



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
FARMERS INSURANCE OF COLUMBUS, INC.

NAIC Group Code 0212 (Current Period) 0212 (Prior Period) NAIC Company Code 36889 Employer's ID Number 31-0956373
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 04/05/1979 Commenced Business 06/08/1979
Statutory Home Office 2500 Farmers Drive, Suite 120 (Street and Number), Columbus, OH 43235 (City or Town, State and Zip Code)
Main Administrative Office 2500 Farmers Drive, Suite 120 (Street and Number), Columbus, OH 43235 (City or Town, State and Zip Code) 614-764-7203 (Area Code) (Telephone Number)
Mail Address P.O. Box 2478 Terminal Annex (Street and Number or P.O. Box), Los Angeles, CA 90051 (City or Town, State and Zip Code)
Primary Location of Books and Records 4680 Wilshire Boulevard (Street and Number), Los Angeles, CA 90010 (City or Town, State and Zip Code) 323-932-3441 (Area Code) (Telephone Number)
Internet Website Address
Statement Contact Scott Ballew (Name), 323-932-3441 (Area Code) (Telephone Number) (Extension), scott.ballew@farmersinsurance.com (E-mail Address), 323-930-4266 (Fax Number)
Policyowner Relations Contact 2245 Sequoia Drive (Street and Number), Aurora, IL 60506 (City or Town, State and Zip Code) 630-907-0030 (Area Code) (Telephone Number) (Extension)

OFFICERS

President Brian David Schnese # Secretary Doren Eugene Hohl
Treasurer Ronald Gregory Myhan #

VICE PRESIDENTS

Martin Douglas Feinstein Leonard Howard Gelfand Laszlo George Heredy
Paul Norman Hopkins # Edward Austin Morris Bryan Francis Murphy #
Ronald Gregory Myhan # Keitha Tullos Schofield Warren Benjamin Tucker
Pierre Christophe Wauthier # Wayne Dee Wilson

DIRECTORS OR TRUSTEES

Martin Douglas Feinstein Leonard Howard Gelfand Paul Norman Hopkins #
Brian David Schnese # Pierre Christophe Wauthier #

State of California }
County of Los Angeles } 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.

Brian David Schnese # President Doren Eugene Hohl Secretary Ronald Gregory Myhan # Treasurer

Subscribed and sworn to before me this 17th day of February, 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 FARMERS INSURANCE OF COLUMBUS, INC.

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	132,885,132		132,885,132	135,331,398
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0		0	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$(39,086) Schedule E, Part 1) and short-term investments(\$10,401,450 Schedule DA, Part 2)	10,362,364		10,362,364	4,341,691
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)	143,247,496	0	143,247,496	139,673,089
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	4,646,958	177,688	4,469,270	7,896,490
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$114,011 earned but unbilled premiums)	12,125,243	100,000	12,025,243	9,408,818
10.3 Accrued retrospective premiums	49,752		49,752	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	4,774,947
15. Federal and foreign income tax recoverable and interest thereon (including \$4,276,144 net deferred tax asset)	5,556,701	1,280,557	4,276,144	4,354,680
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software			0	0
18. Interest, dividends and real estate income due and accrued	1,230,430		1,230,430	1,699,986
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates			0	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)			0	0
25. Aggregate write-ins for other than invested assets	184,073	0	184,073	0
26. Total assets excluding protected cell assets (Lines 9 through 25)	167,040,653	1,558,244	165,482,409	167,808,010
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	167,040,653	1,558,244	165,482,409	167,808,010
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. Premium tax refundable	184,073		184,073	0
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	184,073	0	184,073	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	51,027,244	50,993,022
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	6,189,168	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	13,178,732	11,946,132
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)		0
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		1,303,614
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)	0	0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$39,908,245 and including warranty reserves of \$)	36,924,645	43,302,711
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders	40,000	40,581
12. Ceded reinsurance premiums payable (net of ceding commissions)	189,541	2,122,884
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated	45	66,208
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates	1,136,143	9,875,832
20. Payable for securities	4,682,627	0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	923,835	712,296
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	114,291,981	120,363,280
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	114,291,981	120,363,280
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	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	61,550,000	61,550,000
33. Unassigned funds (surplus)	(11,359,573)	(15,105,270)
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	51,190,427	47,444,730
36. TOTALS (Page 2, Line 28, Col. 3)	165,482,409	167,808,010
DETAILS OF WRITE-INS		
2301. Post retirement benefit liability.....	437,461	383,587
2302. Accounts payable.....	312,774	310,125
2303. Pooled share of unauthorized reinsurance.....	107,685	18,584
2398. Summary of remaining write-ins for Line 23 from overflow page	65,915	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	923,835	712,296
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE FARMERS INSURANCE OF COLUMBUS, INC.

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	103,110,282	98,625,481
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	63,182,703	74,731,164
3. Loss expenses incurred (Part 3, Line 25, Column 1)	16,296,664	13,603,596
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	27,077,462	29,181,206
5. Aggregate write-ins for underwriting deductions	29,158	0
6. Total underwriting deductions (Lines 2 through 5)	106,585,987	117,515,966
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(3,475,704)	(18,890,485)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	7,620,234	8,154,048
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	2,857,398	1,100,123
11. Net investment gain or (loss) (Lines 9 + 10)	10,477,632	9,254,171
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 56,090 amount charged off \$755,002)	(698,912)	(488,079)
13. Finance and service charges not included in premiums		0
14. Aggregate write-ins for miscellaneous income	(1,093,866)	(94,054)
15. Total other income (Lines 12 through 14)	(1,792,778)	(582,133)
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	5,209,149	(10,218,447)
17. Dividends to policyholders	29,434	14
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	5,179,715	(10,218,461)
19. Federal and foreign income taxes incurred	1,325,571	(2,816,100)
20. Net income (Line 18 minus Line 19) (to Line 22)	3,854,144	(7,402,361)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	47,444,730	41,323,790
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	3,854,144	(7,402,361)
23. Net unrealized capital gains or (losses)	(261,859)	66,841
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax	(454,582)	1,141,435
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	697,096	(1,149,889)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		3,469,000
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		10,000,000
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	(89,101)	(4,087)
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	3,745,697	6,120,939
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	51,190,427	47,444,729
DETAILS OF WRITE-INS		
0501. Pooled share of NC 2002 private passenger auto escrow.....	29,158	0
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)	29,158	0
1401. Pooled share of installment premium balances charged off.....	(1,345,015)	0
1402. Miscellaneous income/(expense).....	251,149	(94,054)
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)	(1,093,866)	(94,054)
3601. Pooled share of unauthorized reinsurance.....	(89,101)	(5,700)
3602. Miscellaneous.....	0	1,613
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)	(89,101)	(4,087)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE FARMERS INSURANCE OF COLUMBUS, INC.

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	96,021,966	86,668,935
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	67,314,592	83,663,862
3. Underwriting expenses paid	28,594,307	29,068,775
4. Other underwriting income (expenses)	2,649	309,944
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	115,716	(25,753,758)
6. Net investment income	8,550,761	7,837,963
7. Other income (expenses):		
7.1 Agents' balances charged off	(698,912)	(488,079)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	0	0
7.4 Aggregate write-ins for miscellaneous items	(1,093,865)	(94,053)
7.5 Total other income (Lines 7.1 to 7.4)	(1,792,777)	(582,132)
8. Dividends to policyholders on direct business, less \$ 30,016 dividends on reinsurance assumed or ceded (net)	30,016	23,706
9. Federal and foreign income taxes (paid) recovered	(1,325,571)	(3,050,170)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	5,518,114	(21,571,803)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	81,190,796	77,205,553
11.2 Stocks	0	0
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds	4,682,627	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	85,873,423	77,205,553
12. Cost of investments acquired (long-term only):		
12.1 Bonds	76,750,964	89,119,683
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6)	76,750,964	89,119,683
13. Net Cash from investments (Line 11.8 minus Line 12.7)	9,122,459	(11,914,130)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	10,000,000
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	10,653,470
14.4 Borrowed funds received	0	0
14.5 Other cash provided	208,890	6,061,088
14.6 Total (Lines 14.1 to 14.5)	208,890	26,714,558
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	8,739,689	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	89,101	0
15.5 Total (Lines 15.1 to 15.4)	8,828,790	0
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(8,619,900)	26,714,558
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	6,020,673	(6,771,375)
18. Cash and short-term investments:		
18.1 Beginning of year	4,341,691	11,113,066
18.2 End of year (Line 17 plus Line 18.1)	10,362,364	4,341,691
DETAILS OF WRITE-INS		
07.401 Miscellaneous expense	(1,093,865)	(94,053)
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)	(1,093,865)	(94,053)

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	923,512	499,600	494,470	928,642
2.	Allied lines	661,717	465,808	377,870	749,655
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	26,595,918	14,593,265	13,946,038	27,243,145
5.	Commercial multiple peril	7,602,433	3,897,144	3,903,181	7,596,396
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	308,054	136,863	286,644	158,274
9.	Inland marine	1,015,947	813,511	790,900	1,038,558
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	412,645	117,760	26,875	503,530
11.2	Medical malpractice - claims-made	1,255,723	383,833	282,814	1,356,742
12.	Earthquake	218,020	132,082	106,995	243,106
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	3,577,348	1,575,913	1,355,526	3,797,735
17.1	Other liability - occurrence	737,221	256,976	292,330	701,866
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	7,923	5,577	3,078	10,421
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	40,690,416	10,883,219	7,773,008	43,800,627
19.3,19.4	Commercial auto liability	1,699,700	974,689	807,119	1,867,271
21.	Auto physical damage	11,015,218	8,564,974	6,476,154	13,104,038
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	7,626	949	829	7,746
24.	Surety	1,718	414	634	1,498
26.	Burglary and theft	337	135	124	349
27.	Boiler and machinery	740	0	56	684
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	96,732,216	43,302,711	36,924,645	103,110,282
DETAILS OF WRITE-INS					
3301.	0	0	0	0
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:

Line of Business	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
1. Fire	494,470				494,470
2. Allied lines	377,870				377,870
3. Farmowners multiple peril	0				0
4. Homeowners multiple peril	13,946,038				13,946,038
5. Commercial multiple peril	3,903,181				3,903,181
6. Mortgage guaranty	0				0
8. Ocean marine	286,644				286,644
9. Inland marine	790,900				790,900
10. Financial guaranty	0				0
11.1 Medical malpractice - occurrence	26,875				26,875
11.2 Medical malpractice - claims-made	282,814				282,814
12. Earthquake	106,995				106,995
13. Group accident and health	0				0
14. Credit accident and health (group and individual)	0				0
15. Other accident and health	0				0
16. Workers' compensation	1,355,526				1,355,526
17.1 Other liability - occurrence	292,330				292,330
17.2 Other liability - claims-made	0				0
18.1 Products liability - occurrence	3,078				3,078
18.2 Products liability - claims-made	0				0
19.1,19.2 Private passenger auto liability	7,773,008				7,773,008
19.3,19.4 Commercial auto liability	807,119				807,119
21. Auto physical damage	6,476,154				6,476,154
22. Aircraft (all perils)	0				0
23. Fidelity	829				829
24. Surety	634				634
26. Burglary and theft	124				124
27. Boiler and machinery	56				56
28. Credit	0				0
29. International	0				0
30. Reinsurance - Nonproportional Assumed Property	0				0
31. Reinsurance - Nonproportional Assumed Liability	0				0
32. Reinsurance - Nonproportional Assumed Financial Lines	0				0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	36,924,645	0	0	0	36,924,645
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					36,924,645
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes [X] No []

(b) State here basis of computation used in each case . Monthly pro-rata.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire	0	923,512		0		923,512
2. Allied lines	219,282	661,717		219,282		661,717
3. Farmowners multiple peril	0	0		0		0
4. Homeowners multiple peril	33,521,672	26,595,918		33,521,672		26,595,918
5. Commercial multiple peril	1,928,183	7,602,433		1,928,183		7,602,433
6. Mortgage guaranty	0	0		0		0
8. Ocean marine	0	308,054		0		308,054
9. Inland marine	656,109	1,015,947		656,109		1,015,947
10. Financial guaranty	0	0		0		0
11.1 Medical malpractice - occurrence	0	412,645		0		412,645
11.2 Medical malpractice - claims-made	0	1,255,723		0		1,255,723
12. Earthquake	168,198	218,020		168,198		218,020
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	3,577,348		0		3,577,348
17.1 Other liability - occurrence	0	737,221		0		737,221
17.2 Other liability - claims-made	0	0		0		0
18.1 Products liability - occurrence	0	7,923		0		7,923
18.2 Products liability - claims-made	0	0		0		0
19.1,19.2 Private passenger auto liability	42,382,710	40,690,416		42,382,710		40,690,416
19.3,19.4 Commercial auto liability	0	1,699,700		0		1,699,700
21. Auto physical damage	38,208,499	11,015,218		38,208,499		11,015,218
22. Aircraft (all perils)	0	0		0		0
23. Fidelity	0	7,626		0		7,626
24. Surety	0	1,718		0		1,718
26. Burglary and theft	0	337		0		337
27. Boiler and machinery	0	740		0		740
28. Credit	0	0		0		0
29. International	0	0		0		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	10,918	0	0	10,918	0	0
34. TOTALS	117,095,570	96,732,216	0	117,095,570	0	96,732,216
DETAILS OF WRITE-INS						
3301. Mechanical Breakdown and Home Appliance	10,918			10,918		0
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)	10,918	0	0	10,918	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE FARMERS INSURANCE OF COLUMBUS, INC.

