



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

NAIC Group Code 0772 (Current Period) 0772 (Prior Period) NAIC Company Code 32999 Employer's ID Number 31-0889180
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 09/03/1976 Commenced Business 12/27/1976
Statutory Home Office One Easton Oval, Suite 530, Columbus, OH 43219-6091
Main Administrative Office One Easton Oval, Suite 530, Columbus, OH 43219-6091
Mail Address One Easton Oval, Suite 530, Columbus, OH 43219-6091
Primary Location of Books and Records One Easton Oval, Suite 530, Columbus, OH 43219-6091
Internet Website Address
Statement Contact John Steven Bricker, sbricker@picoholdings.com, 614-475-3178-225
Policyowner Relations Contact

OFFICERS

President and C.E.O. JOHN RUSSELL HART Corporate Secretary JAMES FREDERICK MOSIER ESQ.
Controller and Treasurer JOHN STEVEN BRICKER

VICE PRESIDENTS

RICHARD HAROLD SHARPE C.O.O. MARTHA GRAVES ALTHAUSER

DIRECTORS OR TRUSTEES

JOHN RUSSELL HART RONALD NMI LANGLEY SAMUEL WALTER FOULKROD III, ESQ.
RICHARD DALE RUPPERT M.D. JOHN DAVID WEIL

State of
County of } ss

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

JOHN RUSSELL HART President and C.E.O. JAMES FREDERICK MOSIER ESQ. Corporate Secretary JOHN STEVEN BRICKER Controller and Treasurer

Subscribed and sworn to before me this day of , 2003
a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	6,436,658		6,436,658	6,422,331
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	2,440,000	2,438,550	1,450	25,685
2.2 Common stocks (Schedule D, Part 2, Section 2)	86,744,648	23,933,711	62,810,937	56,850,079
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens	1,620,000		1,620,000	1,620,000
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)			0	0
4.2 Properties held for the production of income (less \$0 encumbrances)			0	0
4.3 Properties held for sale (less \$0 encumbrances)			0	0
5. Cash (\$67,827 Schedule E, Part 1) and short-term investments(\$ .....2,872,918 Schedule DA, Part 2)	2,940,744		2,940,744	12,406,102
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	100,182,050	26,372,261	73,809,789	77,324,196
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection			0	0
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$0 earned but unbilled premiums)			0	0
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)			0	0
15. Federal and foreign income tax recoverable and interest thereon (including \$410,479 net deferred tax asset)	9,718,620	9,308,140	410,480	2,056,838
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	27,119		27,119	37,163
18. Interest, dividends and real estate income due and accrued	125,094		125,094	366,068
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates	214		214	1,149
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)	14,461	14,461	0	0
25. Aggregate write-ins for other than invested assets	47,483	47,483	0	0
26. Total assets excluding protected cell assets (Lines 9 through 25)	110,115,041	35,742,346	74,372,695	79,785,414
27. Protected cell assets	0		0	0
28. TOTALS (Lines 26 and 27)	110,115,041	35,742,346	74,372,695	79,785,414
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. Prepaid Expenses	46,462	46,462	0	0
2502. Capitalized Software	1,021	1,021	0	0
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	47,483	47,483	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	22,568,500	28,588,925
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	7,728,227	7,042,864
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)	220,341	279,901
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		0
7. Federal and foreign income taxes (including \$0 on realized capital gains (losses)) (including \$0 net deferred tax liability)	1,499,784	167,540
8. Borrowed money \$0 and interest thereon \$0		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$0 and including warranty reserves of \$0)	0	0
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	(205,573)	382,442
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others	2,114	18,349
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	0	1,270
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding	87,371	933,249
19. Payable to parent, subsidiaries and affiliates	205,747	282,037
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$0 and interest thereon \$0		0
23. Aggregate write-ins for liabilities	0	(771,000)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	32,106,512	36,925,577
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	32,106,512	36,925,577
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	1,000,000	1,000,000
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	(1,301,828)
31. Surplus notes		0
32. Gross paid in and contributed surplus	15,540,330	15,540,330
33. Unassigned funds (surplus)	25,725,853	27,621,334
34. Less treasury stock, at cost:		
34.1 .....0 shares common (value included in Line 28 \$0)		0
34.2 .....0 shares preferred (value included in Line 29 \$0)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	42,266,183	42,859,837
36. TOTALS (Page 2, Line 28, Col. 3)	74,372,695	79,785,414
DETAILS OF WRITE-INS		
2301. Retroactive Reinsurance Reserves Ceded	0	(771,000)
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	(771,000)
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001. Special Surplus from Retroactive Reinsurance Account	0	(1,301,828)
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	(1,301,828)

