries.....	0	0	0	
	52. Totals.....	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals.....	0	0	0	
	54. Total Common Stocks.....	0	0	0	
	55. Total Stocks.....	0	0	0	
	56. Total Bonds and Stocks...	9,973,696	10,618,965	10,014,081	

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	9,831,621	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	2,790,071	6.1 Column 17, Part 1.....	0
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	0
3.1 Column 16, Part 1.....	(8,074)	6.3 Column 11, Part 2, Section 2.....	0
3.2 Column 12, Part 2, Section 1.....	0	6.4 Column 11, Part 4.....	0
3.3 Column 10, Part 2, Section 2.....	0		
3.4 Column 10, Part 4.....	(6,763)	7. Book/adjusted carrying value at end of current period.....	9,973,696
4. Total gain (loss), Column 14, Part 4.....	80,657	8. Total valuation allowance.....	0
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4.....	2,713,816	9. Subtotal (Lines 7 plus 8).....	9,973,696
		10. Total nonadmitted amounts.....	0
		11. Statement value of bonds and stocks, current period.....	9,973,696

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						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	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				
				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.....	426	2	423	291	1	17	0	15	0	13	322	XXX
3. 1994.....	528	2	525	392	0	23	0	20	0	17	434	XXX
4. 1995.....	546	1	545	413	0	23	0	27	0	17	463	XXX
5. 1996.....	439	1	438	318	0	15	0	24	0	13	357	XXX
6. 1997.....	398	0	397	270	0	10	0	26	0	11	306	XXX
7. 1998.....	374	1	373	247	0	7	0	28	0	11	282	XXX
8. 1999.....	299	5	294	193	(0)	5	0	27	0	8	225	XXX
9. 2000.....	328	0	328	234	0	7	0	33	0	11	274	XXX
10. 2001.....	312	38	274	184	29	4	1	35	0	11	194	XXX
11. 2002.....	238	69	168	89	34	1	0	21	1	3	77	XXX
12. Totals.....	XXX	XXX	XXX	2,631	63	113	1	256	1	114	2,934	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
2. 1993.....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3. 1994.....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
4. 1995.....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
5. 1996.....	1	0	0	0	0	0	0	0	0	0	0	1	XXX
6. 1997.....	1	0	0	0	0	0	0	0	0	0	0	1	XXX
7. 1998.....	2	0	(0)	0	0	0	0	0	0	0	0	2	XXX
8. 1999.....	4	0	0	0	1	0	0	0	0	0	0	5	XXX
9. 2000.....	14	0	3	0	2	0	0	0	1	0	1	21	XXX
10. 2001.....	24	0	7	0	4	0	1	0	2	0	1	37	XXX
11. 2002.....	36	2	23	4	6	0	3	0	5	0	4	67	XXX
12. Totals..	83	2	32	4	13	0	4	0	8	0	7	134	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2. 1993.	323	1	322	75.9	22.7	76.2	0	0	0.10	0	0
3. 1994.	434	0	434	82.3	13.9	82.6	0	0	0.10	0	0
4. 1995.	463	0	463	84.9	0.0	85.0	0	0	0.10	0	0
5. 1996.	358	0	358	81.7	41.0	81.7	0	0	0.10	1	0
6. 1997.	307	0	307	77.2	0.0	77.3	0	0	0.10	1	0
7. 1998.	285	0	285	76.2	0.6	76.3	0	0	0.10	2	0
8. 1999.	230	(0)	230	77.0	(6.2)	78.4	0	0	0.10	4	1
9. 2000.	294	0	294	89.8	0.0	89.9	0	0	0.10	17	3
10. 2001.	260	29	231	83.3	76.6	84.3	0	0	0.10	31	6
11. 2002.	184	40	144	77.4	58.2	85.3	0	0	0.10	54	14
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	110	25

