



ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

VICTORIA FIRE & CASUALTY COMPANY

NAIC Group Code 0304 0304 NAIC Company Code 42889 Employer's ID Number 34-1394913
(Current Period) (Prior Period)

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

Country of Domicile United States of America

Incorporated July 11, 1983 Commenced Business August 9, 1983

Statutory Home Office 5915 Landerbrook Drive, Cleveland, OH 44124-4058
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 5915 Landerbrook Drive
(Street and Number)
Cleveland, OH 44124-4058 440-461-3461
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 5915 Landerbrook Drive, Cleveland, OH 44124-4058
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 5915 Landerbrook Drive
(Street and Number)
Cleveland, OH 44124-4058 440-461-3461-321
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

Internet Website Address www.victoriainsurance.com

Statement Contact Raymond Karl Mueller 440-461-3461-321
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Cleveland, OH 44124-4058 440-461-3461-441
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President Robert William Mueller Secretary Carl Arthur Peterson
Chief Financial Officer Joseph William Metz Treasurer Nicholas Adam Hencoski
Vice President Howard Veail Dempster Assistant Secretary Assunta Rossi
Vice President David Alan Nachman Assistant Treasurer Raymond Karl Mueller

VICE PRESIDENTS

Howard Veail Dempster Joseph William Metz David Alan Nachman
Thomas Owen Ramsbacher

DIRECTORS OR TRUSTEES

James Thomas Byron Howard Veail Dempster Roger Louis Desjadon
Sharon Leslie Helldorfer Brendan Patrick Houlihan Robert William Mueller
Joseph John Pecoraro James Andrew Tignanelli

State of Ohio }
County of Cuyahoga } 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.

Robert William Mueller Assunta Rossi, Assistant Secretary Raymond Karl Mueller, Assistant Treasurer
President Secretary Treasurer

Subscribed and sworn to before me this _____ day of _____, 2003

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

b. If no,

1. State the amendment number _____

2. Date filed _____

3. Number of pages attached _____

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty Company

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	69,898,130		69,898,130	80,327,059
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)	22,551,656		22,551,656	21,688,230
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 (\$15,240,144 Schedule E, Part 1) and short-term investments(\$ .....0 Schedule DA, Part 2)	15,240,144		15,240,144	5,150,295
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	107,689,930	0	107,689,930	107,165,584
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	125,558		125,558	286,975
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$ earned but unbilled premiums)	21,163,474		21,163,474	22,655,711
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)	350,759		350,759	1,232,816
15. Federal and foreign income tax recoverable and interest thereon (including \$3,148,439 net deferred tax asset)	3,744,852	596,413	3,148,439	2,737,463
16. Guaranty funds receivable or on deposit	76,623		76,623	49,393
17. Electronic data processing equipment and software	405,848	67,141	338,707	373,265
18. Interest, dividends and real estate income due and accrued	952,804		952,804	1,008,222
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates	121,966		121,966	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)	405,492	405,492	0	0
25. Aggregate write-ins for other than invested assets	89,321	89,321	0	0
26. Total assets excluding protected cell assets (Lines 9 through 25)	135,126,627	1,158,367	133,968,260	135,509,429
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	135,126,627	1,158,367	133,968,260	135,509,429
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. Prepaid expenses	89,321	89,321	0	0
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	89,321	89,321	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	38,781,921	32,929,695
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	8,107,343	8,347,931
4. Commissions payable, contingent commissions and other similar charges	2,611,390	2,941,815
5. Other expenses (excluding taxes, licenses and fees)	2,245,616	1,367,902
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	673,762	1,918,070
7. Federal and foreign income taxes (including \$ 229,210 on realized capital gains (losses)) (including \$ net deferred tax liability)	1,355,205	624,337
8. Borrowed money \$ and interest thereon \$	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$)	33,345,095	34,275,174
10. Advance premiums	269,302	0
11. Dividends declared and unpaid:		
11.1 Stockholders	0	0
11.2 Policyholders	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions)	244,822	406,070
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	0	0
14. Amounts withheld or retained by company for account of others	462,608	259,142
15. Remittances and items not allocated	0	226,357
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates	0	0
18. Drafts outstanding	4,821,747	4,774,643
19. Payable to parent, subsidiaries and affiliates	1,456,529	978,258
20. Payable for securities	0	0
21. Liability for amounts held under uninsured accident and health plans	0	0
22. Capital Notes \$ and interest thereon \$	0	0
23. Aggregate write-ins for liabilities	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	94,375,340	89,049,394
25. Protected cell liabilities	0	0
26. Total liabilities (Lines 24 and 25)	94,375,340	89,049,394
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	0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	0	0
32. Gross paid in and contributed surplus	24,620,739	24,620,739
33. Unassigned funds (surplus)	12,472,181	19,339,296
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)	0	0
34.2 shares preferred (value included in Line 29 \$)	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	39,592,920	46,460,035
36. TOTALS (Page 2, Line 28, Col. 3)	133,968,260	135,509,429
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 Victoria Fire & Casualty 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)	91,677,580	84,324,488
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	61,641,298	53,684,201
3. Loss expenses incurred (Part 3, Line 25, Column 1)	8,062,468	7,410,008
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	29,043,091	27,808,796
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	98,746,857	88,903,005
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(7,069,277)	(4,578,517)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	4,001,835	4,730,253
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	666,058	1,413,869
11. Net investment gain or (loss) (Lines 9 + 10)	4,667,893	6,144,122
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$1,727,499)	(1,727,499)	(650,789)
13. Finance and service charges not included in premiums	7,002,865	5,152,962
14. Aggregate write-ins for miscellaneous income	0	0
15. Total other income (Lines 12 through 14)	5,275,366	4,502,173
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	2,873,982	6,067,778
17. Dividends to policyholders	0	0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	2,873,982	6,067,778
19. Federal and foreign income taxes incurred	1,276,618	2,384,528
20. Net income (Line 18 minus Line 19) (to Line 22)	1,597,364	3,683,250
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	46,460,035	43,188,396
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	1,597,364	3,683,250
23. Net unrealized capital gains or (losses)	863,426	806,542
24. Change in net unrealized foreign exchange capital gain (loss)	0	0
25. Change in net deferred income tax	419,703	363,334
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	252,392	(243,302)
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		2,961,815
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)	(10,000,000)	(4,300,000)
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	(6,867,115)	3,271,639
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	39,592,920	46,460,035
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.		
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)	0	0
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty Company