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

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	382,442	755,304
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	(3,546,989)	(9,365,653)
3. Loss expenses incurred (Part 3, Line 25, Column 1)	1,757,178	(1,481,116)
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	279,597	460,855
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	(1,510,215)	(10,385,913)
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	1,892,656	11,141,218
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	820,788	1,268,048
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	(5,437,864)	(3,973,904)
11. Net investment gain or (loss) (Lines 9 + 10)	(4,617,076)	(2,705,855)
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$0 amount charged off \$0)		0
13. Finance and service charges not included in premiums		0
14. Aggregate write-ins for miscellaneous income	(772,235)	(258,624)
15. Total other income (Lines 12 through 14)	(772,235)	(258,624)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	(3,496,654)	8,176,739
17. Dividends to policyholders		0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	(3,496,654)	8,176,739
19. Federal and foreign income taxes incurred	1,359,918	2,764,113
20. Net income (Line 18 minus Line 19) (to Line 22)	(4,856,572)	5,412,626
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	42,859,837	33,996,555
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	(4,856,572)	5,412,626
23. Net unrealized capital gains or (losses)	7,467,515	4,476,996
24. Change in net unrealized foreign exchange capital gain (loss)	0	0
25. Change in net deferred income tax	2,374,090	(2,985,163)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	(167,331)	1,217,158
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	1,270	109,026
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	632,638
31. Capital changes:		
31.1. Paid in	0	0
31.2. Transferred from surplus (Stock Dividend)	0	0
31.3. Transferred to surplus	0	0
32. Surplus adjustments:		
32.1. Paid in	0	0
32.2. Transferred to capital (Stock Dividend)	0	0
32.3. Transferred from capital	0	0
33. Net remittances from or (to) Home Office	0	0
34. Dividends to stockholders (cash)	(5,412,626)	0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	(593,653)	8,863,281
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	42,266,183	42,859,837
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401. Retroactive Reinsurance Gain (Loss)	(771,000)	(219,000)
1402. Miscellaneous Income (Loss)	(1,235)	(39,624)
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	(772,235)	(258,624)
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	(205,573)	0
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	4,390,769	5,561,947
3. Underwriting expenses paid	327,716	529,790
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(4,924,058)	(6,091,738)
6. Net investment income	1,056,790	1,251,776
7. Other income (expenses):		
7.1 Agents' balances charged off	0	0
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	(16,234)	14,179
7.4 Aggregate write-ins for miscellaneous items	(1,235)	(39,624)
7.5 Total other income (Lines 7.1 to 7.4)	(17,469)	(25,445)
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered	2,971,894	(1,173)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(912,842)	(4,866,580)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	7,157,968	5,347,740
11.2 Stocks	0	6,071,384
11.3 Mortgage loans	0	719,000
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	6,946	0
11.7 Miscellaneous proceeds	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	7,164,915	12,138,124
12. Cost of investments acquired (long-term only):		
12.1 Bonds	7,265,351	8,742,683
12.2 Stocks	58,000	13,781
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)	7,323,351	8,756,464
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(158,436)	3,381,659
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	39,838
14.4 Borrowed funds received	0	0
14.5 Other cash provided	104,226	51,689
14.6 Total (Lines 14.1 to 14.5)	104,226	91,527
15. Cash applied:		
15.1 Dividends to stockholders paid	5,412,626	0
15.2 Net transfers to affiliates	75,354	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	10,756	0
15.5 Total (Lines 15.1 to 15.4)	5,498,737	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(5,394,511)	91,527
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(6,465,789)	(1,393,393)
18. Cash and short-term investments:		
18.1 Beginning of year	12,406,102	13,799,495
18.2 End of year (Line 17 plus Line 18.1)	5,940,312	12,406,102
DETAILS OF WRITE-INS		
07.401 Miscellaneous Income	(1,235)	(39,624)
07.402		
07.403		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	(1,235)	(39,624)

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	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	382,442	0	0	382,442
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	0	0	0	0
19.3,19.4	Commercial auto liability	0	0	0	0
21.	Auto physical damage	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	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	382,442	0	0	382,442
DETAILS OF WRITE-INS					
3301.	.....			
3302.	.....			
3303.	.....			
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
Line of Business					
1. Fire					
2. Allied lines					
3. Farmowners multiple peril					
4. Homeowners multiple peril					
5. Commercial multiple peril					
6. Mortgage guaranty					
8. Ocean marine					
9. Inland marine					
10. Financial guaranty					
11.1 Medical malpractice - occurrence					
11.2 Medical malpractice - claims-made					
12. Earthquake					
13. Group accident and health					
14. Credit accident and health (group and individual)					
15. Other accident and health					
16. Workers' compensation					
17.1 Other liability - occurrence					
17.2 Other liability - claims-made					
18.1 Products liability - occurrence					
18.2 Products liability - claims-made					
19.1,19.2 Private passenger auto liability					
19.3,19.4 Commercial auto liability					
21. Auto physical damage					
22. Aircraft (all perils)					
23. Fidelity					
24. Surety					
26. Burglary and theft					
27. Boiler and machinery					
28. Credit					
29. International					
30. Reinsurance - Nonproportional Assumed Property					
31. Reinsurance - Nonproportional Assumed Liability					
32. Reinsurance - Nonproportional Assumed Financial Lines					
33. Aggregate write-ins for other lines of business					
34. TOTALS					
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page					
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)					

NONE

(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 [] No []

(b) State here basis of computation used in each case .

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						0
2. Allied lines						0
3. Farmowners multiple peril						0
4. Homeowners multiple peril						0
5. Commercial multiple peril						0
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine						0
10. Financial guaranty						0
11.1 Medical malpractice - occurrence					(382,442)	382,442
11.2 Medical malpractice - claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation						0
17.1 Other liability - occurrence						0
17.2 Other liability - claims-made						0
18.1 Products liability - occurrence						0
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability						0
19.3,19.4 Commercial auto liability						0
21. Auto physical damage						0
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	0	0	0	0	(382,442)	382,442
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire				.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	2,500,030		.0	2,500,030	22,451,071	27,794,952	(2,843,851)	(743.6)
11.2 Medical malpractice - claims-made	121,000		171,000	(50,000)	100,000	753,138	(703,138)	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation				.0	.0	.0	.0	.0
17.1 Other liability - occurrence				.0	.0	.0	.0	.0
17.2 Other liability - claims-made				.0	.0	.0	.0	.0
18.1 Products liability - occurrence				.0	.0	.0	.0	.0
18.2 Products liability - claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability				.0	.0	.0	.0	.0
19.3,19.4 Commercial auto liability				.0	.0	.0	.0	.0
21. Auto physical damage				.0	.0	.0	.0	.0
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity				.0	.0	.0	.0	.0
24. Surety				.0	.0	.0	.0	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International				.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX	23,406		23,406	17,430	40,836	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	2,621,030	23,406	171,000	2,473,436	22,568,500	28,588,925	(3,546,989)	(927.5)
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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

**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 Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril				.0				.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence	10,396,441		4,285,000	6,111,441	17,357,202		1,017,573	22,451,071	7,717,558
11.2 Medical malpractice - claims-made	100,000			100,000				100,000	10,669
12. Earthquake				.0				.0	
13. Group accident and health				.0			(a)	.0	
14. Credit accident and health (group and individual)				.0			(a)	.0	
15. Other accident and health				.0				.0	
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence				.0				.0	
17.2 Other liability - claims-made				.0				.0	
18.1 Products liability - occurrence				.0				.0	
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability				.0				.0	
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX	14,254		14,254	XXX	3,176		17,430	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	10,496,441	14,254	4,285,000	6,225,695	17,357,202	3,176	1,017,573	22,568,500	7,728,227
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.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.