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	381,195	.0	381,195	182,987	145,561	418,621	45.1
2. Allied lines	.0	745,109	.0	745,109	207,985	166,658	786,435	104.9
3. Farmowners multiple peril	.0	.1	.0	.1	(4)	.0	(3)	.0
4. Homeowners multiple peril	26,102,097	20,127,679	26,102,097	20,127,679	9,322,630	9,648,598	19,801,710	72.7
5. Commercial multiple peril	1,782,969	3,713,254	1,782,969	3,713,254	3,869,266	3,519,427	4,063,092	53.5
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	.0
8. Ocean marine	.0	186,203	.0	186,203	165,397	76,716	274,883	173.7
9. Inland marine	113,586	386,336	113,586	386,336	341,362	385,183	342,516	33.0
10. Financial guaranty	.0	.0	.0	.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence	.0	196,643	.0	196,643	690,400	547,122	339,921	67.5
11.2 Medical malpractice - claims-made	.0	834,770	.0	834,770	1,874,852	1,132,700	1,576,922	116.2
12. Earthquake	.0	605	.0	605	8,063	8,156	511	0.2
13. Group accident and health	.0	.0	.0	.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)	.0	.0	.0	.0	.0	.0	.0	.0
15. Other accident and health	.0	.0	.0	.0	.0	.0	.0	.0
16. Workers' compensation	.0	2,440,283	.0	2,440,283	5,212,392	5,022,413	2,630,263	69.3
17.1 Other liability - occurrence	2,000	432,690	2,000	432,690	1,084,763	1,107,567	409,887	58.4
17.2 Other liability - claims-made	.0	.0	.0	.0	.0	.0	.0	.0
18.1 Products liability - occurrence	.0	10,465	.0	10,465	314,478	26,211	298,732	2,866.5
18.2 Products liability - claims-made	.0	.0	.0	.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability	23,793,777	24,505,481	23,793,777	24,505,481	25,222,185	26,401,876	23,325,790	53.3
19.3,19.4 Commercial auto liability	.0	994,034	.0	994,034	1,753,584	1,948,049	799,569	42.8
21. Auto physical damage	21,171,573	8,188,995	21,171,573	8,188,995	771,388	853,636	8,106,746	61.9
22. Aircraft (all perils)	.0	.0	.0	.0	.0	.0	.0	.0
23. Fidelity	.0	14	.0	14	730	709	35	0.5
24. Surety	.0	134	.0	134	110	148	96	6.4
26. Burglary and theft	.0	1,674	.0	1,674	4,025	2,039	3,660	1,050.0
27. Boiler and machinery	.0	2,917	.0	2,917	652	253	3,316	484.5
28. Credit	.0	.0	.0	.0	.0	.0	.0	.0
29. International	.0	.0	.0	.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX	.0	.0	.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX	.0	.0	.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	43,007	.0	43,007	.0	.0	.0	.0	.0
34. TOTALS	73,009,009	63,148,481	73,009,009	63,148,481	51,027,244	50,993,022	63,182,703	61.3
DETAILS OF WRITE-INS								
3301. Mechanical Breakdown and Home Appliance	43,007	.0	43,007	.0	.0	.0	.0	.0
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)	43,007	0	43,007	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE FARMERS INSURANCE OF COLUMBUS, INC.

**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	54,154	.0	54,154	394	128,833	394	182,987	54,666
2. Allied lines	.0	75,496	.0	75,496	81	132,489	81	207,985	185,819
3. Farmowners multiple peril	.0	(4)	.0	(4)	.0	.0	.0	(4)	.0
4. Homeowners multiple peril	4,467,111	3,639,042	4,467,111	3,639,042	7,422,460	5,683,588	7,422,460	9,322,630	2,921,237
5. Commercial multiple peril	979,535	1,847,483	979,535	1,847,483	355,445	2,021,783	355,445	3,869,266	1,658,369
6. Mortgage guaranty	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Ocean marine	.0	129,182	.0	129,182	.0	36,215	.0	165,397	36,108
9. Inland marine	9,650	226,196	9,650	226,196	27,731	115,166	27,731	341,362	70,229
10. Financial guaranty	.0	.0	.0	.0	.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence	.0	239,651	.0	239,651	.0	450,749	.0	690,400	349,121
11.2 Medical malpractice - claims-made	.0	1,309,842	.0	1,309,842	.0	565,010	.0	1,874,852	603,900
12. Earthquake	.0	55	.0	55	.0	8,008	.0	8,063	4,121
13. Group accident and health	.0	.0	.0	.0	.0	.0	.0	(a)	.0
14. Credit accident and health (group and individual)	.0	.0	.0	.0	.0	.0	.0	(a)	.0
15. Other accident and health	.0	.0	.0	.0	.0	.0	.0	(a)	.0
16. Workers' compensation	.0	2,653,528	.0	2,653,528	.0	2,558,864	.0	5,212,392	706,481
17.1 Other liability - occurrence	.0	407,334	.0	407,334	801	677,429	801	1,084,763	203,792
17.2 Other liability - claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
18.1 Products liability - occurrence	.0	16,969	.0	16,969	.0	297,509	.0	314,478	182,650
18.2 Products liability - claims-made	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability	21,240,480	13,021,753	21,240,480	13,021,753	17,826,573	12,200,432	17,826,573	25,222,185	5,375,912
19.3,19.4 Commercial auto liability	.0	770,291	.0	770,291	.0	983,293	.0	1,753,584	372,767
21. Auto physical damage	.0	104,907	.0	104,907	2,661,156	666,480	2,661,156	771,388	452,776
22. Aircraft (all perils)	.0	.0	.0	.0	.0	.0	.0	.0	.0
23. Fidelity	.0	.0	.0	.0	.0	730	.0	730	348
24. Surety	.0	.0	.0	.0	.0	110	.0	110	59
26. Burglary and theft	.0	4,013	.0	4,013	.0	12	.0	4,025	206
27. Boiler and machinery	.0	475	.0	475	.0	177	.0	652	168
28. Credit	.0	.0	.0	.0	.0	.0	.0	.0	.0
29. International	.0	.0	.0	.0	.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX	.0	.0	.0	XXX	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX	.0	.0	.0	XXX	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX	.0	.0	.0	XXX	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	26,696,776	24,500,367	26,696,776	24,500,367	28,294,640	26,526,878	28,294,640	51,027,244	13,178,732
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 \$ for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	3,384,388		0	3,384,388
1.2 Reinsurance assumed	16,296,665		0	16,296,665
1.3 Reinsurance ceded	12,632,534		0	12,632,534
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	7,048,518	0	0	7,048,518
2. Commission and brokerage:				
2.1 Direct excluding contingent		14,888,346	0	14,888,346
2.2 Reinsurance assumed excluding contingent		474,888	0	474,888
2.3 Reinsurance ceded excluding contingent		8,239,486	0	8,239,486
2.4 Contingent-direct			0	0
2.5 Contingent-reinsurance assumed			0	0
2.6 Contingent-reinsurance ceded			0	0
2.7 Policy and membership fees			0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	7,123,747	0	7,123,747
3. Allowances to managers and agents	0	629,914	0	629,914
4. Advertising		727,602	0	727,602
5. Boards, bureaus and associations		122,251	0	122,251
6. Surveys and underwriting reports	0	742,284	0	742,284
7. Audit of assureds' records		0	0	0
8. Salary and related items:				
8.1 Salaries	4,809,494	6,694,684	43,073	11,547,251
8.2 Payroll taxes	412,470	569,905	37	982,411
9. Employee relations and welfare	1,604,296	2,274,937	14,711	3,893,944
10. Insurance	132,311	231,173	0	363,484
11. Directors' fees		7,274	119	7,393
12. Travel and travel items	635,092	331,587	841	967,520
13. Rent and rent items	413,095	528,680	0	941,774
14. Equipment	292,504	801,955	128	1,094,587
15. Cost or depreciation of EDP equipment and software	151,514	788,572	55	940,140
16. Printing and stationery	74,059	499,676	4,020	577,755
17. Postage, telephone and telegraph, exchange and express	639,267	1,380,329	82	2,019,678
18. Legal and auditing	334	193,850	28,308	222,491
19. Totals (Lines 3 to 18)	9,164,434	16,524,673	91,374	25,780,481
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		2,607,698	0	2,607,698
20.2 Insurance department licenses and fees		231,282	0	231,282
20.3 Gross guaranty association assessments		52,105	0	52,105
20.4 All other (excluding federal and foreign income and real estate)	83,712	179,294	0	263,006
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	83,712	3,070,380	0	3,154,091
21. Real estate expenses			0	0
22. Real estate taxes			0	0
23. Reimbursements by uninsured accident and health plans			0	0
24. Aggregate write-ins for miscellaneous expenses	0	358,661	912	359,574
25. Total expenses incurred	16,296,664	27,077,462	92,286	(a) 43,466,412
26. Less unpaid expenses - current year	13,178,732	(184,073)		12,994,659
27. Add unpaid expenses - prior year	11,946,132	1,303,614	0	13,249,746
28. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	15,064,065	28,565,149	92,286	43,721,499
DETAILS OF WRITE-INS				
2401. Miscellaneous underwriting expenses		340,872		340,872
2402. Charitable contributions		17,790		17,790
2403. Miscellaneous investment income			912	912
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)	0	358,661	912	359,574

(a) Includes management fees of \$ 16,053,662 paid to affiliates and \$ paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,128,209	919,208
1.1 Bonds exempt from U.S. tax	(a) 463,743	463,743
1.2 Other bonds (unaffiliated)	(a) 6,470,122	6,209,567
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 120,001	120,001
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	8,182,075	7,712,519
11. Investment expenses		(g) 92,286
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)		92,286
17. Net Investment Income - (Line 10 minus Line 16)		7,620,234
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 \$ 186,200 accrual of discount less \$ 647,171 amortization of premium and less \$ 646,806 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 \$ 92,286 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	1,178,736				1,178,736
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	1,678,662		(402,860)		1,275,802
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	141,001	0	141,001
10. Total capital gains (losses)	2,857,398	0	(261,859)	0	2,595,539
DETAILS OF WRITE-INS					
0901. Change in deferred tax unrealized			141,001		141,001
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	141,001	0	141,001

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	1,558,244	2,255,340	697,096
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies		0	0
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	0	0	0
4. Aggregate write-ins for other assets	0	0	0
5. Total (Line 1 plus Lines 3 and 4)	1,558,244	2,255,340	697,096
0401.			
0402.			
0403.			
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of Farmers Insurance of Columbus, Inc. ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Insurance Department of the state of Ohio ("DOI").