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	92,282,852	85,100,482
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	63,162,967	59,003,229
3. Underwriting expenses paid	29,740,110	29,243,686
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(620,225)	(3,146,433)
6. Net investment income	4,428,029	4,690,519
7. Other income (expenses):		
7.1 Agents' balances charged off	(1,727,499)	(650,789)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	203,466	144,982
7.4 Aggregate write-ins for miscellaneous items	7,002,865	5,152,962
7.5 Total other income (Lines 7.1 to 7.4)	5,478,832	4,647,155
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered	(545,750)	(813,276)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	8,740,886	5,377,965
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	32,439,908	32,944,678
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	248	6,733
11.7 Miscellaneous proceeds	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	32,440,156	32,951,411
12. Cost of investments acquired (long-term only):		
12.1 Bonds	21,715,951	41,236,633
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)	21,715,951	41,236,633
13. Net Cash from investments (Line 11.8 minus Line 12.7)	10,724,205	(8,285,222)
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	356,305	4,674,817
14.4 Borrowed funds received	0	0
14.5 Other cash provided	328,267	627,008
14.6 Total (Lines 14.1 to 14.5)	684,572	5,301,825
15. Cash applied:		
15.1 Dividends to stockholders paid	10,000,000	4,300,000
15.2 Net transfers to affiliates	0	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	59,814	259,555
15.5 Total (Lines 15.1 to 15.4)	10,059,814	4,559,555
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(9,375,242)	742,270
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	10,089,849	(2,164,987)
18. Cash and short-term investments:		
18.1 Beginning of year	5,150,295	7,315,282
18.2 End of year (Line 17 plus Line 18.1)	15,240,144	5,150,295
DETAILS OF WRITE-INS		
07.401 Finance and service charges not included in premium	7,002,865	5,152,962
07.402		
07.403		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	7,002,865	5,152,962

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	0	0	0	0
2.	Allied lines	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0
5.	Commercial multiple peril	0	0	0	0
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	0	0	0	0
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	0	0	0	0
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	60,484,660	22,253,207	20,686,756	62,051,111
19.3,19.4	Commercial auto liability	7,859,859	3,389,828	4,554,624	6,695,063
21.	Auto physical damage	22,402,982	8,632,139	8,103,715	22,931,406
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	90,747,501	34,275,174	33,345,095	91,677,580
DETAILS OF WRITE-INS					
3301.	.....			
3302.	.....			
3303.	.....			
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
Line of Business					
1. Fire					0
2. Allied lines					0
3. Farmowners multiple peril					0
4. Homeowners multiple peril					0
5. Commercial multiple peril					0
6. Mortgage guaranty					0
8. Ocean marine					0
9. Inland marine					0
10. Financial guaranty					0
11.1 Medical malpractice - occurrence					0
11.2 Medical malpractice - claims-made					0
12. Earthquake					0
13. Group accident and health					0
14. Credit accident and health (group and individual)					0
15. Other accident and health					0
16. Workers' compensation					0
17.1 Other liability - occurrence					0
17.2 Other liability - claims-made					0
18.1 Products liability - occurrence					0
18.2 Products liability - claims-made					0
19.1,19.2 Private passenger auto liability	20,686,756				20,686,756
19.3,19.4 Commercial auto liability	4,554,624				4,554,624
21. Auto physical damage	8,103,715				8,103,715
22. Aircraft (all perils)					0
23. Fidelity					0
24. Surety					0
26. Burglary and theft					0
27. Boiler and machinery					0
28. Credit					0
29. International					0
30. Reinsurance - Nonproportional Assumed Property					0
31. Reinsurance - Nonproportional Assumed Liability					0
32. Reinsurance - Nonproportional Assumed Financial Lines					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0
34. TOTALS	33,345,095	0	0	0	33,345,095
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					33,345,095
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.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						0
2. Allied lines						0
3. Farmowners multiple peril						0
4. Homeowners multiple peril						0
5. Commercial multiple peril						0
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine						0
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation						0
17.1 Other liability - occurrence						0
17.2 Other liability - claims-made						0
18.1 Products liability - occurrence						0
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability	29,303,207	32,456,563		1,191,079	84,031	60,484,660
19.3,19.4 Commercial auto liability	6,240,769	2,359,597		740,507		7,859,859
21. Auto physical damage	10,201,145	12,201,837				22,402,982
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	45,745,121	47,017,997	0	1,931,586	84,031	90,747,501
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty 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				.0	.0	.0	.0	.0
2. Allied lines				.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril				.0	.0	.0	.0	.0
5. Commercial multiple peril				.0	.0	.0	.0	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine				.0	.0	.0	.0	.0
9. Inland marine				.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation				.0	.0	.0	.0	.0
17.1 Other liability - occurrence				.0	.0	.0	.0	.0
17.2 Other liability - claims-made				.0	.0	.0	.0	.0
18.1 Products liability - occurrence				.0	.0	.0	.0	.0
18.2 Products liability - claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability	20,750,359	21,393,178	1,792,898	40,350,639	33,313,466	28,873,730	44,790,375	72.2
19.3,19.4 Commercial auto liability	3,442,300	411,627	959,404	2,894,523	3,538,478	2,394,008	4,038,993	60.3
21. Auto physical damage	5,378,870	7,165,040		12,543,910	1,929,977	1,661,957	12,811,930	55.9
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity				.0	.0	.0	.0	.0
24. Surety				.0	.0	.0	.0	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International				.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	29,571,529	28,969,845	2,752,302	55,789,072	38,781,921	32,929,695	61,641,298	67.2
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty 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				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril				.0				.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence				.0				.0	
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0				(a) .0	
14. Credit accident and health (group and individual)				.0				(a) .0	
15. Other accident and health				.0				(a) .0	
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence				.0				.0	
17.2 Other liability - claims-made				.0				.0	
18.1 Products liability - occurrence				.0				.0	
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability	12,843,307	13,046,983	1,569,752	24,320,538	7,123,359	2,304,248	434,679	33,313,466	6,908,864
19.3,19.4 Commercial auto liability	2,868,795	751,212	2,205,208	1,414,799	1,536,113	587,566		3,538,478	753,258
21. Auto physical damage	591,394	786,856		1,378,250	264,168	287,559		1,929,977	445,221
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			.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	16,303,496	14,585,051	3,774,960	27,113,587	8,923,640	3,179,373	434,679	38,781,921	8,107,343
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	1,902,699			1,902,699
1.2 Reinsurance assumed	1,835,720			1,835,720
1.3 Reinsurance ceded	383,921			383,921
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	3,354,498	0	0	3,354,498
2. Commission and brokerage:				
2.1 Direct excluding contingent		6,021,224		6,021,224
2.2 Reinsurance assumed excluding contingent		5,838,468		5,838,468
2.3 Reinsurance ceded excluding contingent				0
2.4 Contingent-direct		72,197		72,197
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded				0
2.7 Policy and membership fees				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7)	0	11,931,889	0	11,931,889
3. Allowances to managers and agents				0
4. Advertising	978	198,683		199,661
5. Boards, bureaus and associations	350	3,529		3,879
6. Surveys and underwriting reports	296	1,082,338		1,082,634
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	3,102,712	6,648,463		9,751,175
8.2 Payroll taxes	242,039	468,709		710,748
9. Employee relations and welfare	437,967	1,074,485		1,512,452
10. Insurance				0
11. Directors' fees				0
12. Travel and travel items	54,609	582,737		637,346
13. Rent and rent items	432,214	702,055		1,134,269
14. Equipment	17,834	474,795		492,629
15. Cost or depreciation of EDP equipment and software	9,260	362,876		372,136
16. Printing and stationery	84,299	559,783		644,082
17. Postage, telephone and telegraph, exchange and express	266,900	1,608,682	271,482	2,147,064
18. Legal and auditing	47,959	536,978		584,937
19. Totals (Lines 3 to 18)	4,697,417	14,304,113	271,482	19,273,012
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		2,307,046		2,307,046
20.2 Insurance department licenses and fees	(1,080)	663,760		662,680
20.3 Gross guaranty association assessments		(7,505)		(7,505)
20.4 All other (excluding federal and foreign income and real estate)	11,633	(156,212)		(144,579)
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	10,553	2,807,089	0	2,817,642
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	0	0	0	0
25. Total expenses incurred	8,062,468	29,043,091	271,482	(a) 37,377,041
26. Less unpaid expenses - current year	8,107,343	5,530,768		13,638,111
27. Add unpaid expenses - prior year	8,347,931	6,227,787	0	14,575,718
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)	8,303,056	29,740,110	271,482	38,314,648
DETAILS OF WRITE-INS				
2401.				
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	0	0	0	0