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	1,544,834			1,544,834
1.2 Reinsurance assumed	(27,280)			(27,280)
1.3 Reinsurance ceded	155,527			155,527
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	1,362,027	0	0	1,362,027
2. Commission and brokerage:				
2.1 Direct excluding contingent				0
2.2 Reinsurance assumed excluding contingent				0
2.3 Reinsurance ceded excluding contingent		205,573		205,573
2.4 Contingent-direct				0
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	(205,573)	0	(205,573)
3. Allowances to managers and agents				0
4. Advertising				0
5. Boards, bureaus and associations		70		70
6. Surveys and underwriting reports				0
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	296,834	166,216		463,050
8.2 Payroll taxes	12,094	7,261		19,355
9. Employee relations and welfare	57,098	38,235	(2,401)	92,932
10. Insurance	5,336	38,910		44,246
11. Directors' fees	568	4,140		4,708
12. Travel and travel items	124	3,190	(13)	3,301
13. Rent and rent items	6,523	47,571	(8)	54,086
14. Equipment	3,860	28,172	(21)	32,011
15. Cost or depreciation of EDP equipment and software	2,509	18,291	0	20,800
16. Printing and stationery	(3)	9,360	(1)	9,356
17. Postage, telephone and telegraph, exchange and express		18,279		18,279
18. Legal and auditing	10,120	104,536	4,122	118,778
19. Totals (Lines 3 to 18)	395,063	484,231	1,678	880,972
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	29	315		344
20.2 Insurance department licenses and fees	76	820		896
20.3 Gross guaranty association assessments				0
20.4 All other (excluding federal and foreign income and real estate)	(26)	(287)		(313)
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	79	848	0	927
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	9	91	0	100
25. Total expenses incurred	1,757,178	279,597	1,678	(a) 2,038,452
26. Less unpaid expenses - current year	7,728,587	213,230	7,111	7,948,928
27. Add unpaid expenses - prior year	7,042,864	267,818	12,083	7,322,765
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)	1,071,455	334,185	6,650	1,412,290
DETAILS OF WRITE-INS				
2401. Donations	9	91	0	100
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	9	91	0	100

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 461,181	466,965
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	14,037	14,037
2.21 Common stocks of affiliates	33,671	33,671
3. Mortgage loans	(c) 97,200	97,200
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 457,351	210,593
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	1,063,440	822,466
11. Investment expenses		(g) 1,678
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		1,678
17. Net Investment Income - (Line 10 minus Line 16)		820,788
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	(9,015)				(9,015)
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates				(24,235)	(24,235)
2.2 Common stocks (unaffiliated)	(5,435,795)			5,335,407	(100,388)
2.21 Common stocks of affiliates				6,003,246	6,003,246
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments	6,946				6,946
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(5,437,864)	0	0	11,314,418	5,876,554
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2	9,308,140	9,134,595	(173,545)
2. Other Nonadmitted Assets:			
2.1 Bills receivable	0	0	0
2.2 Furniture, equipment and supplies	14,461	20,930	6,469
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)	14,461	20,930	6,469
4. Aggregate write-ins for other assets	47,483	47,229	(254)
5. Total (Line 1 plus Lines 3 and 4)	9,370,085	9,202,754	(167,331)
0401. Prepaid Expenses.....	46,462	46,489	26
0402. Capitalized Software.....	1,021	740	(281)
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	47,483	47,229	(254)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements of the Company have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners and by the State of Ohio.

The preparation of financial statements in conformity with Statutory Accounting Principles (SAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires the 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 estimates.

Basis of Valuation of Invested Assets

- a. Asset values are generally stated as follows: bonds at amortized cost using the scientific method ; preferred stocks at cost; common stocks at market, except that investments in stocks of unconsolidated subsidiaries and affiliates are carried on the equity basis. The increases and decreases in amortized values are the same as those shown in the columns for "Increase and Decrease by Adjustment in Book Value," except as otherwise indicated.
- b. The Company uses straight-line depreciation for furniture & fixtures and data processing equipment.
- c. As of December 31, 2002 the Company owns the following percentage of Parent, Subsidiary and Affiliate common stocks :
100% of the Raven Development Company, Medical Premium Finance Company, CLM Insurance Agency, Inc., Sequoia Insurance Company and SMB Financial Planning, Inc. 44.8% of Physicians Investment Company, 3.1% of Hyperfeed Technologies, Inc. common shares. It also owns 17.3% of PICO Holdings, Inc., the Company's parent. The subsidiaries are valued on an equity basis except Hyperfeed Technologies, Inc. common which is valued at market less Codification adjustments of \$47,278.
The parent company is valued at market value less a reciprocal ownership elimination of \$7,597,269 and Codification adjustments of \$2,953,777 as per the SVO instructions.
- d. The Company has no derivative instruments.
- e. Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are based on assumptions and estimates and while management believes the amounts are adequate, the ultimate liability may be in excess of or less than the amount provided.

2. Accounting Changes and Corrections of Errors

- a. 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 Procedures* manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual are reported as changes in accounting principles. The cumulative effect of Changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased surplus \$632,638 as of January 2, 2001.

