



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

NAIC Group Code 0267 (Current Period) 0267 (Prior Period) NAIC Company Code 40118 Employer's ID Number 41-1405571

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

Incorporated 07/01/1981 Commenced Business 11/10/1981

Statutory Home Office 650 South Front Street (Street and Number) Columbus, OH 43206-1014 (City or Town, State and Zip Code)

Main Administrative Office 650 South Front Street (Street and Number) Columbus, OH 43206-1014 (City or Town, State and Zip Code) 614-445-2900 (Area Code) (Telephone Number)

Mail Address 650 South Front Street, P.O. Box 1218 (Street and Number or P.O. Box) Columbus, OH 43216-1218 (City or Town, State and Zip Code)

Primary Location of Books and Records 650 South Front Street (Street and Number) Columbus, OH 43206-1014 (City or Town, State and Zip Code) 614-445-2497 (Area Code) (Telephone Number)

Internet Website Address www.grangeinsurance.com

Statement Contact Jeffrey Earl Dye (Name) 614-445-2497 (Area Code) (Telephone Number) (Extension) dyej@grangeinsurance.com (E-mail Address) 614-445-2404 (Fax Number)

Policyowner Relations Contact 650 South Front Street (Street and Number) Columbus, OH 43206-1014 (City or Town, State and Zip Code) 614-445-2900 (Area Code) (Telephone Number) (Extension)

OFFICERS

PRESIDENT PHILIP HUGH URBAN SECRETARY DAVID TRUFANT ROARK
TREASURER RANDALL JOSEPH MONTELEONE

VICE PRESIDENTS

WALTER LOREN NEFF

DIRECTORS OR TRUSTEES

EDWIN LOWELL BILLMAN ANTHONY ALFONSO COLAO JR RANDALL JOSEPH MONTELEONE
ROBERT JOHN O'BRIEN MICHAEL VERNE PARROTT MELVIN GEORGE PYE JR
JAMES LAWRENCE SETTERLIN THOMAS SIMRALL STEWART PHILIP WAYNE STICHTER
PHILIP HUGH URBAN DAVID CHARLES WETMORE

State of Ohio }
County of Franklin } 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.

PHILIP HUGH URBAN PRESIDENT DAVID TRUFANT ROARK SECRETARY RANDALL JOSEPH MONTELEONE TREASURER

Subscribed and sworn to before me this 21st 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

Colleen R. Miesse
Notary Public
October 19, 2004

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE TRUSTGARD INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	31,368,464		31,368,464	29,064,899
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)	2,000		2,000	2,000
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$642,997 Schedule E, Part 1) and short-term investments(\$0 Schedule DA, Part 2)	642,997		642,997	1,319,678
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities	4,409		4,409	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	32,017,870	0	32,017,870	30,386,577
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	5,785,204	37,343	5,747,861	4,803,741
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$ earned but unbilled premiums)	668,002	3,169	664,833	26,824
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)			0	0
15. Federal and foreign income tax recoverable and interest thereon (including \$1,120,400 net deferred tax asset)	1,381,653	261,253	1,120,400	865,512
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	560,434		560,434	541,738
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates	3,354,644		3,354,644	18,690
21. Amount due from/to protected cells			0	
22. Equities and deposits in pools and associations	11,282		11,282	8,582
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)			0	0
25. Aggregate write-ins for other than invested assets	0	0	0	4,407
26. Total assets excluding protected cell assets (Lines 9 through 25)	43,779,089	301,765	43,477,324	36,656,071
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	43,779,089	301,765	43,477,324	36,656,071
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. Miscellaneous Receivable			0	4,407
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	0	0	0	4,407

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	12,858,700	10,736,201
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	3,203,478	2,762,764
4. Commissions payable, contingent commissions and other similar charges	323,958	226,463
5. Other expenses (excluding taxes, licenses and fees)	650,731	506,371
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	525,755	420,210
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)	660,444	441,599
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ 5,308,443 and including warranty reserves of \$)	12,589,226	9,634,027
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	43,383	0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
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		0
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	30,855,675	24,727,635
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	30,855,675	24,727,635
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	2,500,000	2,500,000
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	4,657,724	4,657,724
33. Unassigned funds (surplus)	5,463,925	4,770,712
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)	12,621,649	11,928,436
36. TOTALS (Page 2, Line 28, Col. 3)	43,477,324	36,656,071
DETAILS OF WRITE-INS		
2301.		
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0
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 TRUSTGARD INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	32,606,156	26,151,826
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	20,716,863	16,850,067
3. Loss expenses incurred (Part 3, Line 25, Column 1)	3,302,954	2,760,275
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	9,903,253	7,992,519
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	33,923,070	27,602,861
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(1,316,914)	(1,451,035)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	1,961,141	1,941,842
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	(315,559)	33,082
11. Net investment gain or (loss) (Lines 9 + 10)	1,645,582	1,974,924
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 2,877 amount charged off \$ 229,641)	(226,764)	(188,924)
13. Finance and service charges not included in premiums	940,875	609,226
14. Aggregate write-ins for miscellaneous income	162,411	60,070
15. Total other income (Lines 12 through 14)	876,522	480,372
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	1,205,190	1,004,261
17. Dividends to policyholders	74,135	0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	1,131,055	1,004,261
19. Federal and foreign income taxes incurred	660,444	441,599
20. Net income (Line 18 minus Line 19) (to Line 22)	470,611	562,662
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	11,928,436	9,532,139
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	470,611	562,662
23. Net unrealized capital gains or (losses)	0	0
24. Change in net unrealized foreign exchange capital gain (loss)	0	0
25. Change in net deferred income tax	299,963	1,081,689
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	(77,361)	(224,060)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
28. Change in surplus notes	0	0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		1,000
31. Capital changes:		
31.1. Paid in		500,000
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		(500,000)
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	0	975,006
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	693,213	2,396,297
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	12,621,649	11,928,436
DETAILS OF WRITE-INS		
0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0
1401. Miscellaneous Income.....	162,411	60,070
1402.		
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)	162,411	60,070
3601. Change in excess of statutory reserves over statement reserves		0
3602. Recognition of anticipated salvage and subrogation.....		975,006
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	0	975,006