(a) Includes management fees of \$ 1,693,494 paid to affiliates and \$ paid to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 387,807	451,741
1.1 Bonds exempt from U.S. tax	(a) 468,080	495,705
1.2 Other bonds (unaffiliated)	(a) 3,304,449	3,157,472
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) 168,399	168,399
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	4,328,735	4,273,317
11. Investment expenses		(g) 271,482
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		271,482
17. Net Investment Income - (Line 10 minus Line 16)		4,001,835
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 92,020 accrual of discount less \$ 462,796 amortization of premium and less \$ 299,778 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 \$ 602 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	18,121				18,121
1.1 Bonds exempt from U.S. tax	52,860				52,860
1.2 Other bonds (unaffiliated)	594,829				594,829
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	248				248
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)	666,058	0	0	0	666,058
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	663,554	587,686	(75,868)
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies	385,588	347,165	(38,423)
2.3 Leasehold improvements	19,905	258,713	238,808
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	405,493	605,878	200,385
4. Aggregate write-ins for other assets	89,321	217,196	127,875
5. Total (Line 1 plus Lines 3 and 4)	1,158,368	1,410,760	252,392
0401. Prepaid expenses.....	89,321	217,196	127,875
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)	89,321	217,196	127,875

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING PRACTICES

The financial statements of the Victoria Fire & Casualty Company (the "Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance.

The Company recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (the "Manual") has been adopted as a component of prescribed or permitted practices by the State of Ohio. There are no material differences in the statutory accounting practices prescribed by the State of Ohio and the Manual applicable to the Company. The Company has not requested any permitted statutory accounting practices from 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 pro rata methods for direct business. The Company does not assume any premium from non-affiliated carriers.

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 valued on the bases promulgated by the NAIC. Short-term bonds are amortized using the straight-line method.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific method.
- (3) The Company's investments in the common stock of subsidiaries are carried at equity in net assets as per Section 3 (b) (ii) (A) of the NAIC Valuation of Securities Manual. Information concerning the ownership of subsidiaries is detailed in Schedule D-Part 6-Sections 1 and 2. The Company currently has no investment in unaffiliated common stock.
- (4) The Company does not have an investment in preferred stocks.
- (5) The Company does not have any mortgage loans on real estate.
- (6) A retrospective adjustment method is employed to recalculate the values of the loan-backed and structured securities holdings with the exception of interest-only bonds. Each acquisition lot was reviewed to recalculate the effective yield. The recalculated effective yield was used to derive a book value as if the new yield were applied at the time of acquisition. Outstanding principal factors from the time of acquisition to adjustment date were used to calculate the prepayment history for all applicable securities. Conditional prepayment rates, computed with life-to-date factor histories and weighted average maturities, were used to affect the calculation of projected prepayments for pass-through, interest-only and principal-only security types.
- (7) The Company does not own any non-insurance company entities.
- (8) The Company does not have an investment in joint ventures, partnerships or limited liability companies.
- (9) During 2002, the Company did not engage in any type of derivative transactions.
- (10) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the period determined.
- (12) The Company elected to use rounding in reporting amounts in this statement, with the exception of Schedule D, where amounts reported have been truncated.

NOTES TO FINANCIAL STATEMENTS

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

- A. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. The State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the Manual subject to any deviations prescribed or permitted by the insurance commissioner of the State of Ohio.
- B. Accounting changes adopted to conform to the provisions of the 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. The Company did not record any Accounting Changes or Corrections of Errors in 2002.

As of January 1, 2001, the Company reported a change of accounting principle, as an adjustment that increased unassigned funds, of \$2,961,815. The table below lists the components, by Statement of Statutory Accounting Principle (SSAP), of the cumulative effect reported in the Summary of Operations:

CUMULATIVE EFFECT OF CODIFICATION AS OF JANUARY 1, 2001

SSAP No. 10 - Income Taxes. In conjunction with this SSAP, deferred income tax assets (DTAs) and liabilities (DTLs) have been established. In addition, it was necessary to make an adjustment to the cumulative balance of current federal income taxes due or accrued.	<u>\$2,961,815</u>
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Total cumulative effect of codification as of January 1, 2001, as reported on Column 2, line 30 of the Statement of Income, Cumulative Effect of Changes in Accounting Principles:	<u>\$2,961,815</u>
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3. BUSINESS COMBINATIONS AND GOODWILL

During 2002, the Company did not have any business combinations or goodwill.

4. DISCONTINUED OPERATIONS

The Company did not have any discontinued operations during 2002.

5. INVESTMENTS

- A. The Company does not have any mortgage or mezzanine real estate loan investments.
- B. The Company has not issued any debt.
- C. The Company does not have any reverse mortgages.
- D. Loan-backed securities
 - (1) A retrospective method is employed to recalculate the values of the loan-backed and structured securities holdings with the exception of interest-only bonds. Each acquisition lot was reviewed to recalculate the effective yield. The recalculated effective yield was used to derive a book value as if the new yield were applied at the time of acquisition.
 - (2) Outstanding principal factors from the time of acquisition to adjustment date were used to calculate the prepayment history for all applicable securities. Conditional prepayments rates computed with life-to-date factor histories and weighted average maturities, were used to affect the calculation of projected prepayments for pass-through, interest-only and principal-only securities types.
 - (3) The factors used to produce the bond and preferred stock portfolios market valuation calculations were prevailing market rates, average life, bond and preferred stock quality and market characteristics. Public issue bond and stock prices were derived from commercial bond and preferred stock pricing services. The value of public issue portfolios was combined with the direct placement market values to form a total market value for the company as of December 31, 2002. In developing our private placement values, a yield matrix was created based on the December 31, 2002 US Treasury yield curve and Corporate bond yield curve. Each private placement bond was evaluated against the yield matrix, and valuation yield was developed based on the type of issue, its current quality rating and its remaining average life. The market price was calculated based on the valuation yield using the discounted cash flow approach.
 - (4) There were no changes from the retrospective to the prospective adjustment methodology due to negative yields on specific securities.
- E. The Company does not have any repurchase agreements.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

The Company did not have any investments in joint ventures, partnerships or limited liability companies during the statement period.

NOTES TO FINANCIAL STATEMENTS

7. INVESTMENT INCOME

- A. Due and accrued income was excluded from surplus on the following bases:

All investment income due and accrued with amounts that are over 90 days past due.