3. Business Combinations and Goodwill

- a. The Company merged with The Professionals Insurance Company (Professionals) on December 31, 2001. The transaction was accounted for as a statutory merger. No shares of stock were issued. The following table displays company pre merger revenue separately:

	The Company	Professionals
Net Premiums Earned	\$ 755,304	\$
Losses and loss adjustment income	10,783,267	63,503
Retroactive reinsurance loss	(162,000)	(57,000)
Underwriting expenses incurred	<u>(496,274)</u>	<u>(4,205)</u>
Net underwriting gain	10,880,297	2,297
Investment income net of expenses	1,023,170	244,878
Net realized investment gain (loss)	<u>(4,018,973)</u>	<u>45,069</u>
Net investment income (loss)	(2,995,803)	289,947
Income before federal income taxes	7,884,494	292,245
Federal income tax expense	<u>(2,664,750)</u>	<u>(99,363)</u>
Net Income	<u>\$ 5,219,744</u>	<u>\$ 192,882</u>

NOTES TO FINANCIAL STATEMENTS

4. Discontinued Operations
Not applicable.
5. Investments
Not applicable.
6. Joint Ventures, Partnerships and Limited Liability Companies
Not applicable.
7. Investment Income
No investment income was nonadmitted.
8. Derivative Instruments
The Company has no derivative instruments.

9. Income Taxes

- a. The components of the net deferred tax asset at December 31 are as follows:

	12/31/2001	12/31/2002
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$ 14,602,785	\$ 13,130,120
(2) Total of all deferred tax liabilities	\$ 3,411,352	\$ 3,411,501
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income taxes	\$ 9,134,595	\$ 9,308,140
(4) Increase (decrease) in deferred tax assets nonadmitted	\$ (1,232,067)	\$ 173,545

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

(1) Current year expense	\$ 594,881
(2) Deferred tax expense	57,042
(3) Change in deferred tax assets	2,374,090
(4) Prior year overaccrual of tax reserves	0
(5) Current year income taxes incurred	\$ 1,359,918

- c. The main components of the 2002 deferred tax amounts are as follows:

	Statutory	Tax	Difference	Tax Effect
DTAs				
Unrealized losses on stocks	\$ 89,184,646	\$ 62,812,383	\$ 26,372,263	\$ 8,966,569
Reserves	30,296,727	25,286,176	5,010,551	1,703,587
Accrued expenses	220,341	135,541	84,800	28,832
Net operating loss carryforward	1,714,591	0	1,714,591	582,961
Write down of equities	6,468,050	1,032,255	5,435,795	1,848,170
Total DTAs	\$ 127,884,355	\$ 89,266,355	\$ 38,618,000	\$ 13,130,120
DTAs nonadmitted				
				\$ 9,308,140
DTLs				
Deferred intercompany gain	\$ 4,966,612	\$ 15,000,000	\$(10,033,388)	\$ (3,411,352)
Accretion of Bond discount	\$ 6,436,220	\$ 6,436,658	\$ (438)	\$ (149)

- d. The changes in the main components of DTAs and DTLs are as follows:

	12/31/2001	12/31/2002	Change
Unrealized losses on stocks	\$ 12,813,472	\$ 8,966,569	\$ (3,846,903)
Reserves	1,766,131	1,703,587	(62,544)
Accrued expenses	23,182	28,832	5,650
Net operating loss carryforward	0	582,961	582,961
Write down of equities	0	1,848,170	1,848,170

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

	Amount	Tax Effect
(1) Income before taxes	(3,496,654)	(1,188,862)
(2) Dividend received deduction	(8,352)	(2,840)
(3) Intercompany dividend	(33,671)	(11,448)
(4) Change in reserve discount	(163,733)	(55,669)
(5) Write down of equities	5,435,795	1,848,170
(6) Taxable income	1,749,650	594,881

- f. (1) The Company files a consolidated federal income tax return with the following affiliates and parent : Raven Development Company, Medical Premium Finance Company, CLM Insurance Agency, Inc., SMB Financial Planning, Inc., Sequoia Insurance Company, Physicians Investment Company, PICO Holdings, Inc.(parent) , Vidler Water Company and Citation Insurance Company.

(2) A formal written agreement exists regarding the allocation of federal income tax. The Company's liability or recoverable is based upon the actual contribution to the consolidated taxable gain or loss, subject to the current tax rate in effect and any timing differences between. Tax and book that apply. Intercompany tax balances are settled annually.

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates
- a. The Company is a wholly owned subsidiary of PICO Holdings, Inc..
 - b. A dividend was received January 25, 2002 from Raven Development Company in the form of \$33,671 cash. An ordinary dividend was paid to PICO Holdings, Inc. on March 28, 2002. This dividend consisted of bonds with a statement value of \$5,231,913 and a fair value of \$5,226,148 and cash of \$63,705. No dividends were paid or received in 2001.
 - c. The Company has no investments in parents, affiliates or subsidiaries that are not included in Schedule D, Summary by Country.
 - d. At December 31, 2002 and 2001 the Company reported \$205,747 and \$248,366 respectively as amounts due the Parent Company.
 - e. There are no guarantees or undertakings for the benefit of an affiliate which will result in a material contingent exposure of the Company's or any affiliated insurer's assets to liabilities.
 - f. No management or service contracts or cost sharing arrangements exist, other than cost allocation arrangements based upon generally accepted accounting principles, involving the Company or any affiliated insurer.
 - g. Not applicable.
 - h. The Company owns 17.3% of the outstanding shares of its Parent Company and has deducted \$7,597,269 from that asset value in accordance with the NAIC Practices and Procedures Manual of the Securities and Valuation Office of the NAIC.
 - i. The Company owns 17.3% of the outstanding shares of its Parent Company. This investment is held at market value less a reciprocal self ownership elimination and codification adjustments. The market value of this investment is \$38,854,172 or \$13.43 per share. The reciprocal self ownership elimination of \$7,597,269 and Codification adjustments of \$2,953,777 are treated as unrealized losses.
11. Debt Not applicable.
12. Retirement Plans, Deferred Compensation and other Post-Retirement Benefit Plans
- a. Employee Retirement Plan:
 - (1) The Company's parent, PICO Holdings, Inc., maintains a defined contribution plan covering Substantially all of its employees. The parent company's policy is to fund costs as they are accrued. Such costs are based upon a percentage of employee compensation and employer matching of certain employee contributions. Total expenses for 2002 and 2001 approximated \$31,245 and \$40,177, respectively. The defined contribution plan is a qualified 401(k) plan. All costs associated with the plan are allocated to the Company in accordance with generally accepted accounting principles.