The Company recognizes only statutory accounting practices prescribed or permitted by the state of Ohio (the "State") for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

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

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

C. Accounting Policy

Premiums are earned over the term of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business. Ceded unearned premium reserves under the 10% All Lines and 20% Auto agreements (see Note 20C) are calculated based on a quota share percentage of the underlying pro-rata direct unearned premium reserves.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are generally carried at amortized cost or the lower of amortized cost or fair value depending on their NAIC designation. Bonds classified as non-investment grade (NAIC designation 3 or below) for twelve consecutive months are written down to the current market value. Bond premium or discount is amortized using the interest method.
- (3) The Company has no investments in common stocks.
- (4) The Company has no investments in preferred stocks.
- (5) The Company has no mortgage loans.
- (6) Mortgage-backed bonds and structured securities are stated at either amortized cost or the lower of amortized cost or market value based on their NAIC designation. Premiums and discounts on mortgage-backed securities are amortized using the retrospective method, except for interest-only mortgage-backed securities, which are amortized using the prospective method. Prepayment assumptions were obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment.
- (7) The Company has no investments in subsidiaries, controlled, and affiliated ("SCA") companies.
- (8) The Company has no ownership interest in joint ventures, partnerships or limited liability companies.
- (9) The Company has no derivative instruments.
- (10) The Company utilizes anticipated investment income in the calculation of premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums. The Company evaluates the need for a premium deficiency reserve on a line of business level for all books. The Company has not established any premium deficiency reserves at December 31, 2002 and 2001 based on this calculation.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates, and while management believes that the amounts recorded are adequate, the ultimate liability may be in excess of, or less than, the amounts provided. The methods for making such estimates and for establishing the resulting

NOTES TO FINANCIAL STATEMENTS

reserves are continually reviewed, and any adjustments are included in the statement of operations for the current period.

2. ACCOUNTING CHANGES AND CORRECTION OF ERRORS

- A. There have been no material adjustments made to the Company's current period operations resulting from the correction of errors related to prior periods.
- B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State. Effective January 1, 2001, the DOI required that insurance companies domiciled in the State prepare their statutory basis financial statements in accordance with NAIC SAP subject to any deviations prescribed or permitted by the DOI.

Accounting changes adopted to conform to the provisions of NAIC SAP are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned surplus in the period of the change. The cumulative effect is the difference between the amount of capital and surplus at the beginning of 2001 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 decreased unassigned surplus, of \$3.5 million as of January 1, 2001. Included in this total adjustment is a decrease in unassigned surplus of approximately \$3.7 million related to deferred tax assets, and a net increase in unassigned surplus of \$0.2 million related to other accounting principle changes.

3. BUSINESS COMBINATIONS AND GOODWILL

A. Statutory Purchase Method

Not applicable.

B. Statutory Merger

Not applicable.

C. Impairment Loss

Not applicable.

4. DISCONTINUED OPERATIONS

Not applicable.

5. INVESTMENTS

A. Mortgage Loans

Not applicable.

B. Debt Restructuring

Not applicable.

C. Reverse Mortgages

Not applicable.

D. Loan-Backed Securities

- (1) Not applicable.
- (2) Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment.
- (3) In determining the estimated market value, management obtains quotations from independent sources, generally pricing sources. Unless representative trades of securities actually occurred at December 31, these quotes are generally estimates of market value based on an evaluation of appropriate factors, such as trading in similar securities, yields, credit quality, coupon rate, maturity, type of issue, and other market data.
- (4) Not applicable.

E. Repurchase Agreements

Not applicable.

NOTES TO FINANCIAL STATEMENTS

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

- A. The Company does not have any investments in joint ventures, partnerships or limited liability companies.
- B. Impairment write down: Not applicable.

7. INVESTMENT INCOME

- (1) Investment income due and accrued with amounts over 90 days past due is excluded from surplus.
- (2) The Company had no investment income due and accrued excluded from surplus at both December 31, 2002 and 2001.

8. DERIVATIVE INSTRUMENTS

Not applicable.

9. INCOME TAXES

- A. The components of the net deferred tax asset/liability at December 31 are as follows (in thousands):

	2002	2001
Total of all deferred tax assets (admitted & nonadmitted)	\$ 5,625	\$ 5,870
Total of all deferred tax liabilities	<u>69</u>	<u> </u>
Net deferred tax asset	5,556	5,870
Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	<u>1,281</u>	<u>1,516</u>
Net admitted deferred tax asset	<u>\$ 4,275</u>	<u>\$ 4,354</u>
 (Decrease) Increase in deferred tax assets nonadmitted	 <u>\$ (235)</u>	 <u>\$ 410</u>

- B. The Company is currently recognizing all deferred tax liabilities.

- C. Current income tax expense (benefit) consists of the following major components (in thousands):

	2002	2001
Current income tax expense (benefit)	\$ 1,462	\$ (2,821)
Prior year (over) under accrual of income taxes	<u>(137)</u>	<u>5</u>
Current income tax expense (benefit)	<u>\$ 1,325</u>	<u>\$ (2,816)</u>

The change in net deferred income taxes is comprised of the following (in thousands):

	2002	2001	Change
Total deferred tax assets	\$ 5,625	\$ 5,870	\$ (245)
Total deferred tax liabilities	<u>69</u>	<u> </u>	<u>69</u>
Net deferred tax asset	5,556	5,870	(314)
Tax effect of unrealized losses	<u>145</u>	<u>4</u>	<u>141</u>
Change in net deferred income tax	<u>\$ 5,411</u>	<u>\$ 5,866</u>	<u>\$ (455)</u>

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows (in thousands):

NOTES TO FINANCIAL STATEMENTS

	2002	2001	Change
Deferred tax assets resulting from book/tax differences in:			
Bonds		\$ 5	\$ (5)
Unrealized losses	\$ 145	4	141
Agents balances and uncollectibles	97	259	(162)
Unearned premium reserves	2,604	3,050	(446)
Reserves	2,577	2,486	91
Pension liabilities	151		151
Other liabilities	<u>51</u>	<u>66</u>	<u>(15)</u>
Total deferred tax assets	<u>\$ 5,625</u>	<u>\$ 5,870</u>	<u>\$ (245)</u>
Total deferred tax assets non-admitted	<u>\$ (1,281)</u>	<u>\$ (1,516)</u>	<u>\$ 235</u>
Deferred tax liabilities resulting from book/tax differences in:			
Bonds	<u>69</u>		<u>69</u>
Total deferred tax liabilities	<u>\$ 69</u>	<u>\$</u>	<u>\$ 69</u>

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

	Amount	Tax Effect	Effective Tax Rate
Provision computed at statutory rate	\$ 5,180	\$ 1,813	35.00%
Tax-exempt interest	(462)	(162)	-3.13%
15% exemption adjustment	69	24	0.46%
Unallowable deductions	28	10	0.19%
Change in non-admitted assets	462	162	3.13%
Other	<u>(190)</u>	<u>(67)</u>	<u>-1.29%</u>
Total	<u>\$ 5,087</u>	<u>\$ 1,780</u>	<u>34.36%</u>
Current income tax expense		1,325	25.58%
Change in net deferred income taxes		<u>455</u>	<u>8.78%</u>
Total statutory income taxes		<u>\$ 1,780</u>	<u>34.36%</u>

- E. (1) When available, the Company utilizes net operating loss carry forwards to offset taxable income under the terms of the tax sharing agreement. At December 31, 2002 and 2001, the Company had no net operating losses available for carry forward.
- (2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses (in thousands):

	2002	2001
2002	\$ 1,462	
2001		
2000		

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

NOTES TO FINANCIAL STATEMENTS

Farmers Insurance Exchange
 Illinois Farmers Insurance Company
 Farmers New Century Insurance Company
 Texas Farmers Insurance Company
 Mid-Century Insurance Company of Texas
 Mid-Century Insurance Company
 Farmers Insurance Company of Idaho
 Farmers Insurance Company of Oregon
 Civic Property and Casualty Company
 Exact Property and Casualty Company
 Neighborhood Spirit Property and Casualty Company
 Foremost Insurance Company Grand Rapids, Michigan
 Foremost Signature Insurance Company
 Foremost Property and Casualty Insurance Company
 Foremost Lloyds of Texas
 American Federation Insurance Company
 Foremost Corporation of America
 Foremost Financial Services Corporation
 Foremost Home Services Corporation
 Foremost Affinity Services, Inc.
 Foremost Home Brokers, Inc.
 Foremost Express Insurance Agency, Inc.
 Foremost Express Insurance Agency of Georgia, Inc.
 Foremost Real Estate Company of Grand Rapids
 Western Star Underwriters, Inc.
 Foremost Affiliated Insurance Services, Inc.
 Knight Agency, Inc.
 Pacific Way Insurance Agency, Inc.
 Frontier Insurance Agency, Inc.
 Sunrise Insurance Agency, Inc.
 Sunrise Insurance Agency of Arizona, Inc.
 Federation Insurance Services of California, Inc.

- (2) The method of allocation between the companies is subject to a written agreement approved by the officers of the Company. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances as settled monthly based on estimates with the final settlement made annually within 45 days after the return has been filed.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

- A. All outstanding shares of the Company are owned by Farmers Insurance Exchange (“FIE”).
- B.C. In March 2001, FIE, Fire Insurance Exchange (“Fire”), and Truck Insurance Exchange (“Truck”) contributed, in cash, \$44.0 million, \$3.0 million, and \$3.0 million, respectively, of additional paid-in surplus to certain subsidiaries. The contributions were as follows: FIE contributed \$10.0 million to Farmers Insurance of Columbus, Inc.; FIE, Fire, and Truck contributed \$8.0 million, \$1.0 million, and \$1.0 million, respectively, to each of the following companies: Civic Property and Casualty Company, Exact Property and Casualty Company, and Neighborhood Spirit Property and Casualty Company. FIE also contributed \$10.0 million to Illinois Farmers Insurance Company, who in turn, contributed \$10.0 million to Farmers New Century Insurance Company.
- D. At December 31, 2002 and 2001, the Company reported \$1.1 million and \$9.9 million as amounts due from affiliates, respectively. The terms of settlement require that these amounts be settled within 45 days.
- E. There are no guarantees or undertakings, written or otherwise, for the benefit of an affiliate.
- F. There are no management contracts, service contracts or cost sharing arrangements other than cost allocation arrangements based upon accounting principles generally accepted in the United States of America, involving the Company or any affiliated insurer.
- G. The Company is a member of the Farmers Property and Casualty Group (the “P&C Group Companies”), which is comprised of FIE, Fire, Truck, Mid-Century Insurance Company, Farmers New Century Insurance Company, Mid-Century Insurance Company of Texas (“MCT”), Texas Farmers Insurance Company, Illinois Farmers Insurance Company, Farmers Insurance Company, Inc., Farmers Insurance Company of Arizona (“FICO Arizona”), Farmers Insurance Company of Idaho, Farmers Insurance Company of Oregon, Farmers Insurance Company of Washington, Farmers Insurance of Columbus, Inc., Civic Property and Casualty Company, Exact Property and Casualty Company, Neighborhood Spirit Property and Casualty Company, Farmers Texas County Mutual Insurance Company (“FTCM”), Farmers Reinsurance Company, Foremost Insurance Company Grand Rapids, Michigan (“FIC, Grand Rapids”), Foremost Property and Casualty Insurance Company, American Federation Insurance Company, Foremost

NOTES TO FINANCIAL STATEMENTS

Signature Insurance Company, Foremost County Mutual Insurance Company, and Foremost Lloyds of Texas. For more details on ownership, see Schedule Y.

- H. The Company does not own shares of an upstream intermediate or ultimate parent, which are applicable under Section 4(B)(b)(x) of the NAIC Valuation of Securities manual.
- I. The Company does not have any investments in SCA entities.
- J. Impairment write down on investments in SCA's: Not applicable.

11. DEBT

A. Capital Notes

Not applicable.

B. All Other Debt

Not applicable.

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

A. Defined Benefit Plans

Postretirement Benefit Plan

In addition to pension benefits, FIE and certain members of the P&C Group Companies provide certain postretirement benefits to its retired employees. The postretirement benefits plan is a contributory defined benefit plan for employees who were retired or who were eligible for early retirement as of January 1, 1995, and is a contributory defined dollar plan for all other employees retiring after January 1, 1995. Health benefits are provided for all employees who participated in the group medical benefits plan for 10 years immediately preceding early retirement at age 55 or later. A life insurance benefit of \$5,000 is provided at no cost to retirees who maintained supplemental life insurance coverage for 10 years immediately preceding retirement at age 55 or later. There are no assets allocated to this plan.