- B. The total amount excluded was \$0.

8. DERIVATIVE INSTRUMENTS

The Company did not engage in any type of derivative transactions during the statement period.

9. INCOME TAXES

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

	<u>2002</u>	<u>2001</u>
(1) Total of all deferred tax assets (DTAs) (admitted and nonadmitted)	\$4,083	\$4,136
(2) Total of all deferred tax liabilities (DTLs)	(339)	(811)
(3) Total deferred tax assets nonadmitted in accordance with SSAP No.10 Income Taxes	(596)	(588)
(4) Net DTA(L)	<u>\$3,148</u>	<u>\$2,737</u>
(5) Increase (decrease) in deferred tax assets nonadmitted	<u>\$8</u>	<u>\$43</u>

- B. The Company has recognized all Deferred Tax Liabilities as required in SSAP 10, paragraph 6D.

- C. Current income taxes incurred consists of the following major components:

	<u>December 31, 2002</u> <u>(in \$ thousands)</u>	<u>December 31, 2001</u> <u>(in \$ thousands)</u>
Current Year Expense (Benefit)	\$1,277	\$2,385
Tax Credits	<u>0</u>	<u>0</u>
Current Federal Income Taxes Incurred	<u>\$1,277</u>	<u>\$2,385</u>

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

(in \$ thousands)

DTAS RESULTING FROM BOOK/TAX DIFFERENCES	As of December 31, 2002	As of December 31, 2001	Change
Insurance Reserves	\$3,886	\$3,766	\$120
Non-Admitted Assets	197	370	(173)
Other Deferred Tax Assets	0	0	0
Total DTAs	\$4,083	\$4,136	(\$53)
DTLS RESULTING FROM BOOK/TAX DIFFERENCES	As of December 31, 2002	As of December 31, 2001	Change
Invested Assets	(\$339)	(\$811)	\$472
Depreciation	0	0	0
Total DTLs	(\$339)	(\$811)	\$472
Total Change in DTL	\$3,744	\$3,325	\$419

- D. Analysis of Actual Income Tax Expense

	<u>December 31, 2002</u> <u>(in \$ thousands)</u>
Total Book Earnings	\$2,874
Net Tax Exempt Investments	\$(556)
Change in Reserves	505
Change in Investment Basis	1,349
Other Adjustments	<u>(523)</u>
Total Adjustments	<u>775</u>
Total Taxable Current Income	<u>3,649</u>
Total Current Tax	<u>\$1,277</u>

- E. (1) As of December 31, 2002, the Company did not have any operating loss carryforwards.

NOTES TO FINANCIAL STATEMENTS

(2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

2002	\$1,276,618
2001	\$2,305,940
2000	\$0

F. (1) The Company files a consolidated federal income tax return which includes the following companies:

ARL Holdings, Inc.	Prudential Mutual Fund Distributors, Inc.
Bache Insurance Agency Incorporated	Prudential P&C Holdings, Inc.
Bache Insurance Agency of Alabama, Inc.	Prudential Private Placement Investors, Inc.
Braeloch Holdings, Inc.	Prudential Property & Casualty General Agency
Braeloch Successor Corporation	Prudential Property & Casualty Insurance Company
Capital Agricultural Property Services, Inc.	Prudential Realty Securities, II, Inc.
COLICO, Inc.	Prudential Referral Services Inc.
Corporate America Realty, Inc.	Prudential Relocation of Texas, Inc.
Dryden Finance, Inc.	Prudential Relocation, Inc.
Dryden Holdings Corporation	Prudential Securities (Argentina) Incorporated
Enhanced Investment Technologies, Inc.	Prudential Securities (Chile) Inc.
Flor-Ag Corporation	Prudential Securities (Japan) Limited
Gateway Holdings, Inc.	Prudential Securities CMO Issuer, Inc.
Gibraltar Properties, Inc.	Prudential Securities Futures Management, Inc.
Graham Depository Company II	Prudential Securities Group, Inc.
Graham Energy Ltd.	Prudential Securities Incorporated
Graham Exploration, Ltd.	Prudential Securities Municipal Derivatives, Inc.
Graham Resources, Inc.	Prudential Securities Secured Financing Corporation
Graham Royalty, Ltd.	Prudential Securities Structured Assets, Inc.
Hochman & Baker Investment Advisory Services, Inc.	Prudential Select Holdings, Inc.
Hochman & Baker Securities	Prudential Select Life Insurance Co. of America
Hochman & Baker, Inc.	Prudential Timber Investments, Inc.
Hochman & Baker, Insurance Services, Inc.	Prudential Trust Company
Human Resource Finance Company, Inc.	Prudential TX Residential Services Corporation
Merastar Corporation	Prudential-Bache Energy Corporation
Merastar Insurance Company	Prudential-Bache Energy Production, Inc.
PB Financial Services, Inc.	Prudential-Bache Futures Asia Pacific, Ltd.
PBT Home Equity Holdings, Inc.	Prudential-Bache International Banking Corporation
PBT Mortgage Corporation	Prudential-Bache Leasing Inc.
PCM International, Inc.	Prudential-Bache Program Services, Inc.
PGA European Holdings, Inc.	Prudential-Bache Properties Inc.
PGLH of Delaware, Inc.	Prudential-Bache Securities (Germany), Inc.
PGR Advisors I Incorporated	Prudential-Bache Securities (Holland), Inc.
PGR Advisors, Inc.	Prudential-Bache Singapore Holdings, Ltd.
PHMC Services Corporation	Prudential-Bache Trade Services
PIC Realty Corporation	Prudential-Bache Transfer Agent Services, Inc.
PIFM Holdco, Inc.	PSI Partners Inc.
PIM Foreign Investment, Inc.	PTC Services, Inc.
PIM Global Financial Strategies, Inc.	Residential Information Services, Inc.
PIM Investments, Inc.	Residential Services Corporation of America
PIM Warehouse, Inc.	Seaport Futures Management, Inc.
PMCC Holding Company	Securitized Asset Sales, Inc.
PREI International, Inc.	SMP Holdings, Inc.
Pruco Life Insurance Company	SVIIT Holdings, Inc.
Pruco Life Insurance Company of New Jersey	The Prudential Asset Management Company
Pruco Securities Corporation	The Prudential Assigned Settlement Services, Inc.
PRUCO, INC.	The Prudential Bank and Trust Company
Prudential Agricultural Credit, Inc.	The Prudential Commercial Insurance Company
Prudential Asset Management Holding Company	The Prudential Commercial Insurance Company of New Jersey
Prudential Asset Resources, Inc.	The Prudential General Insurance Company of New Jersey
Prudential Bache Global Markets, Inc.	The Prudential Home Mortgage Company, Inc.
Prudential Bache Securities (Switzerland), Inc.	The Prudential Home Mortgage Securities Corp., Inc.
Prudential Bache Securities (UK) Inc.	The Prudential Insurance Company of America
Prudential Carbon Mesa	The Prudential Property & Casualty Company of New Jersey
Prudential Direct Advisers, Incorporated	The Prudential Property & Casualty NJ Holdings, Inc.
Prudential Direct Distributors, Incorporated	The Prudential Property and Casualty NJ Insurance Brokerage, Inc.