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CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	33,990,324	26,613,177
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	21,456,605	19,741,221
3. Underwriting expenses paid	9,555,857	7,755,161
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	2,977,862	(883,205)
6. Net investment income	1,989,523	1,943,239
7. Other income (expenses):		
7.1 Agents' balances charged off	(226,764)	(188,924)
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	1,100,592	1,642,553
7.5 Total other income (Lines 7.1 to 7.4)	873,828	1,453,629
8. Dividends to policyholders on direct business , less \$ dividends on reinsurance assumed or ceded (net)	74,135	0
9. Federal and foreign income taxes (paid) recovered	(441,599)	65,680
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	5,325,479	2,579,343
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	9,074,345	13,302,566
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	(4,409)	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	9,069,936	13,302,566
12. Cost of investments acquired (long-term only):		
12.1 Bonds	11,740,549	12,805,411
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)	11,740,549	12,805,411
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(2,670,613)	497,155
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	0
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	0
14.4 Borrowed funds received	0	0
14.5 Other cash provided	4,407	15,628
14.6 Total (Lines 14.1 to 14.5)	4,407	15,628
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	3,335,954	2,236,107
15.3 Borrowed funds repaid	0	0
15.4 Other applications	0	0
15.5 Total (Lines 15.1 to 15.4)	3,335,954	2,236,107
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(3,331,547)	(2,220,479)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(676,681)	856,019
18. Cash and short-term investments:		
18.1 Beginning of year	1,319,678	463,659
18.2 End of year (Line 17 plus Line 18.1)	642,997	1,319,678
DETAILS OF WRITE-INS		
07.401 Miscellaneous Income	1,100,592	667,550
07.402 Recognition of anticipated salvage and subrogation		975,003
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)	1,100,592	1,642,553

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	744,984	313,650	381,739	676,895
2.	Allied lines	407,772	156,017	207,319	356,470
3.	Farmowners multiple peril	749,065	349,769	383,929	714,905
4.	Homeowners multiple peril	5,603,998	2,300,808	3,022,305	4,882,501
5.	Commercial multiple peril	1,350,924	285,107	585,382	1,050,649
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	612,996	238,134	291,347	559,783
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	76,303	77,890	88,213	65,980
13.	Group accident and health	27,658	0	0	27,658
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	154	0	0	154
16.	Workers' compensation	1,053,050	65,847	395,242	723,655
17.1	Other liability - occurrence	1,036,395	375,255	488,446	923,204
17.2	Other liability - claims-made	30,380	11,712	14,268	27,824
18.1	Products liability - occurrence	121,720	41,357	59,548	103,529
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	12,232,700	2,569,383	3,156,414	11,645,669
19.3,19.4	Commercial auto liability	1,790,004	664,821	834,627	1,620,198
21.	Auto physical damage	9,704,866	2,177,394	2,673,068	9,209,192
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	2	0	2
24.	Surety	0	0	0	0
26.	Burglary and theft	18,386	6,841	7,379	17,848
27.	Boiler and machinery	0	40	0	40
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	35,561,355	9,634,027	12,589,226	32,606,156
DETAILS OF WRITE-INS					
3301.				
3302.				
3303.				
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

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	381,739				381,739
2. Allied lines	207,319				207,319
3. Farmowners multiple peril	383,929				383,929
4. Homeowners multiple peril	3,022,305				3,022,305
5. Commercial multiple peril	585,382				585,382
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine	291,347				291,347
10. Financial guaranty					0
11.1 Medical malpractice - occurrence					0
11.2 Medical malpractice - claims-made					0
12. Earthquake	88,213				88,213
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation	395,242				395,242
17.1 Other liability - occurrence	488,446				488,446
17.2 Other liability - claims-made	14,268				14,268
18.1 Products liability - occurrence	59,548				59,548
18.2 Products liability - claims-made					0
19.1,19.2 Private passenger auto liability	3,156,414				3,156,414
19.3,19.4 Commercial auto liability	834,627				834,627
21. Auto physical damage	2,673,068				2,673,068
22. Aircraft (all perils)					0
23. Fidelity					0
24. Surety					0
26. Burglary and theft	7,379				7,379
27. Boiler and machinery					0
28. Credit					0
29. International					0
30. Reinsurance - Nonproportional Assumed Property					0
31. Reinsurance - Nonproportional Assumed Liability					0
32. Reinsurance - Nonproportional Assumed Financial Lines					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	12,589,226	0	0	0	12,589,226
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					12,589,226
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 . Daily 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		744,984				744,984
2. Allied lines		407,772				407,772
3. Farmowners multiple peril		749,065				749,065
4. Homeowners multiple peril		5,603,998				5,603,998
5. Commercial multiple peril		1,350,924				1,350,924
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine		612,996				612,996
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake		76,303				76,303
13. Group accident and health		27,658				27,658
14. Credit accident and health (group and individual)						0
15. Other accident and health		154				154
16. Workers' compensation	281,846	1,053,050		265,122	16,724	1,053,050
17.1 Other liability - occurrence		1,036,395				1,036,395
17.2 Other liability - claims-made		30,380				30,380
18.1 Products liability - occurrence		121,720				121,720
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability	13,671,332	12,232,700		13,639,142	32,190	12,232,700
19.3,19.4 Commercial auto liability		1,790,004				1,790,004
21. Auto physical damage	7,571,218	9,704,866		7,540,602	30,616	9,704,866
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft		18,386				18,386
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	21,524,396	35,561,355	0	21,444,866	79,530	35,561,355
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE TRUSTGARD INSURANCE COMPANY