At September 30, 2002, the end of the plan year, the fair value of plan assets was \$6,573,798. Plan assets are held and administered by Salomon Smith Barney and Company.
 - b. Deferred Compensation Plan:
 - (1) PICO Holdings, Inc. maintains a stock option plan.
 - c. Post-Retirement Benefit Plans:
 - (1) The Company essentially has no liability for post-retirement benefits other than those described above under the parent's employee retirement plan.
13. Capital and Surplus and Shareholders' and Policyholders' Dividend Restrictions
- (1) The Company has 1,000,000 shares of common stock authorized and 1,000,000 shares are issued and outstanding with a par value of \$1 per share. There are 1,000,000 shares of preferred stock authorized with a par value of \$1 per share, none are issued and outstanding.
 - (2) The maximum amount of dividends which can be paid by state of Ohio insurance companies to shareholders without prior approval of the insurance commissioner is subject to restrictions relating to prior year statutory surplus, and current year statutory income. Reported statutory surplus at December 31, 2001 was \$42,859,837. Net loss for 2002 amounted to \$(771,904). A dividend was declared and paid in 2002 of \$5,412,626.
 - (3) The Company has no preferred stock outstanding.
 - (4) There are no restrictions placed on the unassigned surplus funds.
 - (5) The Company holds no stock for special purposes.
 - (6) The Company has no surplus debentures.
 - (7) There are no restrictions concerning policyholder dividends.
 - (8) Unassigned funds have been reduced by the following: unrealized losses of \$26,372,261 and nonadmitted assets of \$9,370,085.
14. Contingent Liabilities
- a. The Company is not aware of any items, outside of the normal course of business, for which the Company would be contingently liable.
 - b. The Company has committed no reserves to cover any contingent liabilities.
 - c. There are no contingent liabilities that are considered material arising from pending legal proceedings.
 - d. The Company does not act as an intermediary/broker in over the counter derivative instruments.
15. Leases
- The Company has a lease for 1,800 square feet of office space at One Easton Oval, Suite 530 in Columbus, Ohio at \$16.75 per square foot. This lease expires November 1, 2003 and has a one time renewal option for 2 years.

NOTES TO FINANCIAL STATEMENTS

- 16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk
Not applicable.
- 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.
Not applicable.
- 18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans
Not applicable.
- 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
Not applicable.
- 20. Other Items
There are no other items applicable.
- 21. Events Subsequent
The Company has signed a definitive agreement for the sale of its subsidiary Sequoia Insurance Company.
- 22. Reinsurance
 - A. Unsecured Reinsurance Recoverables

Federal ID No	NAIC #	Company	Unsecured Recoverable
63-0720042	33391	Mutual Assurance, Inc.	\$ 6,160,883
 - B. Reinsurance Recoverable in Dispute
The Company has not been notified of any recoverable in dispute.
 - C. Reinsurance Assumed and Ceded
 - (1) There is no return commission that would be due upon the cancellation of re
There are no unearned premiums.
 - (2) No return commissions predicated on loss experience or other form of profit
 - (3) All contracts of reinsurance covering losses that have occurred prior to the ir contract have been accounted for in conformity with the instructions contain Accounting Practices and Procedures manual, chapter 22 "Losses Portfolio
 - D. Uncollectible Reinsurance
The Company has not written off any uncollectible reinsurance during the current
 - E. Commutation of Ceded Reinsurance
The Company has not commuted any reinsurance during 2002.
 - F. Retroactive Reinsurance
The Company has no retroactive reinsurance reserves.
- 23. Retrospectively rated Contracts & Contracts Subject to Redetermination
Not applicable.
- 24. Change in Incurred Losses and Loss Adjustment Expenses
Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has decreased by \$1.02 million net of reinsurance in 2002 as a result of reestimation of unpaid loss and loss adjustment expenses of Medical Professional Liability lines of business. This decrease is the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known.
- 25. Intercompany Pooling Arrangements
Not applicable.
- 26. Structured Settlements
The Company has no contingent liability with regard to structured settlements. The Company only utilizes structured settlements which provide for a complete release from the claimant, normally accompanied by assignment of the obligation for the periodic payments to a third party.

NOTES TO FINANCIAL STATEMENTS

27. High Deductibles

The Company does not utilize deductibles in their policies.

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

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

29. Asbestos/Environmental Reserves

The Company has no such liability under its reinsurance contracts and, therefore, has committed no reserves.

30. Subscriber Savings Accounts

Not applicable.

31. Financial Guaranty Insurance Exposures

There are no guaranty exposures to the 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	0	0.000	0	0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies	0	0.000	0	0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	0	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	0	0.000	0	0.000
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	0	0.000	0	0.000
1.512 Issued by FNMA and FHLMC	0	0.000	0	0.000
1.513 Privately issued	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	0	0.000	0	0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	0	0.000	0	0.000
1.523 All other privately issued	0	0.000	0	0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	6,436,658	6.425	6,436,658	8.721
2.2 Unaffiliated foreign securities	0	0.000	0	0.000
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	2,440,000	2.436	1,450	0.002
3.22 Unaffiliated	0	0.000	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	54,312,142	54.213	28,479,597	38.585
3.32 Unaffiliated	1,729,263	1.726	2,029,255	2.749
3.4 Other equity securities:				
3.41 Affiliated	30,703,242	30.647	32,302,084	43.764
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	1,620,000	1.617	1,620,000	2.195
5. Real estate investments:				
5.1 Property occupied by the company	0	0.000	0	0.000
5.2 Property held for the production of income (includes \$0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (\$0 including property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Policy loans	0	0.000	0	0.000
7. Receivables for securities	0	0.000	0	0.000
8. Cash and short-term investments	2,940,744	2.935	2,940,744	3.984
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	100,182,049	100.000	73,809,789	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 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 []
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1998
- 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.12/31/1998
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).04/17/2000
- 3.4 By what department or departments? Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.11 sales of new business? Yes [] No []
 - 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
 - 4.21 sales of new business? Yes [] No []
 - 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No []
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No []
- 7.2 If yes,
 - 7.21 State the percentage of foreign control;
 - 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