The funded status of the plan for the P&C Group Companies as of December 31 is as follows (in thousands):

	2002	2001
Change in Benefit Obligation		
Net benefit obligation at beginning of year	\$ 62,461	\$ 47,965
Service cost	1,712	1,215
Interest cost	4,542	3,715
Plan participants' contributions	1,646	1,126
Plan amendments		
Actuarial loss (gain)	5,445	14,514
Benefits paid	<u>(4,880)</u>	<u>(6,074)</u>
	\$ 70,926	\$ 62,461
Benefit obligation for nonvested employees	\$ (30,564)	\$ (24,223)
Benefit obligation for vested employees	<u>\$ 40,362</u>	<u>\$ 38,238</u>
Fair value of plan assets at end of year	<u>\$ _____</u>	<u>\$ _____</u>
Funded status at end of year	\$ (70,926)	\$ (62,461)
Unrecognized net actuarial gain	23,570	19,792
Unrecognized prior service cost		
Unrecognized net transition obligation	<u>13,110</u>	<u>14,421</u>
Net amount recognized at end of year	<u>\$ (34,246)</u>	<u>\$ (28,248)</u>

In 1993, the P&C Group Companies elected to amortize its portion of the transition obligation of \$26.2 million over a 20-year period. The unrecognized transition obligation of \$13.1 million in 2002 and \$14.4 million in 2001 represents the remaining transition obligation of the P&C Group Companies. The Company's share of the postretirement benefit obligation was \$404,000 and \$384,000 at December 31, 2002 and 2001, respectively.

Components of the net periodic benefit cost recognized by the P&C Group Companies for the years ended December 31 are as follows (in thousands):

NOTES TO FINANCIAL STATEMENTS

	2002	2001
Service costs	\$ 1,712	\$ 1,215
Interest costs	4,542	3,715
Return on plan assets		
Net amortization of unrecognized transition obligation	1,311	1,311
Actuarial loss (gain)	<u>935</u>	<u>228</u>
Net periodic expense	<u>\$ 8,500</u>	<u>\$ 6,469</u>

The Company's share of the net periodic benefit cost recognized by the P&C Group Companies was \$85,000 in 2002 and \$65,000 in 2001.

The weighted average assumed discount rate used in the above benefit computations was 7.00% in 2002 and 7.25% in 2001. The weighted average rate of increase in future compensation levels used in determining the actuarial present value of the accumulated benefit obligation was 4.80% in 2002 and 4.70% in 2001.

The health care cost trend rate for participants eligible to retire on January 1, 1991 was 10% during 2002, graded down to 6% by 2006 at 1% per year.

A 1.00% increase or decrease in the assumed health care cost trend rate would have resulted in the following (in thousands):

	1% Increase	1% Decrease
Effect on 2002 service and interest components of net periodic postretirement healthcare benefit costs	70	(63)
Effect on accumulated postretirement benefit obligation for health care benefits at December 31, 2002	991	(891)

B. Defined Contribution Plans

Not applicable.

C. Multi-employer Plans

Not applicable.

D. Consolidated/Holding Company Plans

Pension Plan

FIE and certain members of the P&C Group Companies participate in two non-contributory retirement plans (the "Regular Plan" and the "Restoration Plan") sponsored by Farmers Group, Inc. ("FGI"), an insurance holding company that provides management services to FIE. The Regular Plan covers substantially all employees of the P&C Group Companies and FGI and its subsidiaries who have reached age 21 and have rendered one year of service. Benefits are based on years of service and the employee's compensation during the last five years of employment. The Restoration Plan provides supplemental retirement benefits for certain key employees of the P&C Group Companies and FGI and its subsidiaries. Information regarding the Regular and Restoration Plans' funded status is not developed separately. The Company has no legal obligation for benefits under this plan. For the 2002-2001 and 2001-2000 plan years, the minimum required contribution did not exceed the full funding limitation under the Internal Revenue Code. As a result, the P&C Group Companies and FGI made contributions of \$70.0 million and \$25.5 million to the Plans in 2002 and 2001, respectively. The Company's share of these contributions was \$351,000 in 2002 and \$136,000 in 2001.

Profit Sharing Plan

FIE and certain members of the P&C Group Companies participate in two profit sharing plans sponsored by FGI that provide for cash payments to all eligible employees of the P&C Group Companies and FGI and its subsidiaries. The two plans, Deferred Profit Sharing and Cash Profit Sharing (consisting of Cash and Quest for Gold), provide for a maximum aggregate expense of 16.25% of FGI and its subsidiaries' consolidated annual pretax earnings, as adjusted. The amount paid to employees of the P&C Group Companies is based on the achievement of certain P&C Group Companies' goals. Payments under the plans are administered by FGI with the P&C Group Companies reimbursing FGI for their respective share. The Deferred Profit Sharing Plan, limited to 10% of pretax earnings, as adjusted, or 15% of the salary or wage paid or accrued to the eligible employee, provides for an annual contribution by the P&C Group Companies to a trust for eventual payment to employees as provided in the plan document. The Cash Profit Sharing Plan and Quest for Gold Program provide for annual cash distributions to eligible employees. The Cash Profit Sharing Plan is limited to 5% of pretax earnings, as adjusted, or 5% of employee salaries or wages paid or accrued. The Quest for Gold Program is limited to 1.25% of pretax earnings, as adjusted, or 6% of eligible employee salaries or wages paid or accrued. The Company's share of expense under these plans was \$710,000 and \$608,000 in 2002 and 2001, respectively.

NOTES TO FINANCIAL STATEMENTS

E. Post-employment Benefits and Compensated Absences

The Company does not accrue for compensated absences due to immateriality.

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

- (1) The Company has 750 shares of no par value common stock authorized, and 744 shares issued and outstanding.
- (2) The Company has no preferred stock.
- (3-4) No restrictions have been placed on shareholder dividends.
- (5) No restrictions have been placed on unassigned surplus.
- (6) The Company does not have advances to surplus.
- (7) The Company does not hold stock for special purposes.
- (8) The Company does not have any special surplus funds balances.
- (9) The portion of unassigned surplus represented or reduced by each of the following items is (in thousands):

	2002	2001
Unrealized losses	\$ (269)	\$ (7)
Non admitted asset values	(1,558)	(2,255)
Provision for reinsurance	(108)	(18)

- (10) The Company has not issued any surplus notes.

(11-12) The Company has not undergone any quasi-reorganizations.

14. CONTINGENCIES

A. Contingent Commitments

Not applicable.

B. Assessments

The Company had no material assessments in 2002 and 2001.

Gain Contingencies

The Company did not recognize any gain contingencies.

C. All Other Contingencies

Litigation

The Company and the other members of the P&C Group Companies are defendants in certain lawsuits arising in the normal course of business, which are in various stages of development. Some of these matters seek punitive as well as compensatory damages. While it is not possible to predict the outcome of these matters with certainty, management believes that their ultimate disposition will not have a material effect on the Company's financial position or results of operations. In addition, the Company and the other members of the P&C Group Companies are, from time to time, involved as parties in various governmental and administrative proceedings.

California Earthquake Authority

On December 1, 1996, Fire became a participant in the California Earthquake Authority ("CEA") on behalf of the P&C Group Companies. The CEA was established by the California Legislature to provide earthquake insurance to the owners of residential property in the state of California. Insurers who elect to participate in the program are liable for twelve years, for a portion of aggregate losses up to \$3.6 billion, contingent on losses exceeding a specified limit. Effective April 18, 2002, the latest date for which information is available, the P&C Group Companies' residential earthquake insurance market share is 14.63%, and its respective share of this contingent liability is \$532.4 million at December 31, 2002. In the case of a triggering event, and based on its reinsurance participation of 1.00%, The Company's share of this contingent liability before reinsurance would be \$5.3 million. As of December 31, 2002, a triggering event has not occurred, and, therefore, no provision has been made in the accompanying financial statements for any liability or loss that may result from a catastrophic earthquake event.

Revolving Credit Agreement

In July 2002, FGI's existing \$500 million revolving credit agreement expired. In September 2002, FGI entered into a new revolving credit agreement with certain financial institutions. Under this one-year

NOTES TO FINANCIAL STATEMENTS

agreement, FGI has an aggregate borrowing facility of \$250 million. The proceeds of the facility are available for general corporate purposes, including loans to the P&C Group Companies. Loans from this facility are to provide for any unanticipated short-term cash needs the P&C Group Companies might experience. Facility fees are payable on the aggregate borrowing facility in the amount of 6 basis points per annum. In the case of a draw on the facility, FGI has the option to borrow at an annual rate equal to (i) London Interbank Offered Rate ("LIBOR") plus an Applicable Margin of 19 basis points or (ii) the Alternate Base Rate (to be defined as the higher of (a) the Bank of America prime rate or (b) the Federal Funds rate plus 50 basis points). FGI has not borrowed against the current or prior lines of credit on behalf of the P&C Group Companies, and had no outstanding borrowings under either agreement at December 31, 2002 and 2001. The Company's share of fees paid by the P&C Group Companies in 2002 and 2001 for the right to access these facilities was \$2,000 and \$3,000, respectively.

Interest on North Carolina Escrow

In 2002, the North Carolina Department of Insurance ("NCDOI") issued a bulletin requiring insurance carriers in the state to establish an escrow account for the premiums collected in excess of approved rates and also to charge interest on the potential refund of the escrowed amount (see Note 20C). Based on direct premiums written in the state for 2002, the P&C Group Companies' contingent liability for the potential interest payable to policyholders for the escrowed amount is estimated to be \$111,000 and the Company's share is \$1,000 at December 31, 2002. The NCDOI guideline does not require insurers impacted by this regulation to accrue and/or report this potential interest payable as a liability or escrowed. As a result, no provision has been made in the accompanying financial statements for any liability associated with the interest payable on the escrowed amount.

15. LEASES

A. Lessee Operating Leases

Not applicable.

B. Lessor Leases

Not applicable.

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

A. Transfers of Receivables Reported as Sales

Not applicable.

B. Transfer and Servicing of Financial Assets

Not applicable.

C. Wash Sales

The Company had no wash sale transactions in the periods presented that require disclosure.

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

A. ASO Plans

Not applicable.

B. ASC Plans

Not applicable.

C. Medicare or Similarly Structured Cost Based Reimbursement Contract

Not applicable.

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

Not applicable.

20. OTHER ITEMS

NOTES TO FINANCIAL STATEMENTS

A. Extraordinary Items

None.

B. Troubled Debt Restructuring: Debtors

Not applicable.

C. Other Disclosures

Securities on Deposit

Investments with a carrying value of \$642,000 and \$653,000 at December 31, 2002 and 2001, respectively, were on deposit with regulatory authorities as required by law.

Auto Physical Damage Quota Share Agreement

Through March 2001, certain members of the P&C Group Companies participated in an agreement to cede a portion of their auto physical damage ("APD") business to Farmers Re, another member of the P&C Group Companies. Farmers Re is a wholly owned subsidiary of FGI. The terms of this agreement provided for monthly ceded premiums of \$83.3 million, a 20% provisional commission and a quota share percentage of ultimate losses. It also included a provision for additional experience commissions that depended on loss experience. In April 2001, this APD agreement was canceled in favor of a new agreement in which other reinsurers were added as participants.

In 2002, the P&C Group Companies continued their APD agreement with Farmers Re and the other reinsurers. The agreement provides for monthly ceded premiums of \$166.7 million with an 18% ceding commission. The current contract also includes provisions for additional experience commissions that depend on loss experience and recoveries of a quota share percentage of the ultimate net APD losses sustained by the other members of the P&C Group Companies.

The Company's share of ceded premiums was \$20.0 million and \$17.5 million for the years ended December 31, 2002 and 2001, respectively. Ceded incurred losses and loss adjustment expenses were \$12.3 million and \$12.2 million for the years ended December 31, 2002 and 2001, respectively. In 2002 and 2001, the total experience commission income was \$723.2 million and \$491.2 million, respectively. The Company's share of the total experience commission income was \$7.2 million and \$4.9 million for the years ended December 31, 2002 and 2001, respectively.

10% All Lines Quota Share Reinsurance Agreement

Effective December 31, 2002, certain members of the P&C Group Companies began participating in a 10% All Lines Quota Share ("10% All Lines") reinsurance agreement with Farmers Re and Zurich Insurance Company ("Zurich"). This agreement provides for a cession of a quota share percentage of premiums and ultimate net losses for all lines of business written by the P&C Group Companies after the APD contract is applied. Loss recoveries are subject to a maximum loss ratio of 62.9% and \$800 million of catastrophe losses. The contract also provides for a 22% ceding commission for acquisition expenses, which was recognized immediately, and a 14.1% ceding commission for other expenses, which will be amortized over the life of the contract. As of December 31, 2002, the Company's share of ceded premiums and ceding commission was \$4.5 million and \$1.0 million, respectively.