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire		365,862		365,862	99,578	103,105	362,335	53.5
2. Allied lines		347,529		347,529	88,244	48,745	387,028	108.6
3. Farmowners multiple peril		577,103		577,103	204,774	131,673	650,204	90.9
4. Homeowners multiple peril	45,240	3,688,743	45,240	3,688,743	1,100,673	901,043	3,888,373	79.6
5. Commercial multiple peril		402,344		402,344	539,908	171,626	770,626	73.3
6. Mortgage guaranty				0	0	0	0	0.0
8. Ocean marine		9		9	33	59	(17)	0.0
9. Inland marine		222,000		222,000	49,480	58,090	213,390	38.1
10. Financial guaranty				0	0	0	0	0.0
11.1 Medical malpractice - occurrence		1,979		1,979	2,303	1,542	2,740	0.0
11.2 Medical malpractice - claims-made				0	0	0	0	0.0
12. Earthquake		9		9	10,450	9,055	1,404	2.1
13. Group accident and health		37,682		37,682	13,091	13,049	37,724	136.4
14. Credit accident and health (group and individual)				0	0	0	0	0.0
15. Other accident and health				0	0	0	0	0.0
16. Workers' compensation	146,631	92,694	146,631	92,694	436,423	127,476	401,641	55.5
17.1 Other liability - occurrence		315,516		315,516	893,753	860,717	348,552	37.8
17.2 Other liability - claims-made		5,028		5,028	22,711	15,236	12,503	44.9
18.1 Products liability - occurrence		3,322		3,322	34,431	40,521	(2,768)	(2.7)
18.2 Products liability - claims-made				0	0	0	0	0.0
19.1,19.2 Private passenger auto liability	6,347,532	6,201,741	6,347,532	6,201,741	7,635,831	6,735,401	7,102,171	61.0
19.3,19.4 Commercial auto liability		670,722		670,722	1,537,231	1,438,009	769,944	47.5
21. Auto physical damage	4,665,552	5,660,646	4,665,552	5,660,646	184,574	78,299	5,766,921	62.6
22. Aircraft (all perils)		6		6	36	12	30	0.0
23. Fidelity		0		0	134	147	(13)	(650.0)
24. Surety		(12)		(12)	1,405	399	994	0.0
26. Burglary and theft		1,441		1,441	3,637	1,937	3,141	17.6
27. Boiler and machinery				0	0	60	(60)	(150.0)
28. Credit				0	0	0	0	0.0
29. International				0	0	0	0	0.0
30. Reinsurance - Nonproportional Assumed Property	XXX			0	0	0	0	0.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			0	0	0	0	0.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			0	0	0	0	0.0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
34. TOTALS	11,204,955	18,594,364	11,204,955	18,594,364	12,858,700	10,736,201	20,716,863	63.5
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE TRUSTGARD INSURANCE COMPANY

**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		69,434		69,434		30,144		99,578	48,017
2. Allied lines		55,173		55,173		33,071		88,244	15,432
3. Farmowners multiple peril		105,670		105,670		99,104		204,774	37,965
4. Homeowners multiple peril		592,891		592,891		507,782		1,100,673	262,924
5. Commercial multiple peril		252,842		252,842		287,066		539,908	174,449
6. Mortgage guaranty				0				0	
8. Ocean marine		33		33				33	
9. Inland marine		27,862		27,862		21,618		49,480	7,632
10. Financial guaranty				0				0	
11.1 Medical malpractice - occurrence		2,303		2,303				2,303	
11.2 Medical malpractice - claims-made				0				0	
12. Earthquake				0		10,450		10,450	2,359
13. Group accident and health		13,091		13,091			(a)	13,091	1,122
14. Credit accident and health (group and individual)				0				0	
15. Other accident and health				0			(a)	0	
16. Workers' compensation	51,255	222,925	51,255	222,925	36,640	213,498	36,640	436,423	62,703
17.1 Other liability - occurrence		426,361		426,361		467,392		893,753	408,601
17.2 Other liability - claims-made		13,479		13,479		9,232		22,711	9,639
18.1 Products liability - occurrence		4,735		4,735		29,696		34,431	24,995
18.2 Products liability - claims-made				0				0	
19.1,19.2 Private passenger auto liability	4,569,796	6,390,955	4,569,796	6,390,955	800,826	1,244,876	800,826	7,635,831	1,719,259
19.3,19.4 Commercial auto liability		1,038,164		1,038,164		499,067		1,537,231	319,747
21. Auto physical damage	17,390	(88,783)	17,390	(88,783)	268,662	273,357	268,662	184,574	108,254
22. Aircraft (all perils)		36		36				36	
23. Fidelity		134		134				134	
24. Surety		1,405		1,405				1,405	
26. Burglary and theft		(24)		(24)		3,661		3,637	380
27. Boiler and machinery		(2,962)		(2,962)		2,962		0	
28. Credit				0				0	
29. International				0				0	
30. Reinsurance - Nonproportional Assumed Property	XXX			0	XXX			0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			0	XXX			0	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			0	XXX			0	
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0
34. TOTALS	4,638,441	9,125,724	4,638,441	9,125,724	1,106,128	3,732,976	1,106,128	12,858,700	3,203,478
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	662,042			662,042
1.2 Reinsurance assumed	947,454			947,454
1.3 Reinsurance ceded	662,042			662,042
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	947,454	0	0	947,454
2. Commission and brokerage:				
2.1 Direct excluding contingent		2,098,405		2,098,405
2.2 Reinsurance assumed excluding contingent		5,576,477		5,576,477
2.3 Reinsurance ceded excluding contingent		2,098,405		2,098,405
2.4 Contingent-direct		100,789		100,789
2.5 Contingent-reinsurance assumed		275,423		275,423
2.6 Contingent-reinsurance ceded		100,789		100,789
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	5,851,900	0	5,851,900
3. Allowances to managers and agents	0	23,080		23,080
4. Advertising	193	155,606		155,799
5. Boards, bureaus and associations	12,018	48,360		60,378
6. Surveys and underwriting reports	0	307,668		307,668
7. Audit of assureds' records	0	9,164		9,164
8. Salary and related items:				
8.1 Salaries	1,192,693	1,343,425		2,536,118
8.2 Payroll taxes	82,866	101,872		184,738
9. Employee relations and welfare	290,315	370,651		660,966
10. Insurance	24,787	28,999		53,786
11. Directors' fees	10,271	14,552		24,823
12. Travel and travel items	74,227	73,170		147,397
13. Rent and rent items	114,066	130,062		244,128
14. Equipment	67,769	108,534		176,303
15. Cost or depreciation of EDP equipment and software	33,764	29,740		63,504
16. Printing and stationery	19,960	51,359		71,319
17. Postage, telephone and telegraph, exchange and express	99,485	272,069		371,554
18. Legal and auditing	5,212	19,432		24,644
19. Totals (Lines 3 to 18)	2,027,626	3,087,743	0	5,115,369
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$	0	673,456		673,456
20.2 Insurance department licenses and fees		29,325		29,325
20.3 Gross guaranty association assessments		12,134		12,134
20.4 All other (excluding federal and foreign income and real estate)		4,501		4,501
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	719,416	0	719,416
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	327,874	244,194	0	572,068
25. Total expenses incurred	3,302,954	9,903,253	0	(a) 13,206,207
26. Less unpaid expenses - current year	3,203,477	1,500,444		4,703,921
27. Add unpaid expenses - prior year	2,762,764	1,153,048		3,915,812
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)	2,862,241	9,555,857	0	12,418,098
DETAILS OF WRITE-INS				
2401. Software Expense	129,695	107,317		237,012
2402. Miscellaneous Expense	180,109	99,407		279,516
2403. Donations	7,976	26,843		34,819
2498. Summary of remaining write-ins for Line 24 from overflow page	10,094	10,627	0	20,721
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	327,874	244,194	0	572,068