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	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.....	51	44	46	45	46	47	47	46	45	45	0	(1)
2. 1993.....	314	305	306	308	308	307	308	308	307	307	0	(0)
3. 1994.....	XXX	416	410	415	413	413	414	414	414	414	0	(0)
4. 1995.....	XXX	XXX	451	434	430	433	437	436	436	437	0	0
5. 1996.....	XXX	XXX	XXX	324	325	329	333	333	333	334	1	1
6. 1997.....	XXX	XXX	XXX	XXX	280	278	283	282	279	281	2	(1)
7. 1998.....	XXX	XXX	XXX	XXX	XXX	282	263	259	253	256	3	(2)
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	216	206	209	203	(6)	(2)
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	269	257	261	4	(8)
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	206	195	(11)	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	119	XXX	XXX
12. Totals.....											(6)	(15)

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	29	39	43	44	45	45	46	44	45	XXX	XXX
2. 1993.....	182	273	294	303	306	307	308	308	307	307	XXX	XXX
3. 1994.....	XXX	246	362	396	407	412	413	414	414	414	XXX	XXX
4. 1995.....	XXX	XXX	271	383	417	429	434	435	436	436	XXX	XXX
5. 1996.....	XXX	XXX	XXX	207	292	319	328	331	332	333	XXX	XXX
6. 1997.....	XXX	XXX	XXX	XXX	174	251	270	276	278	280	XXX	XXX
7. 1998.....	XXX	XXX	XXX	XXX	XXX	164	228	244	249	254	XXX	XXX
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	129	180	192	198	XXX	XXX
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	154	222	241	XXX	XXX
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	117	159	XXX	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	56	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.....	20	4	2	0	0	1	1	(0)	(0)	0
2. 1993.....	49	11	2	1	0	(0)	(0)	(0)	0	0
3. 1994.....	XXX	68	17	6	2	0	0	(0)	0	0
4. 1995.....	XXX	XXX	74	16	3	1	0	(0)	0	0
5. 1996.....	XXX	XXX	XXX	43	10	3	1	0	0	0
6. 1997.....	XXX	XXX	XXX	XXX	46	8	7	3	0	0
7. 1998.....	XXX	XXX	XXX	XXX	XXX	52	17	7	0	(0)
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	32	7	3	0
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	34	8	4
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	35	8
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	22