20% Auto Quota Share Reinsurance Agreement

Effective December 31, 2002, certain members of the P&C Group Companies began participating in a 20% Personal Lines Automobile Quota Share ("20% Auto") reinsurance agreement with Farmers Re and Zurich. This agreement covers the remaining portion of the personal lines auto liability and physical damage business written by the P&C Group Companies. The contract also provides for a 20% ceding commission for acquisition expenses, which was recognized immediately, and a 17.2% ceding commission for other expenses, which will be amortized over the life of the contract. No recoveries were reported for 2002. As of December 31, 2002, the Company's share of ceded premiums and ceding commission was \$3.5 million and \$700,000, respectively.

Restatement of Beginning Balances

Certain changes were made in 2002, which impact the assignment of direct loss and loss adjustment expense reserves by state and line of business. A new method was employed to assign IBNR loss and loss adjustment expense reserves by state for the P&C Group Companies' auto, fire, and commercial lines of business. The beginning balances for direct unpaid losses and loss adjustment expenses were restated on the "Exhibit of Premiums and Losses (Statutory Page 14)" to be consistent with the change. For information regarding the restatement, please contact Scott Ballew, Director of P&C Accounting at (323) 932-3441.

Texas Premium Refund

On December 18, 2002, certain members of the P&C Group Companies and Farmers Group, Inc. executed a Settlement Agreement with the Texas Attorney General and Texas Department of Insurance ("DOI") respecting allegations of rating improprieties in the homeowners' line of business in Texas. When approved by the court, the agreement will provide for certain rate reductions and refunds. No fines or penalties are included, and there is no admission of wrongdoing. The settlement has also allowed FIE and Fire, which had previously sent notices terminating all of their homeowners' policies, to begin re-entry into the homeowners insurance market in Texas. At December 31, 2002, the P&C Group Companies established a reserve of \$60.0 million based on its calculation and interpretation of the

NOTES TO FINANCIAL STATEMENTS

Settlement Agreement. The Company's share of the estimated refund was \$600,000. Final court approval is not expected until at least April 30, 2003.

North Carolina Escrow

On January 31, 2002, the NCDOI issued a directive ordering an overall rate level decrease for non-fleet private passenger automobiles and motorcycles policies written in the state alleging unfairly discriminatory or excessive rates by the insurance industry. The regulation required all insurers in the state to establish an escrow account for premiums collected in excess of the rates approved by the Insurance Commissioner. This rollback order is currently under dispute by the insurance industry and is pending final judiciary review. Until this matter is settled in the courts, the NCDOI has authorized all direct writers in the state to place into an escrow account the purportedly excessive portion of the premium collected on all policies effective April 1, 2002. Based upon premiums results for April through December 2002, the P&C Group Companies' liability for this mandated escrow account was estimated to be \$2.9 million and was included in the accompanying financial statements as a direct charge to expenses and a corresponding increase to a liability account. The Company's share of this expense was \$29,000.

The segregated asset account and funds supporting the escrow liability were established in January, 2003.

Installment Premium Balances Charged Off

In 2002, the P&C Group Companies (see note 10G) made an adjustment to the premium receivable balances for collections, which have been determined to be uncollectible. This adjustment was made to correct for data quality issues associated with the implementation of a monthly pay billing system. The net impact on surplus after taxes and assets previously non-admitted in 2001 for the Company was \$543,000.

D. Uncollected Premium Balances, Bills Receivable for Premiums, Amounts Due from Agents and Brokers, Uninsured Plans, and Retrospectively Rated Contracts.

At December 31, 2002 and 2001, the Company had premiums receivable of \$16.5 million and \$17.3 million, respectively. The Company routinely assesses the collectibility of these receivables.

E. Reinsurance Accounted for as a Deposit

None.

F. Multiple Peril Crop Insurance

Not applicable.

G. Mezzanine Real Estate Loans

Not applicable.

H. Health Care Receivables

Not applicable.

I. September 11 Events

Not applicable.

J. Real Estate

(1) Not applicable.

(2) Not applicable.

K. Participating Policies

Not applicable.

L. Premium Deficiency Reserves

The Company utilizes anticipated investment income in the calculation of premium deficiency reserves, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums. The Company evaluates the need for a premium deficiency reserve on a line of business level for all books. The Company has not established any premium deficiency reserves at December 31, 2002 and 2001 based on this calculation.

M. Non-cash Transactions

None.

21. EVENTS SUBSEQUENT

None.

NOTES TO FINANCIAL STATEMENTS

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has increased by \$2.9 million from \$88.3 million in 2001 to \$91.2 million in 2002 as a result of reestimation of unpaid losses and loss adjustment expenses principally on Private Passenger Auto, Homeowners, Workers' Compensation, Commercial Multiple Peril, and Special Property lines of insurance. This increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased and decreased, as additional information becomes known regarding individual claims.

25. INTERCOMPANY POOLING ARRANGEMENTS

The Company and certain other members of the P&C Group Companies participate in an intercompany reinsurance program (the "Intercompany Program"). Under this program the participants cede all of their business, net of non-affiliated reinsurance, to FIE.

Under 100% quota share reinsurance agreements FIE also assumes business from the following members of the P&C Group Companies, which do not participate in the Intercompany Program: FICO Arizona, MCT, FTFCM, and FIC Grand Rapids. Between the Intercompany Program and the quota share reinsurance agreements, FIE assumes 100% of the business written by all members of the P&C Group Companies.

Other affiliated reinsurance agreements that FIE engages in are a quota share APD agreement where FIE cedes APD business to Farmers Re and a quota share agreement where FIE retrocedes mobile home and recreational vehicle business to FIC Grand Rapids. FIE also cedes business to Farmers Re and Zurich under a 10% All Lines quota share agreement and a 20% Auto quota share agreement (see note 20C). FIE then retrocedes the remaining business of the P&C Group Companies to the insurers participating in the Intercompany Program according to their respective participation percentages.

The reinsurance participants and their respective participation percentages are as follows:

NAIC Company Code	Participant	Participation Percentage	
		2002	2001
21652	Farmers Insurance Exchange	51.75%	51.75%
21660	Fire Insurance Exchange	7.50%	7.50%
21687	Mid-Century Insurance Company	16.00%	16.00%
21709	Truck Insurance Exchange	7.75%	7.75%
10806	Farmers New Century Insurance Company	0.75%	0.75%
21695	Texas Farmers Insurance Company	1.00%	1.00%
21679	Illinois Farmers Insurance Company	0.75%	0.75%
21628	Farmers Insurance Company, Inc.	0.75%	0.75%
21601	Farmers Insurance Company of Idaho	0.75%	0.75%
21636	Farmers Insurance Company of Oregon	7.00%	7.00%
21644	Farmers Insurance Company of Washington	2.00%	2.00%
36889	Farmers Insurance of Columbus, Inc.	1.00%	1.00%
10315	Civic Property and Casualty Company	1.00%	1.00%
10318	Exact Property and Casualty Company	1.00%	1.00%
10317	Neighborhood Spirit Property and Casualty Company	1.00%	1.00%

26. STRUCTURED SETTLEMENTS

A. Not applicable.

B. Not applicable.

27. HIGH DEDUCTIBLES

Not applicable.

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

Case reserves for workers' compensation claims have been discounted on a tabular basis using the National Council on Compensation Insurance Table at 3.5%. The December 31, 2002 and 2001 liabilities include \$62,000 and \$43,000 of such discounted reserves, respectively. In 2002 and 2001, The Company did not discount unpaid loss adjustment expenses.

29. ASBESTOS/ENVIRONMENTAL RESERVES

The Company has exposure to environmental, asbestos, and other toxic claims that arise from the sale of general liability insurance. The Company estimates the full impact of the asbestos and environmental exposures by establishing full case reserves on all known losses and computing incurred but not reported ("IBNR") losses based on previous experience.

NOTES TO FINANCIAL STATEMENTS

- A. The Company's asbestos-related losses (including coverage dispute costs) for each of the four most recent years were as follows (in thousands):

	2002	2001	2000	1999
Gross of Reinsurance				
Beginning reserves	\$ 24	\$ 15	\$ 13	
Incurred losses and loss adjustment expenses	3	12	2	\$ 13
Calendar year payments for losses and loss adjustment expenses	<u>(7)</u>	<u>(3)</u>	<u> </u>	<u> </u>
Ending reserves	<u>\$ 20</u>	<u>\$ 24</u>	<u>\$ 15</u>	<u>\$ 13</u>
Net of Reinsurance				
Beginning reserves	\$ 24	\$ 15	\$ 13	
Incurred losses and loss adjustment expenses	8	12	2	\$ 13
Calendar year payments for losses and loss adjustment expenses	<u>(7)</u>	<u>(3)</u>	<u> </u>	<u> </u>
Ending reserves	<u>\$ 25</u>	<u>\$ 24</u>	<u>\$ 15</u>	<u>\$ 13</u>

- B. The Company recorded \$17,000 and \$23,000 of gross reserves and \$22,000 and \$23,000 of reserves, net of reinsurance, for losses and loss adjustment expenses for IBNR and/or bulk reserves related to asbestos claims at December 31, 2002 and 2001, respectively.
- C. The Company recorded \$5,000 and \$7,000 of gross reserves and \$6,000 and \$7,000 of reserves, net of reinsurance, for loss adjustment expenses for case, IBNR and/or bulk reserves related to asbestos claims at December 31, 2002 and 2001, respectively.
- D. The Company's environmental-related losses (including coverage dispute costs) for each of the four most recent years were as follows (in thousands):

	2002	2001	2000	1999
Gross of Reinsurance				
Beginning reserves	\$ 187	\$ 140	\$ 140	
Incurred losses and loss adjustment expenses	127	128	25	\$ 143
Calendar year payments for losses and loss adjustment expenses	<u>(81)</u>	<u>(81)</u>	<u>(25)</u>	<u>(3)</u>
Ending reserves	<u>\$ 233</u>	<u>\$ 187</u>	<u>\$ 140</u>	<u>\$ 140</u>
Net of Reinsurance				
Beginning reserves	\$ 187	\$ 140	\$ 140	
Incurred losses and loss adjustment expenses	127	128	25	\$ 143
Calendar year payments for losses and loss adjustment expenses	<u>(81)</u>	<u>(81)</u>	<u>(25)</u>	<u>(3)</u>
Ending reserves	<u>\$ 233</u>	<u>\$ 187</u>	<u>\$ 140</u>	<u>\$ 140</u>

- E. The Company recorded \$106,000 and \$116,000 of gross reserves and \$106,000 and \$116,000 of reserves, net of reinsurance, for losses and loss adjustment expenses for IBNR and/or bulk reserves related to environmental claims at December 31, 2002 and 2001, respectively.

NOTES TO FINANCIAL STATEMENTS

- F. The Company recorded \$113,000 and \$84,000 of gross reserves and \$113,000 and \$84,000 of reserves, net of reinsurance, for loss adjustment expenses for case, IBNR and/or bulk reserves related to environmental claims at December 31, 2002 and 2001, respectively.

30. SUBSCRIBER SAVINGS ACCOUNTS

Not applicable.

31. FINANCIAL GUARANTY INSURANCE EXPOSURES

Not applicable.

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	23,568,440	16.453	23,568,440	16.453
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	7,664,204	5.350	7,664,204	5.350
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	4,495,669	3.138	4,495,669	3.138
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	5,162,316	3.604	5,162,316	3.604
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	3,799,410	2.652	3,799,410	2.652
1.512 Issued by FNMA and FHLMC	10,228,480	7.140	10,228,480	7.140
1.513 Privately issued	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	25,246,063	17.624	25,246,063	17.624
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	16,226,985	11.328	16,226,985	11.328
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	31,406,613	21.925	31,406,613	21.925
2.2 Unaffiliated foreign securities	5,086,952	3.551	5,086,952	3.551
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	0	0.000	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	0	0.000	0	0.000
3.4 Other equity securities:				
3.41 Affiliated	0	0.000	0	0.000
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	10,362,364	7.234	10,362,364	7.234
9. Other invested assets		0.000		0.000
10. Total invested assets	143,247,496	100.000	143,247,496	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? California.....
- 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).08/01/2000
- 3.4 By what department or departments? Ohio
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under 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;100.0
- 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
Switzerland.....	Corporation/Parent of Attorney-In-Fact of the Parent of the Reporting 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?
 PriceWaterhouseCoopers:LLP, 350 S. Grand Ave., Los Angeles, CA 90071.....
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?
 James Nutting, FCAS, MAAA, 4680 Wilshire Blvd., Los Angeles, CA 90010, Actuary of Farmers Insurance Group.....
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?
 Not Applicable.....
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[]	[]	[]
Common	750	744		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:

The Company entered into a security lending agreement with a financial institution that authorizes the institution to lend securities held in the Company's portfolio to a list of authorized borrowers. Concurrent with delivery of the securities, the borrower provides the Company with cash collateral equal to at least 102% of the market value of domestic securities and 105% of the market value of global securities subject to the loan. The securities are market-to-market on a daily basis, and the collateral is adjusted on the next business day. The collateral is invested in highly liquid, fixed income assets with a maturity of less than one year.