(a) Includes management fees of \$ 5,687,437 paid to affiliates and \$ 0 paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 437,387	419,659
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,479,195	1,515,619
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) 19,275	19,275
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	6,588	6,588
10. Total gross investment income	1,942,445	1,961,141
11. Investment expenses		(g)
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		
16. Total (Lines 11 through 15)		0
17. Net Investment Income - (Line 10 minus Line 16)		1,961,141
DETAILS OF WRITE-INS		
0901. Securities Lending Income	6,588	6,588
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)	6,588	6,588
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 \$ 24,779 accrual of discount less \$ 71,857 amortization of premium and less \$ paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	12,143				12,143
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	120,844	(448,546)			(327,702)
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	0	0	0
10. Total capital gains (losses)	132,987	(448,546)	0	0	(315,559)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2	301,765	224,404	(77,361)
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)	301,765	224,404	(77,361)
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. BASIS OF PRESENTATION

A. Accounting Practices

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

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

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

C. Accounting Policy

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

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

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 stated at amortized cost using the interest method.
- (3) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20 % or more are carried on the equity basis.
- (4) Preferred stocks are stated at cost.
- (5) Mortgage loans on real estate are stated at the aggregate carrying value less accrued interest.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (7) The company has minor ownership interests in joint ventures. The company carries these interests based on the underlying audited GAAP equity of the investee.
- (8) All derivatives are stated at fair value.
- (9) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (10) 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 the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2002, the State of Ohio required that insurance companies domiciled in the State prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner.

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual, are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased (decreased) unassigned funds (surplus), of \$0 as of January 1, 2002.

3. BUSINESS COMBINATIONS AND GOODWILL

NONE

4. DISCONTINUED OPERATIONS

NONE

5. INVESTMENTS

A. MORTGAGE LOANS

NONE

B. DEBT RESTRUCTURING

NONE

C. REVERSE MORTGAGES

NONE

D. LOAN-BACKED SECURITIES

NONE

E. REPURCHASE AGREEMENTS

NONE

NOTES TO FINANCIAL STATEMENTS

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

NONE

7. INVESTMENT INCOME

NONE EXCLUDED

8. DERIVATIVE INSTRUMENTS

NONE

9. FEDERAL INCOME

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

	2002	2001
1. Total of all deferred tax assets (admitted and nonadmitted)	\$1,390,326	\$1,092,363
2. Total of all deferred tax liabilities	\$8,673	\$ 10,674
3. Deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	\$261,253	\$216,176
4. Total of all deferred tax assets	\$1,120,400	\$865,512
5. Increase (decrease) in deferred tax assets nonadmitted	\$45,077	\$(161,344)

B. Deferred tax liabilities are not recognized for the following amounts.

1. None not recognized

C. The significant components of the income taxes incurred

	2002	2001
1. Current year tax expense of	\$660,444	\$441,600
2. Tax credits of	\$0	\$0
3. Current year equity tax of	\$0	\$0
4. Prior year over accrual of tax reserves	\$0	\$0
5. Current Year Income Taxes	\$660,444	\$441,600

Main components of the 2002 deferred tax amounts are as follows:

	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
DTAs				
6. Reserves	\$29,177,159	\$25,245,312	\$3,931,847	\$1,376,146
7. Premiums in the course of collection	\$6,369,311	\$6,409,823	\$40,512	\$14,179
8. Accrued deferred compensation	\$0	\$0	\$0	\$0
9. Total DTA's	\$35,546,470	\$31,655,135	\$3,972,359	\$1,390,326
10. DTA's nonadmitted			\$746,437	\$261,253
DTLs				
11. Bonds	\$31,368,464	\$31,343,685	\$24,779	\$8,673
12. Depreciable assets	\$0	\$0	\$0	\$0
13. Accrued dividends	\$0	\$0	\$0	\$0
14. Total DTL's	\$31,368,464	\$31,343,685	\$24,779	\$8,673