NOTES TO FINANCIAL STATEMENTS

Prudential Direct Insurance Agency of Alabama, Inc.	The Prudential Real Estate Affiliates, Inc.
Prudential Direct Insurance Agency of Massachusetts, Inc.	The Prudential Real Estate Financial Services of America, Inc.
Prudential Direct Insurance Agency of New Mexico, Inc.	The Prudential Savings Bank, FSB
Prudential Direct Insurance Agency of Ohio, Inc.	The Robert C. Wilson Company
Prudential Direct Insurance Agency of Wyoming, Inc.	THI Holdings (Delaware), Inc.
Prudential Direct, Incorporated	Titan Auto Agency, Inc.
Prudential Equity Investors, Incorporated	Titan Auto Insurance of Arizona, Inc.
Prudential Financial, Inc.	Titan Auto Insurance, Inc. (CO)
Prudential General Agency of Florida, Inc.	Titan Auto Insurance (NV)
Prudential General Agency of Kentucky, Inc.	Titan Auto Insurance of New Mexico, Inc.
Prudential General Agency of Massachusetts, Inc.	Titan Auto Insurance of Pennsylvania, Inc.
Prudential General Agency of Mississippi, Inc.	Titan Holding Service Corporation
Prudential General Agency of Nevada, Inc.	Titan Indemnity Company
Prudential General Agency of New Mexico, Inc.	Titan Insurance Company
Prudential General Agency of Ohio, Inc.	Titan Insurance Services, Inc.
Prudential General Agency of Wyoming, Inc.	Titan National Auto Call Center, Inc.
Prudential General Insurance Company	TRGOAG Company, Inc.
Prudential Global Funding, Inc.	U.S. High Yield Management Company, Inc.
Prudential Home Building Investors, Inc.	Victoria Automobile Insurance Company
Prudential Home Corporation	Victoria Financial Corporation
Prudential Human Resources Management Co. Inc	Victoria Insurance Agency
Prudential Huntoon Paige Associates. Ltd.	Victoria National Insurance Company
Prudential IBH Holdco, Inc.	Victoria Select Insurance Company
Prudential Insurance Brokerage, Inc.	Victoria Specialty Insurance Company
Prudential International Insurance Holdings, Ltd.	W.I. of Florida, Inc.
Prudential International Investments Corporation	Wexford Clearing Services Corporation
Prudential International Investments Services Corporation	WHI of New York
Prudential Investment Management, Inc.	Whitehall Holdings, Inc.
Prudential Mortgage Asset Corporation II	Whitehall Insurance Agency of Texas, Inc.
Prudential Mortgage Capital Co., Inc.	Whitehall of Indiana, Inc.
Prudential Mortgage Capital Holdings, Inc.	WMF ComQuote, Inc
Prudential Multifamily Mortgage, Inc.	

- (2) The consolidated federal income tax liabilities are allocated to the consolidated companies, based on their separate return tax liabilities, in accordance with Internal Revenue Code Section 1552(a)(2) and the Treasury Regulations Sections 1.1552-1(a)(2) and 1.1502-33(d)(2)(ii). Members with losses record current tax benefits to the extent such losses are recognized in the consolidated federal tax return. Any company allocated a credit in accordance with these provisions will receive payment of such credit not later than the 31st day of December in the year in which the return is filed.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

- A. The Company is owned by Victoria Financial Corporation, an insurance holding company domiciled in the state of Delaware, which is in turn owned by THI Holdings (Delaware), Inc. ("THI"). THI is owned by the Prudential Property and Casualty Insurance Company, a wholly owned subsidiary of Prudential P&C Holdings, Inc. (a Delaware non-insurer and a wholly owned subsidiary of PRUCO, Inc., domiciled in New Jersey), whose ultimate parent is Prudential Financial, Inc. (a New Jersey non-insurer), owns 100% of the Company's outstanding stock.

Prior to its demutualization on December 18, 2001, The Prudential Insurance Company of America (a New Jersey mutual life insurer) was the Company's ultimate parent.

- B. The Company had the following transaction with Victoria Financial Corporation involving more than 1/2 of 1% of total admitted assets of the Company:
- (1) Date of transaction – June 28, 2002
 - (2) Explanation of transaction - Dividend to Victoria Financial Corporation (Parent)
 - (3) Name of insurer – Victoria Fire & Casualty Company
 - (4) Name of affiliate - Victoria Financial Corporation, a non-insurer
 - (5) Description of assets received by insurer - None
 - (6) Statement value of assets received by insurer – None
 - (7) Description of assets transferred by insurer – Cash
 - (8) Statement value of assets transferred by insurer - \$10,000,000
- C. The Company does not have any additional material affiliated transactions to report.
- D. At December 31, 2002, the Company reported a payable to parent, subsidiaries and affiliates of \$1,456,529. This balance was owed to THI Holdings (DE), Inc. for \$24,393, Prudential Property and Casualty Insurance Company for \$1,294,844, Titan Indemnity Company for \$135,540 and Titan Auto Insurance of Arizona, Inc. for \$1,752. The Company reported a receivable from parent, subsidiaries and affiliates of \$121,966. This balance was owed by Titan Holding Service Corporation for \$6,361, Titan Insurance Company for \$35,672, Victoria Financial Corporation for \$79,690 and Whitehall Holdings, Inc. for \$243.
- E. The Company and affiliated insurers did not have any material contingent exposures of assets to liabilities as a result of guarantees or undertakings for the benefit of an affiliate.

NOTES TO FINANCIAL STATEMENTS

- F. The following affiliates have service agreements with the Company: The Prudential Insurance Company of America, Prudential Property and Casualty Insurance Company and Victoria Financial Corporation. Investment services are provided to the Company by Prudential Investment Management, Inc. under the terms of the Investment Advisory Agreement.

The Company has an excess of loss contract with its affiliate, Prudential Property and Casualty Insurance Company, whereby the Company cedes automobile liability business.

- G. All outstanding shares of the Company are owned by Victoria Financial Corporation, an insurance holding company domiciled in the state of Delaware.
- H. The Company does not hold any investments, either directly or indirectly via a downstream subsidiary or controlled affiliated company, in its ultimate parent or any upstream intermediate parent.
- I. The Company holds 100% of the stock of four (4) insurance subsidiaries, Victoria Select Insurance Company, Victoria Automobile Insurance Company, Victoria Specialty Insurance Company and Victoria National Insurance Company. All subsidiaries are valued using Statutory Accounting Principles.
- J. The Company does not have an investment with an impaired value.

11. DEBT

- A. The Company did not have any capital notes outstanding as of December 31, 2002.
- B. The Company did not have any other debt obligations outstanding as of December 31, 2002.

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

- A. The Company does not have a defined benefit plan.
- B. Full-time employees of the Company are covered by a qualified 401(k) defined contribution plan sponsored by the Company. An individual retirement account is established for each participating employee. Employees may contribute to the plan as set forth by the Internal Revenue Service regulations. The Company makes a matching contribution for a portion of each employee's contribution to the plan, as determined by the Board of Directors.
- C. The Company is not a member of a multi-employer plan.
- D. The Company is a member of the Holding Company's plan.
- E. The Company does not have post retirement obligations.