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

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Deloitte & Touche LLP 155 East Broad St, Columbus, OH 43215.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Matthew P. Merlino, FCAS,MAAA,FCA, Actuary for Merlino's & Associates, Inc.....
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?
 3060 Holcomb Bridge Rd, NW, Suite J, Norcross, GA 30071.....
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|-----------|
| | 14.11 To directors or other officers .. | \$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 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 of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------------|-----------|
| | 15.21 Rented from others | \$0 |
| | 15.22 Borrowed from others | \$0 |
| | 15.23 Leased from others | \$0 |
| | 15.24 Other | \$0 |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 16.2 If answer is yes,
- | | | |
|--|--|-----------|
| | 16.21 Amount paid as losses or risk adjustment | \$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	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	1,000,000	.0	1.000	.0	[]	[X]	[]	[X]
Common	1,000,000	1,000,000	1.000	XXX	XXX	XXX	XXX	XXX

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

18.2 If no, give full and complete information relating thereto:
Held in trust account by Huntington National Bank

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

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

19.21	Loaned to others	\$	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 other securities restricted as to sale	\$	0
19.29	Other	\$	0

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

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

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

19.4 For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....
.....

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

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

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

21.2. If yes, state the amount thereof at December 31 of the current year. \$ 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	2
Name of Custodian(s)	Custodian's Address
Huntington National Bank.....	7575 Huntington Park Dr, Columbus, Ohio.....
.....

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

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

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

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

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

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

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

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....95

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
Ohio Chapter IASA.....	\$.....95
	\$.....
	\$.....

24.1 Amount of payments for legal expenses, if any?..... \$.....608

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
Porter Wright Morris & Arthur.....	\$.....608
	\$.....
	\$.....

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

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$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

- 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 [X] No []
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$382,442
- 2.22 Non-participating policies \$0
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No []
- 3.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? \$
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? Yes [] No []
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes [] No [] NA [X]
- 4.22 As a direct expense of the Exchange Yes [] No [] NA [X]
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

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

- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
- The Company does not write workers' compensation insurance.....
- 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.
- The Company relies on estimates established by its consulting actuary.....
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
- The Company is not writing property insurance.....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.

- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)? Yes [] No [X]
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions:0

GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES (continued)

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 7.2 If yes, give full information
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [X] No [] NA []
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$0
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$0
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$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 [] NA [X]
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... 0.0 %
- 10.42 To..... 0.0 %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [] No [X]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$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):..... \$2,000,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [] No [X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount..... 5
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?..... Yes [X] No []
- 14.11 Name of real estate holding company..... Raven Development Company.....
- 14.12 Number of parcels involved..... 0
- 14.13 Total book/adjusted carrying value..... \$0
- 14.2 If yes, provide explanation:
 The Company owns all the outstanding shares of Raven Development Company.....
- 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:

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

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	39,305
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
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)	0	0	0	0	39,305
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)	382,442	755,304	1,853,430	1,940,418	(159,443)
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
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)	382,442	755,304	1,853,430	1,940,418	(159,443)
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	1,892,656	11,141,218	(6,485,896)	(4,563,092)	(4,405,017)
14. Net Investment Gain (Loss) (Line 11)	(4,617,076)	(2,705,855)	17,786,819	1,171,235	3,038,676
15. Total Other Income (Line 15)	(772,235)	(258,624)	(2,471,330)	(3,264,369)	(2,635,282)
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	1,359,918	2,764,113	(1,513,797)	(235,628)	(6,663,855)
18. Net Income (Line 20)	(4,856,572)	5,412,626	10,343,390	(6,420,598)	2,662,232
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	74,372,695	79,785,414	86,822,647	100,537,991	100,740,203
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	0	0	(1,137,746)	(4,732,193)	(6,710,919)
20.2 Deferred and not yet due (Line 10.2)	0	0	0	0	0
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	32,106,512	36,925,577	52,826,094	65,515,038	69,224,784
22. Losses (Page 3, Lines 1 and 2)	22,568,500	28,588,925	42,136,579	45,969,730	53,813,595
23. Loss Adjustment Expenses (Page 3, Line 3)	7,728,227	7,042,864	10,470,557	10,378,136	11,214,038
24. Unearned premiums (Page 3, Line 9)	0	0	0	0	0
25. Capital Paid Up (Page 3, Lines 28 & 29)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as Regards Policyholders (Page 3, Line 35)	42,266,183	42,859,837	33,996,555	35,022,957	31,515,421
Risk-Based Capital Analysis					
27. Total Adjusted Capital	42,266,183	42,859,837	33,996,555	27,096,957	22,423,421
28. Authorized Control Level Risk-Based Capital	13,712,557	12,824,272	15,960,508	15,638,408	17,471,396
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)	8.7	8.3	3.5	2.6	1.6
30. Stocks (Lines 2.1 & 2.2)	85.1	73.6	77.9	92.3	83.6
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	2.2	2.1	2.7	2.4	2.1
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	2.1
33. Cash and Short-Term Investments (Line 5)	4.0	16.0	15.9	2.6	10.7
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	2,440,000	2,440,000	27,721	1,988,705	137,994
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	60,781,682	54,778,431	60,372,247	79,982,677	66,365,919
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	1,891,742	2,472,312	2,833,108	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	65,113,424	59,690,743	63,233,076	81,971,382	66,503,913
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)	154.1	139.3	186.0	234.1	211.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	7,467,515	4,476,996	(12,389,741)	8,009,564	(25,160,530)
47. Dividends to Stockholders (Line 34)	(5,412,626)	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	(593,653)	8,863,281	(1,026,402)	3,507,541	(23,274,846)
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)	2,621,030	4,875,570	9,479,870	13,865,043	18,436,226
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	(457)	0
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. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	23,406	16,866	2,095	6,448	0
54. Total (Line 34)	2,644,436	4,892,436	9,481,965	13,871,034	18,436,226
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)	2,450,030	4,125,570	7,984,870	10,910,331	16,341,181
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	(5,559)	0	(457)	0
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. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	23,406	16,866	2,095	6,448	0
60. Total (Line 34)	2,473,436	4,136,877	7,986,965	10,916,322	16,341,181
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)	(927.5)	(1,240.0)	224.4	159.0	(362.2)
63. Loss Expenses Incurred (Line 3)	459.5	(196.1)	171.7	145.3	(1,819.2)
64. Other Underwriting Expenses Incurred (Line 4)	73.1	61.0	53.9	30.8	(481.4)
65. Net Underwriting gain (loss) (Line 8)	494.9	1,475.1	(349.9)	(235.2)	2,762.8
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)	275.0	95.3	187.2	199.1	(21,343.0)
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	(468.0)	(1,436.1)	396.0	304.3	(2,181.3)
68. Net Premiums Written to Policyholders' Surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	0.9	1.8	5.5	5.5	0.5
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)	(3,993)	(11,045)	(1,559)	2,690	1,837
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	(9.3)	(32.5)	(4.5)	8.5	3.3
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)	(15,039)	(12,605)	1,130	6,243	5,116
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	(44.2)	(36.0)	3.6	11.4	7.3