The changes in main components of DTAs and DTLs are as follows:

	<u>2002</u>	<u>2001</u>	<u>Change</u>
DTAs resulting from book/tax differences in			
15. Reserves	\$1,376,146	\$1,314,389	\$61,757
16. Premiums in the course of collection	\$14,179	\$120	\$14,059
17. Accrued deferred compensation	\$0	\$0	\$0
18. Total DTA's	\$1,390,326	\$1,314,509	\$75,817
19. DTA's nonadmitted	\$261,253	\$377,520	\$161,344
DTLs resulting from book/tax differences in			
20. Bonds	\$8,673	\$7,589	\$1,084
21. Depreciable assets	\$0	\$0	\$0
22. Accrued dividends	\$0	\$0	\$0
23. Total DTL's	\$8,673	\$7,589	\$1,084

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

	Amount	Tax Effect
1. Income before taxes	\$1,131,055	\$395,869
2. Book over tax reserves	19,677	6,887
3. Capital loss carry forward	736,250	257,688
4. Depreciation	0	0
5. Accrued market discount	0	0
6. Tax exempt interest	0	0
7. Dividends received deduction	0	0
8. Accrued dividends	0	0
9. Key-person life insurance premiums	0	0
10. Accrued deferred compensation	<u>0</u>	<u>0</u>
11. Taxable income	<u>\$1,886,982</u>	<u>\$660,444</u>

NOTES TO FINANCIAL STATEMENTS

E.

1. The amount of federal income taxes incurred and available for recoupment in the event of future net losses is: current year \$660,444; first preceding year \$441,600 ; second preceding year \$0.

2. The amount of net losses carried forward and available to affect future net income subject to federal alternative minimum income tax is: current year \$-0-; first preceding year \$-0-; second preceding year \$-0-; third preceding year \$-0-; fourth preceding year \$-0-; fifth preceding year \$-0-; sixth preceding year \$-0-.

F.

1. The Company's Federal Income Tax return is consolidated with the Parent Company, Grange Mutual Casualty Company.

2. The method of allocation between the companies is subjected to a written agreement approve by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled annually after the tax return is filed.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

The Company is wholly owned by Grange Mutual Casualty Company.

11. DEBT

NONE

12. RETIREMENT PLANS AND DEFERRED COMPENSATION

All employees are employed by Grange Mutual Casualty Company, and participate currently in the pension and benefit plans of Grange Mutual. Annual costs are shared via the pooling arrangement.

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

NONE

14. CONTINGENCIES

NONE

15. LEASES

NONE

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

NONE

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

NONE

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

NONE

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

NONE

20. OTHER ITEMS

A. Failure of the amounts to add to totals is due to rounding or truncation.

B. September 11 Events
NONE

21. EVENTS SUBSEQUENT

There have been no events, which have occurred subsequent to the filing of this statement, which have a material effect upon the financial condition of the Company.

22. REINSURANCE

A. UNSECURED REINSURANCE RECOVERABLES
NONE

B. REINSURANCE RECOVERABLE IN DISPUTE
NONE

NOTES TO FINANCIAL STATEMENTS

C. REINSURANCE ASSUMED AND CEDED

(1)

	Assumed Reinsurance		Ceded Reinsurance		Net	
	(1)	(2)	(3)	(4)	(5)	(6)
	Premium	Commission	Premium	Commission	Premium	Commission
	Reserve	Equity	Reserve	Equity	Reserve	Equity
a. Affiliates	\$12,589,226	\$2,140,168	\$5,308,443	\$902,435	\$12,589,226	\$2,140,168
b. All Other	0	0	0	0	0	0
c. TOTAL	<u>\$12,589,226</u>	<u>\$2,140,168</u>	<u>\$5,308,443</u>	<u>\$902,435</u>	<u>\$12,589,226</u>	<u>\$2,140,168</u>
d. Direct Unearned Premium Reserve	\$5,308,443					

Line (c) of Column 5 plus Line (d) must equal Page 3, Line 9, Column 1.

	Direct	Assumed	Ceded	Net
(2). Contingent Commission	\$100,789	\$275,423	\$100,789	\$275,423

D. UNCOLLECTIBLE REINSURANCE
NONE

F. RETROACTIVE REINSURANCE
NONE

23. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION
NONE

24. CHANGES IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

The increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

25. INTERCOMPANY POOLING AGREEMENTS

		NAIC#	Pool Share
Lead Company:	Grange Mutual Casualty Company	14060	88.0%
Affiliate:	Trustgard Insurance Company	40118	4.0%
	Grange Indemnity Insurance Company	10322	2.0%
	Grange Insurance Company of Michigan	11136	2.0%
	Integrity Mutual Insurance Company	14303	4.0%

All lines of business are subject to the pooling agreement, with no exceptions. All members of the pool are parties to all reinsurance treaties entered into by the group with non-affiliated reinsurers. There are no discrepancies between the reinsurance schedules of the lead company's and the reinsurance schedules of the other participants.

26. STRUCTURED SETTLEMENTS
NONE

27. HIGH DEDUCTIBLES
NONE

28. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES
NONE

29. ASBESTOS/ENVIRONMENTAL RESERVES
NONE

30. SUBSCRIBER SAVINGS ACCOUNTS
Not applicable

31. FINANCIAL GUARENTRY INSURANCE EXPOSURES
NONE

32. CATASTROPHIC PLANNING

The Company uses a deterministic model, which returns period losses estimated using probabilities associated with a comprehensive set of earthquake scenarios. We run this model at least once each year and analyze return periods in excess of 250 years and adjust our catastrophe protection accordingly. The exposures analyzed are aggregated at the zip code level. The Company's highest concentration of exposure as obtained from the "National Hazards Research Study" computer model developed by Travelers Insurance Company, Inc., is in western Kentucky. The Company has a comprehensive catastrophic reinsurance program in place, developed by Guy Carpenter & Company, Inc. We currently buy coverage well in excess of our 250+ year event outcome for this exposure. We also use modeling to analyze our potential losses from our windstorm exposure.