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

- A. The Company has 1,500 shares of common stock (par value \$1,666.667) authorized, issued, and outstanding at December 31, 2002.
- B. The Company has no preferred stock outstanding.
- C. The payment of dividends by Ohio insurance companies without prior approval of the Ohio Superintendent of Insurance is subject to restrictions relating to statutory surplus. The maximum dividend that may be paid under Ohio law by the Company during a calendar year without prior approval is the greater of 10% of statutory surplus as of the preceding December 31, or the statutory net income of the preceding calendar year. A \$10,000,000 dividend was declared and paid in 2002. Statutory surplus as of December 31, 2002 was \$39,592,920. The maximum dividend payout which may be made without prior approval is \$3,959,292 after June 28, 2003.
- D. Within the limitations of (C) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- E. No restrictions have been placed upon unassigned surplus funds.
- F. The Company did not have any advances to surplus not repaid.
- G. No stock is held by the Company for special purposes.
- H. The Company does not have any special surplus funds from the prior period.

NOTES TO FINANCIAL STATEMENTS

I. The portion of unassigned funds (surplus) represented or reduced by each of the following items:

(1) Unrealized gains and losses	\$6,767,704
(2) Nonadmitted asset values	(\$1,158,367)
(3) Separate Account business	\$0
(4) Asset Valuation Reserve	\$0
(5) Provision for reinsurance	\$0

J. The Company does not own any surplus debentures.

K./L. The Company has not had any quasi-reorganizations.

14. CONTINGENCIES

A. The Company does not have any material contingency liabilities or guarantees.

B. The Company received notification of the insolvency of Reliance Insurance Company. Insolvent companies has resulted in a guaranty fund assessment accrued by the Company of \$144,483, mostly due to Reliance.

C. The Company did not have any gain contingencies.

D. The Company is subject to legal and regulatory actions in the ordinary course of its businesses, including class actions. Pending legal and regulatory actions include proceedings specific to the Company's practices and proceedings generally applicable to business practices in the industries in which the Company operates. In certain of these matters, large and/or indeterminate amounts are sought, including punitive or exemplary damages. The Company's litigation is subject to many uncertainties, and given the complexity and scope, the outcomes cannot be predicted. It is possible that the results of operations or the cash flow of the Company, in a particular quarterly or annual period, could be materially affected by an ultimate unfavorable outcome of pending litigation and regulatory matters depending, in part, upon the results of operations or cash flow for such period. Management believes, however, that the ultimate resolution of all pending litigation and regulatory matters, after consideration of applicable reserves, should not have a material adverse effect on the Company's financial position.

15. LEASES

The Company has not entered into any leasing arrangements as lessee which could have a material financial effect.

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

The Company does not have any financial instrument contracts outstanding as of December 31, 2002, including swaps, futures, options or any other financial contract.

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

A. The Company did not transfer any receivable balances and report them as sales.

B. The Company did not transfer any financial assets to extinguish any liabilities during 2002.

C. The Company has not participated in wash sales during 2002.

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

The Company did not serve as administrator for any uninsured A&H Plans or partially insured plans.

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

The Company did not use any Managing General Agents in 2002.

20. OTHER ITEMS

A. The Company had no extraordinary events or transactions as defined by SSAP No. 24, Discontinued Operations and Extraordinary Items, during the reporting period.

B. The Company had no troubled debt restructuring.

C. Assets in the amount of \$3,380,268 and \$3,129,014 at December 31, 2002, and 2001, respectively, were on deposit with government authorities or trustees as required by law.

D. The Company has no material balance that is reasonably possible to be uncollectible for assets covered by SSAP's 6, 47 or 66.

E. The Company has no reinsurance accounted for as a deposit.

F. The Company does not sell multiple peril crop insurance.

G. The Company did not participate in any mezzanine real estate loans.

H. The Company has no health care receivables.

I. The Company did not have a material exposure to losses as a result of the unfortunate events of September 11, 2001.

NOTES TO FINANCIAL STATEMENTS

- J. The Company does not own any real estate.
- K. The Company does not issue any policyholder participation policies.
- L. The Company does not have a need to record a premium deficiency reserve.
- M. The Company did not participate in any non-cash transactions.
- N. The Company did not suffer a business interruption event.
- O. Certain 2001 account balances have been reclassified to conform with the 2002 presentation as described in the Manual.

21. EVENTS SUBSEQUENT

Type II

On October 3, 2002, the Company's ultimate parent, Prudential Financial, Inc. (Prudential) announced that it is circulating information about its personal lines property and casualty business to other companies to assess interest in its potential sale. Prudential had previously said it was exploring options concerning the future of this business. Prudential stressed that it is exploring several alternatives and that it has not made a final decision, but expects to do so in the near future.

22. REINSURANCE

A. UNSECURED REINSURANCE RECOVERABLES

The Company has the following unsecured aggregate recoverable for losses, paid and unpaid including IBNR, and loss adjustment expenses, that exceeds 3% of the Company's policyholder surplus:

NAIC Group Code #	FEIN #	Company	Amount
32352	22-2053189	Prudential Property & Casualty Insurance Company	\$2,660,642
22039	13-2673100	General Reinsurance Corporation	\$1,641,999

B. REINSURANCE RECOVERABLE IN DISPUTE

The Company does not have any reinsurance recoverable on paid and unpaid (including IBNR) losses in dispute that exceeds 5% of the Company's policyholder surplus nor does the aggregate of the items in dispute exceed 10% of the Company's policyholder surplus.

C. REINSURANCE ASSUMED AND CEDED

(1)/(2) The table below summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2002:

	ASSUMED Unearned Premiums (1)	ASSUMED Commission Equity (2)	CEDED Unearned Premiums (3)	CEDED Commission Equity (4)	NET Unearned Premiums (5)	NET Commission Equity (6)
(i) Affiliates	\$16,110,486	\$2,071,808	\$0	\$0	\$16,110,486	\$2,071,808
(ii) All Other	0	0	0	0	0	0
(iii) Total	<u>\$16,110,486</u>	<u>\$2,071,808</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,110,486</u>	<u>\$2,071,808</u>
(iv)	Direct Unearned Premium Reserve of \$17,234,610.					

(3) The Company does not have any protected cells.

D. UNCOLLECTIBLE REINSURANCE

The Company does not have any material uncollectible reinsurance.

E. COMMUTATION OF CEDED REINSURANCE

The Company has no commutation of ceded reinsurance.

F. RETROACTIVE REINSURANCE

There were no retroactive reinsurance contracts in force during 2002.

23. RETROSPECTIVELY RATED CONTRACTS

The Company has no accrued retrospective premiums.

24. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Incurred losses and loss adjustment expenses attributable to insured events of prior years has increased by \$4,550,000 as a result of re-estimation of unpaid losses and loss adjustment expenses. This increase 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.