ATLANTA SPECIALTY INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	Yes	0	0	0	0	0	0	0	0
2. Alaska.....AK	Yes	0	0	0	0	0	0	0	0
3. Arizona.....AZ	No	0	0	0	0	0	0	0	0
4. Arkansas.....AR	Yes	11,183	23,608	0	75,235	47,317	73,862	0	0
5. California.....CA	Yes	170,613	212,389	0	97,051	136,253	42,087	0	0
6. Colorado.....CO	Yes	112,083	227,738	0	358,834	184,129	535,742	0	0
7. Connecticut.....CT	No	0	0	0	0	0	0	0	0
8. Delaware.....DE	No	0	0	0	0	0	0	0	0
9. District of Columbia.....DC	Yes	0	0	0	0	0	0	0	0
10. Florida.....FL	Yes	23,270,668	26,231,353	0	18,255,299	18,728,577	10,656,689	0	0
11. Georgia.....GA	Yes	23,458,069	25,315,814	0	14,635,542	14,126,626	8,905,335	0	0
12. Hawaii.....HI	No	0	0	0	0	0	0	0	0
13. Idaho.....ID	Yes	0	0	0	0	0	0	0	0
14. Illinois.....IL	Yes	659	1,925	0	2,775	1,504	11,193	0	0
15. Indiana.....IN	Yes	131,780	155,278	0	166,294	41,507	114,656	0	0
16. Iowa.....IA	Yes	7,260	16,473	0	8,886	1,901	11,652	0	0
17. Kansas.....KS	Yes	191,020	457,979	0	478,152	291,153	203,886	0	0
18. Kentucky.....KY	Yes	33,530	64,499	0	265,544	(48,116)	306,365	0	0
19. Louisiana.....LA	Yes	36,978	60,175	0	102,318	4,362	151,564	0	0
20. Maine.....ME	No	0	0	0	0	0	0	0	0
21. Maryland.....MD	Yes	0	0	0	0	0	0	0	0
22. Massachusetts.....MA	No	0	0	0	0	0	0	0	0
23. Michigan.....MI	No	0	0	0	0	0	0	0	0
24. Minnesota.....MN	Yes	278,482	492,384	0	379,073	334,335	296,026	0	0
25. Mississippi.....MS	Yes	2,169,430	2,197,915	0	1,042,484	1,546,268	873,383	0	0
26. Missouri.....MO	Yes	180,413	234,567	0	326,908	146,655	208,328	0	0
27. Montana.....MT	Yes	0	0	0	0	0	0	0	0
28. Nebraska.....NE	Yes	0	0	0	0	0	0	0	0
29. Nevada.....NV	Yes	604,894	633,069	0	289,786	397,689	128,992	0	0
30. New Hampshire.....NH	No	0	0	0	0	0	0	0	0
31. New Jersey.....NJ	Yes	0	0	0	0	0	0	0	0
32. New Mexico.....NM	Yes	0	0	0	0	0	0	0	0
33. New York.....NY	Yes	1,144,436	1,407,984	0	1,220,198	970,431	2,175,802	0	0
34. North Carolina.....NC	Yes	0	0	0	0	0	0	0	0
35. North Dakota.....ND	Yes	0	0	0	0	0	0	0	0
36. Ohio.....OH	Yes	158,718	301,898	0	277,445	147,614	144,261	0	0
37. Oklahoma.....OK	Yes	250,922	318,677	0	222,972	160,918	100,615	0	0
38. Oregon.....OR	Yes	42,012	101,630	0	242,463	70,193	154,077	0	0
39. Pennsylvania.....PA	Yes	0	0	0	0	0	0	0	0
40. Rhode Island.....RI	Yes	0	0	0	0	0	0	0	0
41. South Carolina.....SC	Yes	5,116,242	9,600,839	0	8,557,608	4,867,474	5,776,564	0	0
42. South Dakota.....SD	Yes	0	0	0	0	0	0	0	0
43. Tennessee.....TN	Yes	1,635,401	1,502,734	0	585,516	722,622	504,382	0	0
44. Texas.....TX	Yes	0	0	0	0	0	0	0	0
45. Utah.....UT	Yes	148,616	187,726	0	105,740	(24,824)	125,889	0	0
46. Vermont.....VT	No	0	0	0	0	0	0	0	0
47. Virginia.....VA	Yes	0	0	0	0	0	0	0	0
48. Washington.....WA	Yes	21,424	33,321	0	54,425	(67,562)	94,589	0	0
49. West Virginia.....WV	Yes	0	0	0	0	0	0	0	0
50. Wisconsin.....WI	Yes	1,757,569	2,836,884	0	1,690,276	1,323,929	1,739,562	0	0
51. Wyoming.....WY	Yes	0	0	0	0	0	0	0	0
52. American Samoa.....AS	No	0	0	0	0	0	0	0	0
53. Guam.....GU	No	0	0	0	0	0	0	0	0
54. Puerto Rico.....PR	No	0	0	0	0	0	0	0	0
55. US Virgin Islands.....VI	No	0	0	0	0	0	0	0	0
56. Canada.....CN	No	0	0	0	0	0	0	0	0
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
58. Totals.....	(a) 42	60,932,403	72,616,859	0	49,440,825	44,110,953	33,335,499	0	0
DETAILS OF WRITE-INS									
5701.....	XXX	0	0	0	0	0	0	0	0
5702.....	XXX	0	0	0	0	0	0	0	0
5703.....	XXX	0	0	0	0	0	0	0	0
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