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	3,711,080	11.591	3,711,080	11.591
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	3,617,255	11.298	3,617,255	11.298
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.000		0.000
1.512 Issued by FNMA and FHLMC	329,460	1.029	329,460	1.029
1.513 Privately issued	910,120	2.843	910,120	2.843
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	515,833	1.611	515,833	1.611
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued	2,107,509	6.582	2,107,509	6.582
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	20,177,208	63.019	20,177,208	63.019
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated	2,000	0.006	2,000	0.006
3.42 Unaffiliated		0.000		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	4,409	0.014	4,409	0.014
8. Cash and short-term investments	642,997	2.008	642,997	2.008
9. Other invested assets		0.000		0.000
10. Total invested assets	32,017,870	100.000	32,017,870	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] NA []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 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).10/30/2000
- 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 [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control;0.0
- 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
.....
.....

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 KPMG Peat Marwick LLP, Columbus, Ohio.....
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?
 Curtis M. Parker, FCAS, CPCU, Officer of the Reporting Entity.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	0	0	0.000	0	[]	[X]	[]	[X]
Common	2,000,000	2,000,000	1.250	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:
On deposit in custodial account.

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 [X] No []

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

19.21	Loaned to others	\$ 3,573,025
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 See attached schedule.....	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 [] NA [X]
If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank One Trust Co., NA.....	1111 Polaris Parkway, Columbus, OH 43240.....
.....

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

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

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

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

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

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

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

OTHER

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

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

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

1 Name	2 Amount Paid
	\$
	\$
	\$

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$0
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$0
- 1.31 Reason for excluding

- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$0
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$0
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$0
- 2.22 Non-participating policies \$0
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No [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? 0.0 %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? \$0
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? Yes [] No [X]
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney/s-in-fact compensation Yes [] No [] NA [X]
- 4.22 As a direct expense of the Exchange Yes [] No [] NA [X]
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?

- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No [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?
 Purchased statutory workers' compensation reinsurance
- 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.
 See Notes to Financial Statement Number 32
- 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?
 See Notes to Financial Statement Number 32
- 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?..... \$0
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No [X]
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$500,000
- 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.6
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 14.11 Name of real estate holding company
- 14.12 Number of parcels involved
- 14.13 Total book/adjusted carrying value \$
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business? Yes [] No [X]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE TRUSTGARD INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	30,217,427	22,529,752	15,111,205	11,538,087	12,005,799
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	19,136,525	14,861,308	10,595,424	8,407,550	8,513,286
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	7,703,987	5,599,714	5,360,406	5,118,622	4,959,310
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	27,812	43,287	42,026	38,738	36,824
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	57,085,751	43,034,061	31,109,061	25,102,997	25,515,219
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)	16,264,249	12,352,197	10,628,700	10,423,912	10,839,335
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	11,565,307	9,489,404	8,137,282	7,594,982	7,575,270
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	7,703,987	5,610,075	5,098,309	4,819,201	4,634,790
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	27,812	43,287	42,026	38,738	36,824
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	35,561,355	27,494,963	23,906,317	22,876,833	23,086,219
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(1,316,914)	(1,451,035)	(2,405,735)	(187,773)	(832,022)
14. Net Investment Gain (Loss) (Line 11)	1,645,582	1,974,924	1,965,919	1,838,417	1,696,085
15. Total Other Income (Line 15)	876,522	480,372	21,330	(161,071)	(182,749)
16. Dividends to Policyholders (Line 17)	74,135	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	660,444	441,599	(65,680)	549,226	328,901
18. Net Income (Line 20)	470,611	562,662	(352,806)	940,347	352,413
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	43,477,324	36,656,071	34,586,981	32,195,804	30,304,847
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	5,747,861	4,803,741	3,936,457	3,580,600	3,524,213
20.2 Deferred and not yet due (Line 10.2)	664,833	26,824	20,205	17,628	17,539
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	30,855,675	24,727,635	25,054,842	22,411,935	21,496,000
22. Losses (Page 3, Lines 1 and 2)	12,858,700	10,736,201	11,093,609	9,997,292	9,922,248
23. Loss Adjustment Expenses (Page 3, Line 3)	3,203,478	2,762,764	2,536,235	2,355,937	2,262,194
24. Unearned premiums (Page 3, Line 9)	12,589,226	9,634,027	8,290,890	7,681,701	7,763,560
25. Capital Paid Up (Page 3, Lines 28 & 29)	2,500,000	2,500,000	2,000,000	2,000,000	2,000,000
26. Surplus as Regards Policyholders (Page 3, Line 35)	12,621,649	11,928,436	9,532,139	9,783,869	8,808,847
Risk-Based Capital Analysis					
27. Total Adjusted Capital	12,621,649	11,928,436	9,532,139	9,783,869	8,808,847
28. Authorized Control Level Risk-Based Capital	2,502,143	2,081,708	2,071,376	1,853,237	2,105,612
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)	98.0	95.7	98.4	96.6	96.2
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)	2.0	4.3	1.5	3.4	3.8
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	2,000	2,000	2,000	2,000	2,000
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	2,000	2,000	2,000	2,000	2,000
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)	0	0	0	0	0
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	693,213	2,396,297	(251,730)	975,022	363,856
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)	13,785,165	10,811,550	7,575,865	6,952,689	8,024,767
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	11,263,039	9,659,872	6,281,438	5,071,327	5,339,086
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	4,713,445	4,364,217	3,951,066	3,768,034	3,635,367
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	37,670	63,368	64,399	58,343	47,164
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
54. Total (Line 34)	29,799,319	24,899,007	17,872,768	15,850,393	17,046,384
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)	7,291,002	6,961,415	6,250,256	6,050,313	6,649,913
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	6,597,487	6,076,246	5,090,856	4,546,248	4,733,158
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	4,668,205	4,106,446	3,803,631	3,363,485	3,317,144
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	37,670	63,368	64,399	58,343	47,164
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
60. Total (Line 34)	18,594,364	17,207,475	15,209,142	14,018,389	14,747,379
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)	63.5	64.4	70.0	61.5	65.8
63. Loss Expenses Incurred (Line 3)	10.1	10.6	10.5	10.1	8.9
64. Other Underwriting Expenses Incurred (Line 4)	30.4	30.6	29.9	29.2	29.1
65. Net Underwriting gain (loss) (Line 8)	(4.0)	(5.5)	(10.3)	(0.8)	(3.7)
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)	25.4	27.3	29.0	30.0	29.3
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	73.7	75.0	80.5	71.6	74.6
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)	281.7	230.5	250.8	233.8	262.1
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(954)	(2,128)	(1,262)	(1,914)	(1,748)
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)	(8.0)	(22.3)	(12.9)	(21.7)	(20.7)
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)	(1,791)	(1,681)	(1,763)	(2,068)	(1,470)
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)	(18.8)	(17.2)	(20.0)	(24.5)	(18.2)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE TRUSTGARD INSURANCE COMPANY