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	0	0	0
	2. Canada	0	0	0
	3. Other Countries	0	0	0
	4. Totals	0	0	0
States, Territories and Possessions (Direct and guaranteed)	5. United States	0	0	0
	6. Canada	0	0	0
	7. Other Countries	0	0	0
	8. Totals	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States	0	0	0
	10. Canada	0	0	0
	11. Other Countries	0	0	0
	12. Totals	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	0	0	0
	14. Canada	0	0	0
	15. Other Countries	0	0	0
	16. Totals	0	0	0
Public Utilities (unaffiliated)	17. United States	0	0	0
	18. Canada	0	0	0
	19. Other Countries	0	0	0
	20. Totals	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	6,436,658	6,765,241	6,485,558
	22. Canada	0	0	0
	23. Other Countries	0	0	0
	24. Totals	6,436,658	6,765,241	6,485,558
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0
	26. Total Bonds	6,436,658	6,765,241	6,485,558
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	2,440,000	1,450	2,440,000
	40. Total Preferred Stocks	2,440,000	1,450	2,440,000
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	1,589,872	1,908,211	5,343,789
	50. Canada	0	0	1,681,878
	51. Other Countries	139,391	121,044	139,391
	52. Totals	1,729,263	2,029,255	7,165,058
Parent, Subsidiaries and Affiliates	53. Totals	85,015,384	60,781,682	85,015,384
	54. Total Common Stocks	86,744,648	62,810,937	92,180,443
	55. Total Stocks	89,184,648	62,812,387	94,620,443
	56. Total Bonds and Stocks	95,621,305	69,577,628	101,106,001

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	100,984,773	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	7,323,351	6.1 Column 17, Part 1	0
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Sec. 1	0
3.1 Column 16, Part 1	(42,811)	6.3 Column 11, Part 2, Sec. 2	0
3.2 Column 12, Part 2, Sec. 1	0	6.4 Column 11, Part 4	0
3.3 Column 10, Part 2, Sec. 2	0	7. Book/adjusted carrying value at end of current period	95,621,305
3.4 Column 10, Part 4	(41,229)	8. Total valuation allowance	
4. Total gain (loss), Col. 14, Part 4	(5,444,810)	9. Subtotal (Lines 7 plus 8)	95,621,305
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4	7,157,968	10. Total nonadmitted amounts	0
		11. Statement value of bonds and stocks, current period	95,621,305

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	1,408	0	322	0	235	0	0	1,965	XXX
2. 1993	46,068	(4,461)	50,529	24,490	6	8,095	1	1,409	51	0	33,935	XXX
3. 1994	32,586	9,848	22,738	17,357	5,076	5,217	283	1,312	25	0	18,502	XXX
4. 1995	25,549	9,684	15,865	17,425	3,722	5,417	533	1,535	204	0	19,920	XXX
5. 1996	13,147	5,791	7,356	3,394	1,859	3,006	2,144	476	102	0	2,772	XXX
6. 1997	108	(131)	239	0	0	0	0	0	0	0	0	XXX
7. 1998	39	199	(160)	0	0	0	0	0	0	0	0	XXX
8. 1999	0	(1,940)	1,940	0	0	0	0	0	0	0	0	XXX
9. 2000	0	(1,854)	1,854	0	0	0	0	0	0	0	0	XXX
10. 2001	0	(755)	755	0	0	0	0	0	0	0	0	XXX
11. 2002	0	(382)	382	0	0	0	0	0	0	0	0	XXX
12. Totals	XXX	XXX	XXX	64,075	10,663	22,057	2,961	4,968	382	0	77,094	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.	2,731	0	10,951	0	221	0	3,088	0	1,567	0	0	18,558	XXX
2.	370	0	1,780	0	38	0	502	0	262	0	0	2,951	XXX
3.	2,116	300	1,269	0	81	13	358	0	367	0	0	3,880	XXX
4.	2,021	1,060	2,024	200	468	324	572	55	311	0	0	3,757	XXX
5.	3,273	2,925	1,337	818	232	183	377	224	82	0	0	1,151	XXX
6.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
7.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
8.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
9.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
10.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
11.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
12. Totals	10,511	4,285	17,360	1,018	1,040	520	4,897	279	2,590	0	0	30,297	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	13,682	4,875
2.	36,945	58	36,887	80.2	(1.3)	73.0	0	0		2,150	802
3.	28,078	5,696	22,382	86.2	57.8	98.4	0	0		3,086	794
4.	29,774	6,097	23,677	116.5	63.0	149.2	0	0		2,785	972
5.	12,178	8,255	3,922	92.6	142.6	53.3	0	0		866	284
6.	0	0	0	0.0	0.0	0.0	0	0		0	0
7.	0	0	0	0.0	0.0	0.0	0	0		0	0
8.	0	0	0	0.0	0.0	0.0	0	0		0	0
9.	0	0	0	0.0	0.0	0.0	0	0		0	0
10.	0	0	0	0.0	0.0	0.0	0	0		0	0
11.	0	0	0	0.0	0.0	0.0	0	0		0	0
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	22,568	7,728