NOTES TO FINANCIAL STATEMENTS

25. INTERCOMPANY POOLING ARRANGEMENTS

A.	Victoria Fire & Casualty Company,	NAIC #42889, Lead Company, 100% participant
	Victoria Select Insurance Company,	NAIC #10105, 0% participant
	Victoria National Insurance Company,	NAIC #10778, 0% participant
	Victoria Automobile Insurance Company,	NAIC #10644, 0% participant
	Victoria Specialty Insurance Company,	NAIC #10777, 0% participant

B. All business and lines written is subject to the Pool.

C. & D. Excess reinsurance is applied after the pooling reinsurance, and is ceded only from the lead company.

E. There are no discrepancies between business ceded by affiliated companies and assumed by the lead company.

F. The Pool has not recorded uncollectible reinsurance or a Schedule F Penalty.

26. STRUCTURED SETTLEMENTS

A. The Company has not purchased annuities under which the Company is owner and payee.

B. The Company does not have any purchased structured settlement annuities.

27. HIGH DEDUCTIBLES

The Company does not offer any high deductible policies.

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

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

29. ASBESTOS/ENVIRONMENTAL RESERVES

A. Does the Company have on the books, or has it ever written an insured for which you have identified a potential for the existence of a liability due to asbestos losses? Yes () No (X)

B. State the amount of the ending reserves for Bulk + IBNR included in (A) (Loss & LAE): None

C. State the amount of the ending reserves for loss adjustment expenses included in (A) (Case, Bulk + IBNR): None

D. Does the Company have on their books, or has it ever written an insured for which you have identified a potential for the existence of, a liability due to environmental losses? Yes () No (X)

E. State the amount of the ending reserves for Bulk + IBNR included in (D) (Loss & LAE): None

F. State the amount of the ending reserves for loss adjustment expenses included in (D) (Case, Bulk + IBNR): None

G. The Company does not have a material potential exposure to asbestos or environmental claims.

30. SUBSCRIBER SAVINGS ACCOUNTS

The Company is not a reciprocal insurance company.

31. FINANCIAL GUARANTY INSURANCE EXPOSURES

The Company does not have any financial guaranty 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	4,736,980	4.399	4,736,980	4.399
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		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	1,232,982	1.145	1,232,982	1.145
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	1,398,831	1.299	1,398,831	1.299
1.43 Revenue and assessment obligations	8,588,079	7.975	8,588,079	7.975
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	12,078,056	11.216	12,078,056	11.216
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	2,842,337	2.639	2,842,337	2.639
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	564,592	0.524	564,592	0.524
1.523 All other privately issued	13,947	0.013	13,947	0.013
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	38,442,324	35.697	38,442,324	35.697
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	22,551,656	20.941	22,551,656	20.941
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		0.000	0	0.000
8. Cash and short-term investments	15,240,144	14.152	15,240,144	14.152
9. Other invested assets		0.000		0.000
10. Total invested assets	107,689,928	100.000	107,689,928	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.12/31/2001
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1996
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).08/08/1997
- 3.4 By what department or departments? Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 PricewaterhouseCoopers LLP
 1177 Avenue of the Americas
 New York, NY 10036.....
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?
 Amy Himmelberger, FCAS, MAAA
 23 Main St.
 Holmdel, NJ 07733
 Employee of Prudential Property and Casualty Insurance Company.....
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	.000	.0	[]	[]	[]	[]
Common	1,500	1,500	1,666.667	XXX	XXX	XXX	XXX	XXX

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

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

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

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

19.21	Loaned to others	\$	.0
19.22	Subject to repurchase agreements	\$	.0
19.23	Subject to reverse repurchase agreements	\$	.0
19.24	Subject to dollar repurchase agreements	\$	.0
19.25	Subject to reverse dollar repurchase agreements	\$	.0
19.26	Pledged as collateral	\$	2,809,924
19.27	Placed under option agreements	\$	.0
19.28	Letter stock or other securities restricted as to sale	\$	.0
19.29	Other	\$	.0

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

19.31	19.35
19.32	19.36 Titan Insurance Company
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. \$

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

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

1 Name of Custodian(s)	2 Custodian's Address
The Prudential Savings Bank	Atlanta, Georgia

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
105676.....	Prudential Investment Management, Inc.....	Newark, New Jersey.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....95,571

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
NAI.....	\$.....69,150
AM Best.....	\$.....26,421

24.1 Amount of payments for legal expenses, if any?..... \$.....158,624

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
Carlton Fields PA.....	\$.....141,864
	\$.....
	\$.....

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

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

1 Name	2 Amount Paid
	\$.....
	\$.....
	\$.....

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
.....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies \$
- 2.22 Non-participating policies \$
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? Yes [] No []
- 3.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? \$
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? Yes [] No []
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation Yes [] No [] NA []
- 4.22 As a direct expense of the Exchange Yes [] No [] NA []
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?
.....
- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
- 4.5 If yes, give full information
.....
- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
There has not been any such Workers' Compensation contract written.....
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
The Company does not have a large by policy net exposure.....
- 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?.....
Reinsurance of losses exceeding \$100,000.....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.
The Company does not have a material exposure to a 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..... \$
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [] No [] NA [X]
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [] No [X]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$
- 10.62 Collateral and other funds..... \$
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No [X]
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation):..... \$100,000
- 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.....1
- 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	\$	\$	\$	\$	\$
15.12 Products	\$	\$	\$	\$	\$
15.13 Automobile	\$	\$	\$	\$	\$
15.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty 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)	70,360,136	69,194,807	56,130,015	54,204,854	57,128,089
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	22,402,982	23,177,407	19,189,578	18,492,603	20,579,783
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	119,631
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	92,763,118	92,372,214	75,319,593	72,697,457	77,827,503
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)	68,344,519	66,908,530	54,410,672	53,469,660	56,606,924
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	22,402,982	23,177,407	19,164,578	18,417,608	20,504,787
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	119,631
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	90,747,501	90,085,937	73,575,250	71,887,268	77,231,342
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(7,069,277)	(4,578,517)	(12,125,178)	(3,545,658)	(2,405,447)
14. Net Investment Gain (Loss) (Line 11)	4,667,893	6,144,122	4,363,141	4,633,104	4,340,143
15. Total Other Income (Line 15)	5,275,366	4,502,173	4,280,266	4,078,423	3,320,131
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	1,276,618	2,384,528	(1,256,506)	1,810,965	1,614,399
18. Net Income (Line 20)	1,597,364	3,683,250	(2,225,265)	3,354,904	3,640,428
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	133,968,260	135,509,429	124,573,700	120,643,549	117,848,457
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	125,558	286,975	502,394	669,360	724,432
20.2 Deferred and not yet due (Line 10.2)	21,163,474	22,655,711	17,048,767	18,064,263	18,619,077
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	94,375,340	89,049,394	81,385,304	76,357,289	77,650,147
22. Losses (Page 3, Lines 1 and 2)	38,781,921	32,929,695	31,094,823	30,354,751	29,451,981
23. Loss Adjustment Expenses (Page 3, Line 3)	8,107,343	8,347,931	7,206,862	6,936,892	7,480,262
24. Unearned premiums (Page 3, Line 9)	33,345,095	34,275,174	28,513,725	27,571,275	29,437,667
25. Capital Paid Up (Page 3, Lines 28 & 29)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as Regards Policyholders (Page 3, Line 35)	39,592,920	46,460,035	43,188,396	44,286,260	40,198,310
Risk-Based Capital Analysis					
27. Total Adjusted Capital	39,592,920	46,460,035	43,188,396	44,286,260	40,241,007
28. Authorized Control Level Risk-Based Capital	9,290,444	8,475,584	8,874,031	7,208,342	6,838,870
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)	64.9	75.0	71.5	74.2	77.5
30. Stocks (Lines 2.1 & 2.2)	20.9	20.2	21.1	19.2	19.0
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)	14.2	4.8	7.4	6.1	2.7
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.6	0.5
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.2
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)	22,551,656	21,688,230	20,881,688	19,265,255	18,372,739
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	22,551,656	21,688,230	20,881,688	19,265,255	18,372,739
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)	57.0	46.7	48.4	43.5	45.7