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 3,711,081 2. Canada 0 3. Other Countries 0 4. Totals 3,711,081	4,002,377 0 0 4,002,377	3,774,047 0 0 3,774,047	3,700,000 0 0 3,700,000
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 0 7. Other Countries 0 8. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 0 10. Canada 0 11. Other Countries 0 12. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 4,462,547 14. Canada 0 15. Other Countries 0 16. Totals 4,462,547	4,520,569 0 0 4,520,569	4,465,933 0 0 4,465,933	4,407,621 0 0 4,407,621
Public Utilities (unaffiliated)	17. United States 3,634,417 18. Canada 0 19. Other Countries 0 20. Totals 3,634,417	3,778,065 0 0 3,778,065	3,655,755 0 0 3,655,755	3,500,000 0 0 3,500,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 19,560,419 22. Canada 0 23. Other Countries 0 24. Totals 19,560,419	20,392,167 0 0 20,392,167	19,582,366 0 0 19,582,366	19,242,375 0 0 19,242,375
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 31,368,464	0 32,693,178	0 31,478,101	0 30,849,996
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 2,000 54. Total Common Stocks 2,000	2,000 2,000	2,000 2,000	2,000 2,000
	55. Total Stocks 2,000 56. Total Bonds and Stocks 31,370,464	2,000 32,695,178	2,000 31,480,101	2,000 30,851,996

(a) The aggregate value of bonds which are valued at other than actual fair value is \$13,312,197 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 29,066,896	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 11,740,549	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 (47,970)	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 31,370,464
3.4 Column 10, Part 4 (447,653) (495,623)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 132,987	9. Subtotal (Lines 7 plus 8) 31,370,464
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 9,074,345	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 31,370,464

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	12	2	9	0	0	0	3	19	XXX
2. 1993	15,215	426	14,789	9,485	144	467	1	931	0	443	10,738	XXX
3. 1994	16,761	478	16,283	11,864	358	566	15	998	0	530	13,055	XXX
4. 1995	18,377	506	17,871	12,028	164	538	(6)	976	0	607	13,385	XXX
5. 1996	20,293	499	19,795	14,118	280	606	10	1,129	0	642	15,562	XXX
6. 1997	22,445	579	21,866	14,535	453	545	7	1,175	1	669	15,794	XXX
7. 1998	24,390	712	23,678	16,246	850	462	13	1,660	20	702	17,484	XXX
8. 1999	24,924	825	24,098	14,931	528	448	5	1,845	5	743	16,686	XXX
9. 2000	25,683	979	24,704	16,475	634	319	8	1,916	15	828	18,053	XXX
10. 2001	28,874	1,143	27,731	16,199	848	150	2	2,002	8	731	17,494	XXX
11. 2002	33,900	1,293	32,606	14,753	1,106	62	0	1,931	2	379	15,639	XXX
12. Totals	XXX	XXX	XXX	140,646	5,365	4,171	54	14,562	51	6,277	153,909	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.	65	22	26	1	3	0	0	0	1	0	1	71	XXX
2.	94	87	11	3	1	0	3	0	1	0	0	20	XXX
3.	21	0	11	3	3	0	1	0	2	0	1	35	XXX
4.	23	0	9	2	4	0	2	0	3	0	1	39	XXX
5.	84	5	7	2	13	0	1	0	4	0	4	102	XXX
6.	150	4	10	3	19	0	2	0	7	0	9	182	XXX
7.	277	20	9	3	41	0	5	0	17	0	14	327	XXX
8.	617	63	14	4	82	0	15	1	34	0	30	696	XXX
9.	1,290	150	337	12	158	0	75	2	86	0	91	1,782	XXX
10.	2,005	69	685	24	269	0	129	5	185	1	159	3,174	XXX
11.	4,969	79	2,769	69	653	0	524	11	882	3	853	9,634	XXX
12. Totals	9,595	499	3,888	126	1,245	0	759	19	1,224	5	1,161	16,062	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	67	4
2.	10,993	235	10,758	72.3	55.1	72.7	0	0	4.0	15	5
3.	13,465	376	13,090	80.3	78.5	80.4	0	0	4.0	29	5
4.	13,584	161	13,424	73.9	31.8	75.1	0	0	4.0	30	9
5.	15,962	297	15,665	78.7	59.6	79.1	0	0	4.0	84	19
6.	16,444	468	15,976	73.3	80.8	73.1	0	0	4.0	154	28
7.	18,718	906	17,812	76.7	127.3	75.2	0	0	4.0	264	63
8.	17,987	606	17,382	72.2	73.4	72.1	0	0	4.0	565	131
9.	20,656	821	19,836	80.4	83.8	80.3	0	0	4.0	1,465	317
10.	21,623	956	20,667	74.9	83.7	74.5	0	0	4.0	2,597	576
11.	26,543	1,270	25,273	78.3	98.2	77.5	0	0	4.0	7,589	2,046
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	12,859	3,203