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

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

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

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
JP Morgan Chase.....	3 Chase Metro Tech Center - 6th Floor Brooklyn, NY 11245.....

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)
N/A.....		

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
104518.....	Deutsche Asset Management.....	DeAM, Insurance Advisory Services 280 Park Avenue, 4th Floor East New York, NY 10017.....

OTHER

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

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
None.....	\$.....
	\$.....
	\$.....

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

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

1 Name	2 Amount Paid
None.....	\$.....
	\$.....

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

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

1 Name	2 Amount Paid
None.....	\$.....

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$
- 2.22 Non-participating policies \$
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No [X]
- 3.2 Does the reporting entity issue non-assessable policies? Yes [X] 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 [X] No []
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes [] No [X] NA []
- 4.22 As a direct expense of the Exchange Yes [X] No [] NA []
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [X]
- 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?
- None Written
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
- The Company Licenses Catastrophe Modeling Software from outside vendors specializing in these products. Based on these models, California Earthquake, New Madrid Earthquake and Texas Hurricane have been identified as having the most significant potential for large losses.
- 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?
- In Addition to other catastrophe management actions including joining the California Earthquake Authority, the Company has purchased catastrophe reinsurance protection.
- 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 [X] No []
- 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:

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 [X] NA []
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [] No [X]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$
- 10.62 Collateral and other funds..... \$
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No [X]
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$50,000
- 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..... 2
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?..... Yes [] No [X]
- 14.11 Name of real estate holding company
- 14.12 Number of parcels involved
- 14.13 Total book/adjusted carrying value \$
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business?..... Yes [X] No []
- If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
15.11 Home	\$43,007	\$0	\$10,918	\$16,900	\$16,723
15.12 Products	\$	\$	\$	\$	\$
15.13 Automobile	\$	\$	\$	\$	\$
15.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE FARMERS INSURANCE OF COLUMBUS, INC.

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)	90,763,686	100,230,467	96,082,174	110,531,960	50,400,089
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	53,086,838	59,829,642	63,321,673	72,058,466	39,050,465
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	69,956,999	69,855,818	64,728,697	71,141,239	28,809,597
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	20,262	83,424	107,430	30,710	0
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	213,827,786	229,999,351	224,239,974	253,762,375	118,260,151
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)	48,380,976	50,170,261	47,281,641	61,321,919	0
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	13,834,751	17,941,474	22,897,341	31,402,105	0
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	34,507,145	33,753,778	30,930,296	40,992,367	0
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	9,344	9,303	10,763	1,111	0
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	96,732,216	101,874,817	101,120,041	133,717,502	0
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(3,475,704)	(18,890,485)	(17,072,526)	(14,863,223)	(4,216)
14. Net Investment Gain (Loss) (Line 11)	10,477,632	9,254,171	7,275,392	5,843,207	492,623
15. Total Other Income (Line 15)	(1,792,778)	(582,133)	(24,518)	(130,496)	0
16. Dividends to Policyholders (Line 17)	29,434	14	64,304	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	1,325,571	(2,816,100)	(2,721,000)	570,000	139,558
18. Net Income (Line 20)	3,854,144	(7,402,361)	(7,164,956)	(9,720,512)	348,849
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	165,482,409	167,808,010	135,947,148	121,811,903	13,847,841
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	4,469,270	7,896,490	0	0	0
20.2 Deferred and not yet due (Line 10.2)	12,025,243	9,408,818	0	0	0
20.3 Accrued Retrospective Premiums (Line 10.3)	49,752	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	114,291,981	120,363,280	94,623,360	73,888,962	5,454,980
22. Losses (Page 3, Lines 1 and 2)	57,216,413	50,993,022	43,130,941	29,603,374	0
23. Loss Adjustment Expenses (Page 3, Line 3)	13,178,732	11,946,132	9,622,399	5,964,994	0
24. Unearned premiums (Page 3, Line 9)	36,924,645	43,302,711	40,053,376	37,226,683	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)	51,190,427	47,444,730	41,323,783	47,922,941	8,392,862
Risk-Based Capital Analysis					
27. Total Adjusted Capital	51,190,427	47,444,730	41,323,783	0	8,392,862
28. Authorized Control Level Risk-Based Capital	8,618,149	9,084,683	8,710,668	0	26,458
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)	92.8	96.9	91.7	98.3	93.4
30. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and Short-Term Investments (Line 5)	7.2	3.1	8.3	1.7	6.6
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	0	0	0	0	0
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	0	0	0	0	0
45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0	0.0	0.0	0.0	0.0

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)	(261,859)	66,841	473,311	(587,602)	0
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	3,745,697	6,120,939	(6,599,151)	39,530,083	349,128
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)	53,210,143	57,830,852	58,135,657	45,312,742	34,941,584
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	30,989,073	41,912,029	42,127,370	38,240,673	23,538,419
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	51,915,119	57,669,868	44,491,573	35,327,326	18,756,510
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	43,155	9,911	11,325	124	0
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
54. Total (Line 34)	136,157,490	157,422,660	144,765,925	118,880,865	77,236,513
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)	29,414,366	28,357,587	25,453,079	13,217,644	0
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	9,703,914	13,642,865	15,539,656	12,062,992	0
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	24,030,053	24,867,949	19,725,965	12,795,647	0
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	148	681	105	124	0
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
60. Total (Line 34)	63,148,481	66,869,082	60,718,805	38,076,407	0
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)	61.3	75.8	75.5	70.1	0.0
63. Loss Expenses Incurred (Line 3)	15.8	13.8	12.1	11.4	0.0
64. Other Underwriting Expenses Incurred (Line 4)	26.3	29.6	29.7	33.8	0.0
65. Net Underwriting gain (loss) (Line 8)	(3.4)	(19.2)	(17.4)	(15.4)	0.0
Other Percentages					
66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	29.9	29.2	28.9	24.5	0.0
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	77.1	89.6	87.6	81.6	0.0
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)	189.0	214.7	244.7	279.0	0.0
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)	2,595	212	(193)	0	0
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)	5.5	0.5	(0.4)	0.0	0.0
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)	1,276	(1,096)	0	0	0
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)	3.1	(2.3)	0.0	0.0	0.0

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 27,367,854 2. Canada 0 3. Other Countries 0 4. Totals 27,367,854	27,573,817 0 0 27,573,817	27,467,185 0 0 27,467,185	23,850,252 0 0 23,850,252
States, Territories and Possessions (Direct and guaranteed)	5. United States 4,495,669 6. Canada 0 7. Other Countries 0 8. Totals 4,495,669	4,495,669 0 0 4,495,669	4,590,938 0 0 4,590,938	4,240,000 0 0 4,240,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 5,162,316 10. Canada 0 11. Other Countries 0 12. Totals 5,162,316	5,162,316 0 0 5,162,316	5,191,204 0 0 5,191,204	5,090,000 0 0 5,090,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 43,138,747 14. Canada 0 15. Other Countries 0 16. Totals 43,138,747	43,138,747 0 0 43,138,747	43,115,867 0 0 43,115,867	42,127,484 0 0 42,127,484
Public Utilities (unaffiliated)	17. United States 2,115,400 18. Canada 0 19. Other Countries 0 20. Totals 2,115,400	2,115,400 0 0 2,115,400	2,501,600 0 0 2,501,600	2,500,000 0 0 2,500,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 45,518,198 22. Canada 2,024,044 23. Other Countries 3,062,908 24. Totals 50,605,150	46,013,081 2,024,044 3,244,800 51,281,925	45,534,886 2,024,140 3,104,340 50,663,366	44,105,477 2,000,000 3,000,000 49,105,477
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 132,885,136	0 133,767,874	0 133,530,160	0 126,913,213
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 0 50. Canada 0 51. Other Countries 0 52. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 0 54. Total Common Stocks 0 55. Total Stocks 0 56. Total Bonds and Stocks 132,885,136	0 0 0 133,767,874	0 0 0 133,530,160	0 0 0 126,913,213

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ 84,275,594 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 135,331,403	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 76,750,964	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 (560,478)	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 132,885,137
3.4 Column 10, Part 4 (303,354) (863,832)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 2,857,398	9. Subtotal (Lines 7 plus 8) 132,885,137
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 81,190,796	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 132,885,137

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	(2)	(2)	3	3	0	0	0	0	XXX
2. 1993	88,921	88,921	0	61,094	61,094	1,926	1,926	22	22	0	0	XXX
3. 1994	98,177	98,177	0	74,384	74,384	2,609	2,609	69	69	0	0	XXX
4. 1995	108,806	108,806	0	82,375	82,375	3,338	3,338	223	223	0	0	XXX
5. 1996	115,534	115,534	0	84,448	84,448	4,058	4,058	1,768	1,768	0	0	XXX
6. 1997	117,657	117,657	0	74,368	74,368	2,832	2,832	6,751	6,751	0	0	XXX
7. 1998	116,779	116,779	0	67,757	67,757	2,067	2,067	7,370	7,370	0	0	XXX
8. 1999	136,259	39,768	96,491	72,638	8,552	3,428	177	5,727	0	3,691	73,064	XXX
9. 2000	110,995	12,701	98,294	76,574	7,154	3,461	77	7,673	0	3,850	80,477	XXX
10. 2001	118,961	20,335	98,626	76,288	13,375	3,803	200	8,052	0	3,369	74,569	XXX
11. 2002	126,648	23,537	103,110	43,070	10,678	1,346	61	6,654	0	1,611	40,331	XXX
12. Totals	XXX	XXX	XXX	712,995	484,183	28,870	17,348	44,309	16,203	12,520	268,441	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.	101	101	(3)	(3)	0	0	1	1	0	0	0	0	XXX
2.	5	5	(4)	(4)	0	0	3	3	0	0	0	0	XXX
3.	204	204	(11)	(11)	0	0	8	8	1	1	0	0	XXX
4.	95	95	(14)	(14)	0	0	34	34	2	2	0	0	XXX
5.	196	196	(15)	(15)	0	0	83	83	4	4	0	0	XXX
6.	406	406	108	108	0	0	160	160	9	9	0	0	XXX
7.	1,029	1,029	178	178	0	0	293	293	23	23	0	0	XXX
8.	2,775	472	1,131	192	129	0	650	17	106	0	246	4,111	XXX
9.	4,797	480	2,297	255	199	1	1,392	14	235	0	599	8,171	XXX
10.	7,752	217	4,473	246	281	0	2,711	24	930	0	882	15,661	XXX
11.	10,563	218	21,547	2,229	269	3	3,903	116	2,547	0	2,562	36,262	XXX
12. Totals	27,923	3,422	29,689	3,162	878	4	9,236	750	3,858	39	4,289	64,206	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	63,046	63,046	0	70.9	70.9	0.0	0	0	0	0	0
3.	77,263	77,263	0	78.7	78.7	0.0	0	0	0	0	0
4.	86,053	86,053	0	79.1	79.1	0.0	0	0	0	0	0
5.	90,543	90,543	0	78.4	78.4	0.0	0	0	0	0	0
6.	84,634	84,634	0	71.9	71.9	0.0	0	0	0	0	0
7.	78,717	78,717	0	67.4	67.4	0.0	0	0	0	0	0
8.	86,585	9,409	77,176	63.5	23.7	80.0	0	0	1.0	3,242	869
9.	96,629	7,981	88,648	87.1	62.8	90.2	0	0	1.0	6,359	1,812
10.	104,291	14,061	90,230	87.7	69.1	91.5	0	0	1.0	11,763	3,898
11.	89,898	13,305	76,593	71.0	56.5	74.3	0	0	1.0	29,663	6,599
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	51,027	13,179