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

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

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	303,676	284,141	284,036	290,981	288,497	290,310	291,611	292,659	289,110	287,024	(2,086)	(5,635)
2. 1993	54,843	50,785	49,232	46,578	44,090	42,342	41,987	38,724	36,087	35,267	(820)	(3,457)
3. 1994	XXX	23,226	22,589	22,063	23,129	22,958	21,449	21,386	20,488	20,727	239	(659)
4. 1995	XXX	XXX	17,591	18,231	17,989	20,022	23,125	25,196	23,777	22,034	(1,743)	(3,162)
5. 1996	XXX	XXX	XXX	3,883	5,388	5,375	6,945	5,592	3,049	3,466	417	(2,126)
6. 1997	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0	0
7. 1998	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0	0
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	0
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	XXX	XXX
12. Totals											(3,993)	(15,039)

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	182,926	211,101	224,216	245,593	252,164	259,142	266,288	268,304	270,015	XXX	XXX
2. 1993	140	2,808	7,968	17,729	22,672	28,295	31,489	32,135	32,478	32,578	XXX	XXX
3. 1994	XXX	272	1,345	5,062	12,935	16,160	15,014	16,054	16,874	17,215	XXX	XXX
4. 1995	XXX	XXX	65	1,462	5,872	10,933	15,204	15,710	17,996	18,588	XXX	XXX
5. 1996	XXX	XXX	XXX	50	314	1,092	1,579	1,913	2,005	2,397	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	0	0	0	0	0	0	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	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	47,884	41,374	41,974	28,263	23,657	24,308	22,030	21,947	17,216	14,039
2. 1993	42,262	26,077	23,815	17,628	12,797	8,993	7,838	5,627	3,369	2,282
3. 1994	XXX	15,257	7,789	4,495	2,917	1,769	2,655	2,829	908	1,628
4. 1995	XXX	XXX	9,366	2,781	2,740	349	1,918	4,519	3,781	2,341
5. 1996	XXX	XXX	XXX	2,448	2,785	2,134	4,097	3,217	5	672
6. 1997	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 1998	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	0	0	0	0	0	0	0	0
2. Alaska	AK	0	0	0	0	0	0	0	0
3. Arizona	AZ	0	0	0	0	0	0	0	0
4. Arkansas	AR	0	0	0	0	0	0	0	0
5. California	CA	0	0	0	0	0	0	0	0
6. Colorado	CO	0	0	0	0	0	0	0	0
7. Connecticut	CT	0	0	0	0	0	0	0	0
8. Delaware	DE	0	0	0	0	0	0	0	0
9. District of Columbia	DC	0	0	0	0	0	0	0	0
10. Florida	FL	0	0	0	0	0	0	0	0
11. Georgia	GA	0	0	0	0	0	0	0	0
12. Hawaii	HI	0	0	0	0	0	0	0	0
13. Idaho	ID	0	0	0	0	0	0	0	0
14. Illinois	IL	0	0	0	0	0	0	0	0
15. Indiana	IN	0	0	0	0	0	0	0	0
16. Iowa	IA	0	0	0	0	0	0	0	0
17. Kansas	KS	0	0	0	0	0	0	0	0
18. Kentucky	KY	Yes	0	0	0	0	0	0	0
19. Louisiana	LA	0	0	0	0	0	0	0	0
20. Maine	ME	0	0	0	0	0	0	0	0
21. Maryland	MD	0	0	0	0	0	0	0	0
22. Massachusetts	MA	0	0	0	0	0	0	0	0
23. Michigan	MI	0	0	0	0	0	0	0	0
24. Minnesota	MN	0	0	0	0	0	0	0	0
25. Mississippi	MS	0	0	0	0	0	0	0	0
26. Missouri	MO	0	0	0	0	0	0	0	0
27. Montana	MT	0	0	0	0	0	0	0	0
28. Nebraska	NE	0	0	0	0	0	0	0	0
29. Nevada	NV	0	0	0	0	0	0	0	0
30. New Hampshire	NH	0	0	0	0	0	0	0	0
31. New Jersey	NJ	0	0	0	0	0	0	0	0
32. New Mexico	NM	0	0	0	0	0	0	0	0
33. New York	NY	0	0	0	0	0	0	0	0
34. North Carolina	NC	0	0	0	0	0	0	0	0
35. North Dakota	ND	0	0	0	0	0	0	0	0
36. Ohio	OH	Yes	0	0	2,621,030	(2,008,403)	27,807,294	0	0
37. Oklahoma	OK	0	0	0	0	0	0	0	0
38. Oregon	OR	0	0	0	0	0	0	0	0
39. Pennsylvania	PA	0	0	0	0	0	0	0	0
40. Rhode Island	RI	0	0	0	0	0	0	0	0
41. South Carolina	SC	0	0	0	0	0	0	0	0
42. South Dakota	SD	0	0	0	0	0	0	0	0
43. Tennessee	TN	0	0	0	0	0	0	0	0
44. Texas	TX	0	0	0	0	0	0	0	0
45. Utah	UT	0	0	0	0	0	0	0	0
46. Vermont	VT	0	0	0	0	0	0	0	0
47. Virginia	VA	0	0	0	0	0	0	0	0
48. Washington	WA	0	0	0	0	0	0	0	0
49. West Virginia	WV	0	0	0	0	0	0	0	0
50. Wisconsin	WI	0	0	0	0	0	46,349	0	0
51. Wyoming	WY	0	0	0	0	0	0	0	0
52. American Samoa	AS	0	0	0	0	0	0	0	0
53. Guam	GU	0	0	0	0	0	0	0	0
54. Puerto Rico	PR	0	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	0	0	0	0	0	0	0	0
56. Canada	CN	0	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 2	0	0	0	2,621,030	(2,008,403)	27,853,643	0	0
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX	0	0	0	0	0	0	0	0

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

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