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 TRUSTGARD INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	4,063	4,029	3,789	3,808	3,775	3,758	3,720	3,736	3,730	3,739	8	3
2. 1993	10,577	9,968	9,955	9,783	9,813	9,804	9,797	9,813	9,813	9,826	13	14
3. 1994	XXX	13,237	12,363	12,378	12,171	12,139	12,101	12,088	12,070	12,090	20	2
4. 1995	XXX	XXX	13,803	12,683	12,682	12,439	12,420	12,455	12,443	12,445	2	(10)
5. 1996	XXX	XXX	XXX	15,887	14,752	14,785	14,559	14,541	14,499	14,532	34	(9)
6. 1997	XXX	XXX	XXX	XXX	16,570	14,943	14,937	14,736	14,719	14,795	76	59
7. 1998	XXX	XXX	XXX	XXX	XXX	17,696	16,103	16,402	16,174	16,155	(19)	(247)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	17,165	15,755	15,628	15,507	(121)	(248)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,205	17,520	17,849	329	(1,356)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	19,786	18,488	(1,297)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	22,465	XXX	XXX
12. Totals											(954)	(1,791)

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	1,847	2,937	3,330	3,497	3,576	3,613	3,643	3,650	3,669	XXX	XXX
2. 1993	5,835	7,773	8,744	9,344	9,603	9,720	9,772	9,807	9,805	9,807	XXX	XXX
3. 1994	XXX	7,188	9,685	10,840	11,512	11,851	11,989	12,019	12,031	12,057	XXX	XXX
4. 1995	XXX	XXX	7,624	10,304	11,254	11,926	12,197	12,353	12,383	12,409	XXX	XXX
5. 1996	XXX	XXX	XXX	9,393	12,230	13,328	13,925	14,212	14,340	14,434	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	9,794	12,494	13,511	14,142	14,432	14,620	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	10,800	13,532	14,694	15,414	15,845	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	10,241	12,981	14,041	14,846	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,591	14,827	16,152	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	12,279	15,499	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13,710	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	573	270	56	37	29	34	31	30	28	24
2. 1993	1,229	370	216	11	3	2	2	1	1	12
3. 1994	XXX	1,303	414	251	12	5	4	2	2	9
4. 1995	XXX	XXX	1,552	441	254	7	7	4	3	9
5. 1996	XXX	XXX	XXX	1,599	457	250	12	6	3	6
6. 1997	XXX	XXX	XXX	XXX	1,679	444	300	12	7	9
7. 1998	XXX	XXX	XXX	XXX	XXX	1,761	514	299	15	12
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	2,101	540	350	25
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,265	637	398
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,732	785
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,213

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	Yes	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	Yes	184,502	167,862	90,481	112,435	56,796	569	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	Yes	642,621	670,672	429,187	530,920	285,971	24,108	0
15. Indiana	IN	Yes	1,644,560	1,559,828	610,816	715,839	327,424	68,300	0
16. Iowa	IA	Yes	0	0	0	0	0	0	0
17. Kansas	KS	Yes	0	0	0	41	0	0	0
18. Kentucky	KY	Yes	5,834,239	5,584,553	3,785,693	4,153,031	1,821,303	224,810	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	No	0	0	0	0	0	0	0
22. Massachusetts	MA	No	0	0	0	0	0	0	0
23. Michigan	MI	No	0	0	0	0	0	0	0
24. Minnesota	MN	Yes	0	0	0	0	0	0	0
25. Mississippi	MS	No	0	0	0	0	0	0	0
26. Missouri	MO	Yes	0	0	154,305	145,137	50,730	0	0
27. Montana	MT	No	0	0	0	0	0	0	0
28. Nebraska	NE	Yes	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	Yes	0	0	0	0	0	0	0
36. Ohio	OH	Yes	11,878,741	11,419,682	5,765,288	6,576,976	3,028,278	579,277	0
37. Oklahoma	OK	No	0	0	0	0	0	0	0
38. Oregon	OR	Yes	0	0	0	0	0	0	0
39. Pennsylvania	PA	Yes	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	Yes	0	0	0	0	0	0	0
43. Tennessee	TN	Yes	1,339,733	1,080,666	369,185	481,540	174,067	43,812	0
44. Texas	TX	Yes	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	Yes	0	0	0	0	0	0	0
49. West Virginia	WV	No	0	0	0	0	0	0	0
50. Wisconsin	WI	Yes	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) 19		21,524,396	20,483,263	11,204,955	12,715,919	5,744,569	940,876	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.

Location of the risk.

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

PART 1 - ORGANIZATIONAL CHART

FEI NO.	STATE OF DOMICILE	NAIC CODE		
<u>PARENT COMPANY:</u>				
31-4192970	OH	14060	*GRANGE MUTUAL CASUALTY COMPANY	
<u>SUBSIDIARY COMPANIES:</u>				
31-0739286	OH	71218	*GRANGE LIFE INSURANCE COMPANY	100% OWNED
41-1405571	OH	40118	*TRUSTGARD INSURANCE COMPANY	100% OWNED
31-1432675	OH	10322	*GRANGE INDEMNITY INSURANCE COMPANY	100% OWNED
31-1769414	OH	11136	*GRANGE INSURANCE COMPANY OF MICHIGAN	100% OWNED
31-1651402	OH	N/A	THE GRANGE BANK	100% OWNED
<u>AFFILIATE</u>				
39-0367560	WI	14303	*INTEGRITY MUTUAL INSURANCE COMPANY	100% POOLED

* INSURER