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 FARMERS INSURANCE OF COLUMBUS, INC.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1993	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1994	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1995	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. 1996	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
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	72,054	71,875	70,957	71,353	395	(523)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	78,959	80,089	80,757	668	1,798
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	79,736	81,267	1,531	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	67,407	XXX	XXX
12. Totals											2,595	1,276

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	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
2. 1993	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
3. 1994	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
4. 1995	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
5. 1996	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	38,727	57,312	63,660	67,338	XXX	XXX	
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	43,832	65,389	72,803	XXX	XXX	
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	42,429	66,517	XXX	XXX	
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,677	XXX	XXX	

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1993	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3. 1994	XXX	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. 1995	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5. 1996	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
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	22,388	7,644	3,397	1,573
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,186	7,422	3,420
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25,040	6,914
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	23,104

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	No	0	0	0	0	0	0	0
2. Alaska	AK	No	0	0	0	0	0	0	0
3. Arizona	AZ	No	0	0	0	0	0	0	0
4. Arkansas	AR	No	0	0	0	0	0	0	0
5. California	CA	No	0	0	0	0	0	0	0
6. Colorado	CO	No	0	0	0	0	0	0	0
7. Connecticut	CT	No	0	0	0	0	0	0	0
8. Delaware	DE	No	0	0	0	0	0	0	0
9. District of Columbia	DC	No	0	0	0	0	0	0	0
10. Florida	FL	No	0	0	0	0	0	0	0
11. Georgia	GA	No	0	0	0	0	0	0	0
12. Hawaii	HI	No	0	0	0	0	0	0	0
13. Idaho	ID	No	0	0	0	0	0	0	0
14. Illinois	IL	No	0	0	0	0	0	0	0
15. Indiana	IN	No	0	0	0	0	0	0	0
16. Iowa	IA	No	0	0	0	0	0	0	0
17. Kansas	KS	No	0	0	0	0	0	0	0
18. Kentucky	KY	No	0	0	0	0	0	0	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	No	0	0	0	0	0	0	0
22. Massachusetts	MA	No	0	0	0	0	0	0	0
23. Michigan	MI	Yes	0	0	0	0	0	0	0
24. Minnesota	MN	No	0	0	0	0	0	0	0
25. Mississippi	MS	No	0	0	0	0	0	0	0
26. Missouri	MO	No	0	0	0	0	0	0	0
27. Montana	MT	No	0	0	0	0	0	0	0
28. Nebraska	NE	No	0	0	0	0	0	0	0
29. Nevada	NV	No	0	0	0	0	0	0	0
30. New Hampshire	NH	No	0	0	0	0	0	0	0
31. New Jersey	NJ	No	0	0	0	0	0	0	0
32. New Mexico	NM	No	0	0	0	0	0	0	0
33. New York	NY	No	0	0	0	0	0	0	0
34. North Carolina	NC	No	0	0	0	0	0	0	0
35. North Dakota	ND	No	0	0	0	0	0	0	0
36. Ohio	OH	Yes	117,095,571	120,026,901	73,009,008	67,040,573	54,991,417	0	0
37. Oklahoma	OK	No	0	0	0	0	0	0	0
38. Oregon	OR	No	0	0	0	0	0	0	0
39. Pennsylvania	PA	No	0	0	0	0	0	0	0
40. Rhode Island	RI	No	0	0	0	0	0	0	0
41. South Carolina	SC	No	0	0	0	0	0	0	0
42. South Dakota	SD	No	0	0	0	0	0	0	0
43. Tennessee	TN	No	0	0	0	0	0	0	0
44. Texas	TX	No	0	0	0	0	0	0	0
45. Utah	UT	No	0	0	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0	0	0
47. Virginia	VA	No	0	0	0	0	0	0	0
48. Washington	WA	No	0	0	0	0	0	0	0
49. West Virginia	WV	No	0	0	0	0	0	0	0
50. Wisconsin	WI	No	0	0	0	0	0	0	0
51. Wyoming	WY	No	0	0	0	0	0	0	0
52. American Samoa	AS	No	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 2		117,095,571	120,026,901	73,009,008	67,040,573	54,991,417	0	0
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	0	0	0	0	0	0

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

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

Premiums assigned to the state in which the risk is located.

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

PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
Allied Zurich Holdings Limited	N/A	N/A	CI	Zurich Group Holding	100.00
Allied Zurich PLC	N/A	N/A	UK	Zurich Financial Services	100.00
American Guarantee & Liability Insurance Co.	36-6071400	26247	NY	Zurich American Insurance Company	100.00
American Zurich Insurance Company	36-3141762	40142	IL	Steadfast Insurance Company	100.00
Assurance Company of America	13-6081895	19305	NY	Maryland Casualty Company	100.00
Centre Group Holdings (US) Limited	13-4038482	N/A	DE	Centre Reinsurance Limited	100.00
Centre Group Holdings Limited	N/A	N/A	BDA	Global Asset Holdings Limited	100.00
Centre Insurance Company	13-2653231	34649	DE	Centre Solutions Holding (Delaware) Limited	100.00
Centre Life Insurance Company	04-1589940	80896	MA	Centre Solutions (US) Limited	100.00
Centre Reinsurance (US) Limited	N/A	N/A	BDA	Centre Reinsurance Holdings (Delaware) Limited	100.00
Centre Reinsurance Holdings (Delaware) Limited	13-3605775	N/A	DE	Orange Stone Reinsurance	100.00
Centre Reinsurance Limited	N/A	N/A	BDA	Centre Solutions (Bermuda) Limited	100.00
Centre Solutions (Bermuda) Limited	N/A	N/A	BDA	Centre Group Holdings Limited	100.00
Centre Solutions (US) Limited	22-3645155	N/A	BDA	Centre Group Holdings (US) Limited	100.00
Centre Solutions Holding (Delaware) Limited	13-4029185	N/A	DE	Centre Solutions (US) Limited	100.00
Colonial American Casualty & Surety Co.	52-1096670	34347	MD	Fidelity & Deposit Company of Maryland	100.00
Constellation Reinsurance Company	31-0908652	22144	NY	Centre Reinsurance Holdings (Delaware) Limited	100.00
Daniels-Head Insurance Services, Inc.	74-2863386	N/A	TX	Daniels Head Management	100.00
Daniels Head Management	74-2925323	N/A	TX	Specialty Producer Group, Inc.	100.00
Diversified Specialty Risk	76-0565226	N/A	TX	American Guarantee & Liability Insurance Co.	100.00
Dutchy of Grand Fenwick	23-3031244	N/A	PA	Mountbatten Holding, Inc.	100.00
Empire Fire & Marine Insurance Company	47-6022701	21326	NE	Zurich American Insurance Company	100.00
Empire Indemnity Insurance Company	73-6091717	21334	OK	Zurich American Insurance Company	100.00
Empire Management Services, Inc.	47-0794581	N/A	NE	Empire Fire & Marine Insurance Company	100.00
Farmers Group, Inc.	95-0725935	N/A	NV	Zurich Group Holding	90.00
Farmers Group, Inc.	95-0725935	N/A	NV	Allied Zurich Holdings Limited	10.00
Farmers New World Life Insurance Company	91-0335750	63177	WA	Farmers Group, Inc.	100.00
Farmers Reinsurance Company	95-4650862	10873	CA	Farmers Group, Inc.	100.00
Federal Kemper Life Assurance Company	04-6046830	63207	IL	Kemper Corporation	100.00
Fidelity & Deposit Company of Maryland	13-3046577	39306	MD	Zurich American Insurance Company	100.00
Fire Underwriters Association	95-2670247	N/A	CA	Farmers Group, Inc.	100.00
GE - Zurich Warranty Management of Florida, Inc.	36-4381496	N/A	FL	GE - Zurich Warranty Management, Inc.	100.00
GE - Zurich Warranty Management, Inc.	36-4379286	N/A	IL	Zurich American Insurance Company	80.10
Global Asset Holdings Limited	N/A	N/A	BDA	Zurich Insurance Company	64.70
Global Asset Holdings Limited	N/A	N/A	BDA	Zurich International (Bermuda) Ltd.	35.30
HMS Dreadnought, Inc.	23-2889656	N/A	DE	Mountbatten Holding, Inc.	100.00
Kemper Corporation	36-6169781	N/A	DE	Zurich Holding Company of America	100.00
Kemper Investors Life Insurance Company	36-3050975	90557	IL	Kemper Corporation	100.00
Kemper Portfolio Corp.	36-3831196	N/A	DE	Kemper Corporation	100.00
Kemper Real Estate Management Co.	68-0280095	N/A	DE	Kemper Corporation	100.00
KFC Portfolio Corp.	36-3831197	N/A	DE	Kemper Corporation	100.00
Maine Bonding and Casualty Co.	01-0112825	19321	ME	Maryland Casualty Company	100.00
Maryland Casualty Company	52-0403120	19356	MD	Zurich American Insurance Company	100.00
Maryland Insurance Company	74-6017951	19348	TX	Maryland Casualty Company	100.00

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE FARMERS INSURANCE OF COLUMBUS, INC.

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

PART 1 - ORGANIZATIONAL CHART

Maryland Lloyds	75-2328292	36242	TX	Maryland Casualty Company	Trust Agreements
Maryland Management Corp.	75-2328295	N/A	TX	Maryland Casualty Company	100.00
Minnesota Marketing Center	41-1904044	N/A	MN	Empire Fire & Marine Insurance Company	100.00
Mountbatten Holding, Inc.	23-2633708	N/A	PA	Fidelity & Deposit Company of Maryland	100.00
Mountbatten Surety Company, Inc.	23-2671078	28519	PA	Mountbatten Holding, Inc.	100.00
National Standard Insurance Company	74-1289478	19364	TX	Maryland Casualty Company	100.00
Northern Insurance Company of New York	13-5283360	19372	NY	Maryland Casualty Company	100.00
Orange Stone Holdings	N/A	N/A	IRE	Global Asset Holdings Limited	100.00
Orange Stone Reinsurance	N/A	N/A	IRE	ZGA US Limited	100.00
PMG Insurance Marketing of Massachusetts, Inc.	01-0590391	N/A	MA	PMG Life Agency, Inc.	100.00
PMG Life Agency, Inc.	13-3726043	N/A	NY	Kemper Investors Life Insurance Company	100.00
Risk Enterprise Management Limited	13-3832689	N/A	DE	Zurich Insurance Company	100.00
Specialty Producer Group II	51-0404872	N/A	DE	Zurich Holding Company of America	100.00
Specialty Producer Group, Inc.	13-4038546	N/A	DE	American Guarantee & Liability Insurance Co.	79.00
Steadfast Insurance Company	52-0981481	26387	DE	Zurich American Insurance Company	100.00
The Home Insurance Company	02-0308052	22527	NH	THIC Holdings LLC	100.00
THIC Holdings LLC	Pending	N/A	NH	See Note 1	
Truck Underwriters Association	95-2670330	N/A	CA	Farmers Group, Inc.	100.00
Truckwriters, Inc.	58-2027397	N/A	NE	Empire Fire & Marine Insurance Company	80.00
Universal Underwriters Acceptance Corp.	48-1148905	N/A	KS	Zurich Holding Company of America	100.00
Universal Underwriters Insurance Company	43-1249228	41181	KS	Zurich American Insurance Company	100.00
Universal Underwriters Insurance Services Agency, Inc.	04-3126497	N/A	MA	Universal Underwriters Insurance Company	100.00
Universal Underwriters Life Ins. Co.	43-0824418	70173	KS	Zurich American Insurance Company	100.00
Universal Underwriters of Texas Ins. Co.	36-3139101	40843	TX	Universal Underwriters Insurance Company	100.00
Universal Underwriters Service Corp.	43-1269296	N/A	MO	Zurich Holding Company of America	100.00
Universal Underwriters Service Corp. of Texas	74-2418877	N/A	TX	Zurich Holding Company of America	100.00
US International Re, Inc.	13-3352783	N/A	DE	The Home Insurance Company	100.00
US International Reinsurance Company	02-0349547	38032	NH	US International Re, Inc.	100.00
Valiant Insurance Company	52-0976199	26611	IA	Maryland Casualty Company	100.00
ZC Specialty Insurance Company	74-1048815	24317	TX	Centre Solutions (US) Limited	100.00
ZGA US Limited	13-4146102	N/A	DE	Orange Stone Holdings	100.00
Zurich Agency Services, Inc.	74-2717532	N/A	TX	Maryland Casualty Company	100.00
Zurich American Brokerage, Inc.	13-3690036	N/A	NY	Zurich Holding Company of America	100.00
Zurich American Insurance Company	36-4233459	16535	NY	Zurich Holding Company of America	100.00
Zurich American Insurance Company of Illinois	36-2781080	27855	IL	American Zurich Insurance Company	100.00
Zurich CZI Management, Ltd.	36-4435186	N/A	DE	Zurich Holding Company of America	100.00
Zurich CZI Management Holding, Ltd.	36-4412924	N/A	DE	Zurich Holding Company of America	100.00
Zurich Direct, Inc.	33-0564782	N/A	IL	Kemper Corporation	100.00
Zurich Direct Insurance Agency, Inc.	01-0590384	N/A	MA	Zurich Direct, Inc.	100.00
Zurich E&S	95-4773780	N/A	CA	Zurich American Insurance Company	100.00
Zurich Finance, USA	36-4228642	N/A	DE	Zurich Holding Company of America	100.00
Zurich Group Holding	N/A	N/A	Switzerland	Zurich Financial Services	57.00
Zurich Group Holding	N/A	N/A	Switzerland	Allied Zurich PLC	43.00
Zurich Holding Company of America	36-3096373	N/A	DE	Zurich Insurance Company	99.87
Zurich Holding Company of America	36-3096373	N/A	DE	ZGA US Limited	00.13

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE FARMERS INSURANCE OF COLUMBUS, INC.