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

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

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

PART 1 – ORGANIZATIONAL CHART

	<u>FEIN Number</u>	<u>NAIC Co. Code</u>	<u>Domiciliary State</u>
AMERICAN FINANCIAL GROUP, INC.	31-1544320		
AFC HOLDING COMPANY	31-1422526		
AMERICAN FINANCIAL CORPORATION	31-0624874		
One East Fourth, Inc.	31-0686194		
American Premier Underwriters, Inc.	23-6000765		
GAI (Bermuda) Ltd. (Bermuda)			
GAI Insurance Company, Ltd. (Bermuda)*			
Infinity Property and Casualty Corporation	03-0483872		
Atlanta Casualty Company*	58-1132392	21792	OH
American Premier Insurance Company*	31-1287689	37001	IN
Atlanta Casualty Group, Inc.	58-1293110		
Atlanta Reserve Insurance Company*	31-1627506	10968	OH
Atlanta Specialty Insurance Company*	42-1019055	31925	OH
Penn Central U.K. Limited (United Kingdom)			
Insurance (GB) Limited (United Kingdom)*			
Infinity Insurance Company*	31-0943862	22268	IN
The Infinity Group, Inc.	31-1357130		
Infinity National Insurance Company*	31-1358834	10068	IN
Infinity Select Insurance Company*	31-1333017	20260	IN
Leader Insurance Company*	34-0927698	11738	OH
Leader Preferred Insurance Company*	34-1785809	10195	OH
Leader Specialty Insurance Company*	34-1767787	10061	IN
TICO Insurance Company*	75-1227771	39497	OH
Windsor Insurance Company*	58-1806189	12599	IN
American Deposit Insurance Company*	73-0772113	16802	OK
Coventry Insurance Company*	31-1277903	35211	OH
El Aguila Compañía de Seguros, S.A. de C.V. (Mexico)*			
Moore Group Inc.	58-1080659		
Regal Insurance Company*	58-1806192	38873	IN
Republic Indemnity Company of America*	95-2801326	22179	CA
Republic Indemnity Company of California*	31-1054123	43753	CA
Great American Holding, Inc.	Applied For		
Great American Security Insurance Company*	31-1209419	31135	OH
Great American Spirit Insurance Company*	31-1237970	33723	IN
Great American Insurance Company *	31-0501234	16691	OH
AFC Coal Properties, Inc.	31-1487015		
American Empire Surplus Lines Insurance Company*	31-0912199	35351	DE
American Empire Insurance Company*	31-0973761	37990	OH
Fidelity Excess and Surplus Insurance Company*	22-2824607	12203	OH
Brothers Property Corporation	59-2840291		
FCIA Management Company, Inc.	13-3628555		
GAI Warranty Company	31-1753938		
Great American Alliance Insurance Company*	95-1542353	26832	OH
Great American Assurance Company*	15-6020948	26344	OH
Great American Contemporary Insurance Company*	36-4079497	10646	OH
Great American E & S Insurance Company*	31-0954439	37532	DE
Great American Fidelity Insurance Company*	31-1036473	41858	DE
Great American Insurance Company of New York*	13-5539046	22136	NY
Great American Lloyd's Insurance Company*@	31-0974853	38024	TX
Great American Management Services, Inc.	31-0856644		
Great American Protection Insurance Company*	31-1288778	38580	IN
Great Texas County Mutual Insurance Company*@	43-6030348	13820	TX
Mid-Continent Casualty Company*	73-0556513	23418	OK
Mid-Continent Insurance Company*	73-1406844	15380	OK
Oklahoma Surety Company*	73-0773259	23426	OK
National Interstate Corporation	34-1607394		
Hudson Indemnity, Ltd. (Cayman Islands)*			
National Interstate Insurance Company*	34-1607395	32620	OH
National Interstate Insurance Company of Hawaii, Inc.*	99-0345306	11051	HI
PCC 38 Corp.	36-4123081		
Pointe Apartments, Inc.	41-1752820		
Transport Insurance Company*	75-0784127	33014	OH
Worldwide Insurance Company*	39-1341441	26050	OH
Worldwide Direct Auto Insurance Company*	61-6027355	20133	OH
Worldwide Casualty Insurance Company*	61-0983091	39896	OH
Great American Financial Resources, Inc.	06-1356481		
AAG Holding Company, Inc.	31-1475936		
Great American Life Insurance Company*	13-1935920	63312	OH
American Retirement Life Insurance Company*	59-2760189	88366	OH
Annuity Investors Life Insurance Company*	31-1021738	93661	OH
Great American Life Assurance Company*	95-2496321	62200	OH
Great American Life Insurance Company of New York*	13-1996152	67288	NY
Loyal American Life Insurance Company*	63-0343428	65722	OH
Manhattan National Life Insurance Company*	45-0252531	67083	IL
United Teacher Associates, Ltd.	74-2180806		
United Teacher Associates Insurance Company*	58-0869673	63479	TX
Great American Life Assurance Company of Puerto Rico*	66-0258488	73814	PR

*Denotes Insurer

@ Denotes company which is affiliated but not owned