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

PART 1 - ORGANIZATIONAL CHART

Zurich Insurance Company	N/A	N/A	Switzerland	Zurich Group Holding	100.00
Zurich International (Bermuda) Ltd.	N/A	N/A	BDA	Zurich Insurance Company	30.31
Zurich Life Insurance Company of New York	36-4316714	10091	NY	Kemper Investors Life Insurance Company	100.00
Zurich Life Insurance Company of America	36-6071398	70661	IL	Kemper Corporation	100.00
Zurich Premium Finance Company	47-0749225	N/A	NE	Empire Fire & Marine Insurance Company	100.00
Zurich Premium Finance Company of California	68-0273747	N/A	CA	Empire Fire & Marine Insurance Company	100.00
Zurich Warranty Management Services LTD	N/A	N/A	UK	Zurich Services Corp.	100.00
Zurich Services Corp.	36-3839542	N/A	IL	Zurich Holding Company of America	100.00
Zurich SF Holdings LLC	13-3584978	N/A	DE	Zurich American Insurance Company	100.00
Zurich Towers, Inc.	36-4257890	N/A	IL	Zurich Holding Company of America	100.00
Zurich Warranty Solutions, Inc.	36-4453190	N/A	IL	American Zurich Insurance Company	100.00

Zurich Financial Services conducts its primary insurance operations in the United States through:

- (A) Two property/casualty groups, each operating INDEPENDENTLY with its own staff:
 - Zurich U.S. Insurance Group
 - Empire Fire & Marine Insurance Group
- (B) One property/casualty/life group operating INDEPENDENTLY with its own staff:
 - Universal Underwriters Insurance Group
- (C) One life insurance group operating INDEPENDENTLY with its own staff:
 - Zurich Kemper Life Insurance Group
- (D) One reinsurance group operating INDEPENDENTLY with its own staff:
 - Centre Reinsurance Holdings (Delaware) Limited

Note 1: THIC Holdings LLC is a limited liability company formed under the laws of the State of New Hampshire. The company is owned by the former creditors of Home Holdings, Inc. The management of THIC Holdings LLC is vested solely in THIC Holdings Management Corporation, a corporation organized under the laws of the State of New Hampshire. All issued and outstanding shares of THIC Holdings Management Corporation are owned as follows: Global Asset Holdings Limited (f/k/a Zurich Centre Group Holdings Limited) owns 50%, Delaware Corporate Management, Inc. owns 45.05%, and Trygg-Hansa Holding BV owns 4.95%.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE FARMERS INSURANCE OF COLUMBUS, INC.

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

PART 1 - ORGANIZATIONAL CHART

Company	FEIN	NAIC	Domiciled	Ownership	%
American Federation Insurance Company	59-2326047	43699	FL	Foremost Insurance Company Grand Rapids, Michigan	100.00
Civic Property & Casualty Co.	95-4528269	10315	CA	Farmers Insurance Exchange	80.00
Civic Property & Casualty Co.	95-4528269	10315	CA	Fire Insurance Exchange	10.00
Civic Property & Casualty Co.	95-4528269	10315	CA	Truck Insurance Exchange	10.00
Exact Property & Casualty Co.	95-4528266	10318	CA	Farmers Insurance Exchange	80.00
Exact Property & Casualty Co.	95-4528266	10318	CA	Fire Insurance Exchange	10.00
Exact Property & Casualty Co.	95-4528266	10318	CA	Truck Insurance Exchange	10.00
Farmers Financial Solutions, LLC	77-0530616	N/A	NV	FFS Holding, LLC	100.00
Farmers Insurance Co. of Arizona	95-2626387	21598	AZ	Farmers Insurance Exchange	70.00
Farmers Insurance Co. of Arizona	95-2626387	21598	AZ	Truck Insurance Exchange	20.00
Farmers Insurance Co. of Arizona	95-2626387	21598	AZ	Fire Insurance Exchange	10.00
Farmers Insurance Co. of Idaho	95-2626385	21601	ID	Farmers Insurance Exchange	80.00
Farmers Insurance Co. of Idaho	95-2626385	21601	ID	Truck Insurance Exchange	13.30
Farmers Insurance Co. of Idaho	95-2626385	21601	ID	Fire Insurance Exchange	06.70
Farmers Insurance Co. of Oregon	95-2655893	21636	OR	Farmers Insurance Exchange	90.00
Farmers Insurance Co. of Oregon	95-2655893	21636	OR	Truck Insurance Exchange	10.00
Farmers Insurance Co. of Washington	95-2655894	21644	WA	Fire Insurance Exchange	80.00
Farmers Insurance Co. of Washington	95-2655894	21644	WA	Truck Insurance Exchange	20.00
Farmers Insurance Co., Inc.	48-0609012	21628	KS	Farmers Insurance Exchange	70.00
Farmers Insurance Co., Inc.	48-0609012	21628	KS	Truck Insurance Exchange	20.00
Farmers Insurance Co., Inc.	48-0609012	21628	KS	Fire Insurance Exchange	10.00
Farmers Insurance Exchange	95-2575893	21652	CA	Interinsurance Exchange - See Note 1	
Farmers Insurance of Columbus, Inc.	31-0956373	36889	OH	Farmers Insurance Exchange	100.00
Farmers New Century Insurance Company	36-4165395	10806	IL	Illinois Farmers Insurance Co.	100.00
Farmers Texas County Mutual Insurance Company	74-1067657	24392	TX	County Mutual Company - See Note 4	
FFS Holding, LLC	77-0530617	N/A	NV	Mid Century Ins. Co.	100.00
Fire Insurance Exchange	95-6235715	21660	CA	Interinsurance Exchange - See Note 2	
Federation Insurance Services of California, Inc.	74-2087202	NA	CA	Foremost Insurance Company Grand Rapids, Michigan	100.00
Foremost Affiliated Insurance Services, Inc.	38-2336672	NA	MI	Foremost Corporation of America	100.00
Foremost Affinity Services, Inc.	38-2234183	NA	MI	Foremost Corporation of America	100.00
Foremost Corporation of America	38-1863522	NA	MI	Farmers Insurance Exchange	80.00
Foremost Corporation of America	38-1863522	NA	MI	Fire Insurance Exchange	10.00
Foremost Corporation of America	38-1863522	NA	MI	Truck Insurance Exchange	10.00
Foremost County Mutual Insurance Company	38-1721730	29254	TX	County Mutual Company - See Note 5	
Foremost Express Insurance Agency of Alabama, Inc.	38-3612869	NA	AL	Foremost Express Insurance Agency, Inc. -See Note 7	
Foremost Express Insurance Agency of Florida, Inc.	38-3618037	NA	FL	Foremost Express Insurance Agency, Inc.	100.00
Foremost Express Insurance Agency of Georgia, Inc.	31-1368858	NA	GA	Foremost Affiliated Insurance Services, Inc.	100.00
Foremost Express Insurance Agency, Inc.	38-2505922	NA	MI	Foremost Corporation of America	100.00
Foremost Financial Services Corporation	73-0462770	NA	DE	Foremost Corporation of America	100.00
Foremost Home Brokers, Inc.	38-2197432	NA	MI	Foremost Corporation of America	100.00
Foremost Home Services Corporation	38-2260224	NA	MI	Foremost Corporation of America	100.00
Foremost Insurance Company Grand Rapids, Michigan	38-1407533	11185	MI	Foremost Corporation of America	100.00
Foremost Lloyds of Texas	75-1779175	41688	TX	Lloyds Company - See Note 6	
Foremost Property and Casualty Insurance Company	35-1604635	11800	MI	Foremost Insurance Company Grand Rapids, Michigan	100.00

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

PART 1 - ORGANIZATIONAL CHART

Foremost Real Estate Company Grand Rapids, Michigan	38-2429614	NA	MI	Foremost Corporation of America	100.00
Foremost Signature Insurance Company	38-2430150	41513	MI	Foremost Insurance Company Grand Rapids, Michigan	100.00
Frontier Insurance Agency, Inc.	38-2987361	NA	OR	Foremost Affiliated Insurance Services, Inc.	100.00
Illinois Farmers Insurance Co.	36-2661515	21679	IL	Farmers Insurance Exchange	100.00
Knight Agency, Inc.	61-1281764	NA	KY	Foremost Affiliated Insurance Services, Inc.	100.00
Mid Century Ins. Co.	95-6016640	21687	CA	Farmers Insurance Exchange	80.00
Mid Century Ins. Co.	95-6016640	21687	CA	Fire Insurance Exchange	17.50
Mid Century Ins. Co.	95-6016640	21687	CA	Truck Insurance Exchange	02.50
Mid Century Ins. Co. of Texas	74-2448744	28673	TX	Farmers Insurance Exchange	100.00
Neighborhood Spirit Property & Casualty Co.	95-4528264	10317	CA	Farmers Insurance Exchange	80.00
Neighborhood Spirit Property & Casualty Co.	95-4528264	10317	CA	Fire Insurance Exchange	10.00
Neighborhood Spirit Property & Casualty Co.	95-4528264	10317	CA	Truck Insurance Exchange	10.00
Pacific Way Insurance Agency, Inc.	38-2987359	NA	WA	Foremost Affiliated Insurance Services, Inc.	100.00
Sunrise Insurance Agency of Arizona, Inc.	31-1360491	NA	AZ	Foremost Affiliated Insurance Services, Inc.	100.00
Sunrise Insurance Agency of Texas, Inc.	38-2987749	NA	TX	Foremost County Mutual Insurance Company - See Note 8	
Sunrise Insurance Agency, Inc.	88-0266963	NA	NV	Foremost Affiliated Insurance Services, Inc.	100.00
Texas Farmers Insurance Co.	94-1663548	21695	TX	Farmers Insurance Exchange	86.30
Texas Farmers Insurance Co.	94-1663548	21695	TX	Mid Century Ins. Co.	13.70
Truck Insurance Exchange	95-2575892	21709	CA	Interinsurance Exchange - See Note 3	
Western Star Underwriters, Inc.	74-1593853	NA	TX	Foremost Corporation of America	100.00

Note 1: Farmers Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is managed by its attorney-in-fact, Farmers Group, Inc., dba Farmers Underwriters Association.

Note 2: Fire Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is managed by its attorney-in-fact, Fire Underwriters Association.

Note 3: Truck Insurance Exchange, formed and organized pursuant to California Insurance Code Section 1280, et seq., is managed by its attorney-in-fact, Truck Underwriters Association.

Note 4: Farmers Texas County Mutual Insurance Company, formed and organized pursuant to Chapter 17 of the Texas Insurance Code, is managed by Farmers Group, Inc., dba Farmers Underwriters Association

Note 5: Foremost County Mutual Insurance Company is managed by Foremost Insurance Company Grand Rapids, Michigan.

Note 6: Foremost Lloyds of Texas underwriters are officers and/or directors of Foremost Insurance Company Grand Rapids, Michigan.

Note 7: Foremost Express Insurance Agency of Alabama, Inc. is managed by Foremost Express Insurance Agency, Inc.

Note 8: Sunrise Insurance Agency of Texas, Inc. is managed by Foremost County Mutual Insurance Company