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	863,426	806,542	1,406,057	1,102,892	720,387
47. Dividends to Stockholders (Line 34)	(10,000,000)	(4,300,000)	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	(6,867,115)	3,271,639	(1,097,864)	4,087,950	6,529,480
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)	45,997,464	40,422,373	39,696,206	35,016,398	35,078,220
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	12,543,910	13,140,721	12,224,177	11,633,701	13,831,945
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	5,023	19,540
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
54. Total (Line 34)	58,541,374	53,563,094	51,920,383	46,655,122	48,929,705
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)	43,245,162	38,708,608	38,322,782	34,307,853	34,726,615
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	12,543,910	13,140,721	12,224,177	11,633,701	13,831,945
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	5,023	19,540
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
60. Total (Line 34)	55,789,072	51,849,329	50,546,959	45,946,577	48,578,100
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)	67.2	63.7	70.6	63.6	63.9
63. Loss Expenses Incurred (Line 3)	8.8	8.8	10.9	10.1	9.5
64. Other Underwriting Expenses Incurred (Line 4)	31.7	33.0	35.2	31.2	29.6
65. Net Underwriting gain (loss) (Line 8)	(7.7)	(5.4)	(16.7)	(4.8)	(3.1)
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)	26.2	25.9	28.9	26.3	25.6
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	76.0	72.5	81.5	73.7	73.4
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)	229.2	193.9	170.4	162.3	192.1
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)	4,551	(504)	(60)	(2,320)	(1,490)
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	9.8	(1.2)	(0.1)	(5.8)	(4.4)
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)	(317)	(857)	(2,692)	(3,027)	(2,608)
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	(0.7)	(1.9)	(6.7)	(9.0)	(12.7)

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 .....16,815,036 2. Canada .....0 3. Other Countries .....0 4. Totals .....16,815,036	17,553,871 0 0 17,553,871	16,782,088 0 0 16,782,088	16,655,390 0 0 16,655,390
States, Territories and Possessions (Direct and guaranteed)	5. United States .....1,232,982 6. Canada .....0 7. Other Countries .....0 8. Totals .....1,232,982	1,290,691 0 0 1,290,691	1,251,146 0 0 1,251,146	1,150,000 0 0 1,150,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....1,398,832 10. Canada .....0 11. Other Countries .....0 12. Totals .....1,398,832	1,499,784 0 0 1,499,784	1,412,348 0 0 1,412,348	1,325,000 0 0 1,325,000
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....11,995,010 14. Canada .....0 15. Other Countries .....0 16. Totals .....11,995,010	12,588,711 0 0 12,588,711	12,126,424 0 0 12,126,424	11,365,000 0 0 11,365,000
Public Utilities (unaffiliated)	17. United States .....1,803,195 18. Canada .....0 19. Other Countries .....0 20. Totals .....1,803,195	1,944,180 0 0 1,944,180	1,802,460 0 0 1,802,460	1,800,000 0 0 1,800,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....36,054,965 22. Canada .....0 23. Other Countries .....598,110 24. Totals .....36,653,075	38,201,235 0 686,250 38,887,485	36,108,816 0 597,556 36,706,372	35,238,947 0 600,000 35,838,947
Parent, Subsidiaries and Affiliates	25. Totals .....0 26. Total Bonds .....69,898,130	0 73,764,722	0 70,080,838	0 68,134,337
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 .....22,551,656 54. Total Common Stocks .....22,551,656	22,551,656 22,551,656	15,783,952 15,783,952	15,783,952 15,783,952
	55. Total Stocks .....22,551,656 56. Total Bonds and Stocks .....92,449,786	22,551,656 96,316,378	15,783,952 85,864,790	15,783,952 85,864,790

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year .....102,015,289	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 .....21,715,951	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 .....(236,938)	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 .....863,431	7. Book/adjusted carrying value at end of current period .....92,449,786
3.4 Column 10, Part 4 .....(133,848) .....492,645	8. Total valuation allowance .....0
4. Total gain (loss), Col. 14, Part 4 .....665,809	9. Subtotal (Lines 7 plus 8) .....92,449,786
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 .....32,439,908	10. Total nonadmitted amounts .....0
	11. Statement value of bonds and stocks, current period .....92,449,786

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty Company

**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	19	0	7	0	2	0	18	28	XXX
2. 1993	52,303	3,550	48,753	31,571	1,937	2,027	106	2,183	0	950	33,738	XXX
3. 1994	51,870	564	51,306	31,394	68	2,236	31	2,635	0	1,106	36,166	XXX
4. 1995	52,296	490	51,806	34,228	31	2,625	2	2,894	0	1,147	39,714	XXX
5. 1996	58,338	81	58,257	38,928	177	2,153	11	3,135	0	1,538	44,028	XXX
6. 1997	71,280	380	70,900	46,574	634	1,788	28	3,673	0	1,705	51,373	XXX
7. 1998	78,603	596	78,007	51,554	1,179	1,786	67	4,866	0	1,878	56,960	XXX
8. 1999	74,565	810	73,755	50,502	2,067	1,872	143	5,671	0	1,548	55,835	XXX
9. 2000	74,377	1,744	72,633	51,433	1,764	1,466	103	5,189	0	1,411	56,221	XXX
10. 2001	86,611	2,286	84,325	46,172	867	995	64	5,707	0	1,361	51,943	XXX
11. 2002	93,693	2,016	91,677	33,165	117	306	13	4,463	0	764	37,804	XXX
12. Totals	XXX	XXX	XXX	415,540	8,841	17,261	568	40,418	0	13,426	463,810	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.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
2.	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3.	33	0	0	0	0	0	0	2	0	1	35	XXX	
4.	0	0	0	0	0	0	0	0	0	0	0	XXX	
5.	52	0	0	0	0	0	0	3	0	2	55	XXX	
6.	207	59	0	0	21	12	3	12	0	8	172	XXX	
7.	504	207	0	0	135	41	22	30	0	20	443	XXX	
8.	1,409	216	1	0	547	39	87	81	0	55	1,870	XXX	
9.	3,199	687	29	0	712	93	114	184	0	127	3,458	XXX	
10.	6,767	949	6,001	51	1,450	177	278	480	0	306	13,789	XXX	
11.	18,717	1,657	6,073	384	2,360	263	584	1,710	0	974	27,067	XXX	
12. Totals	30,888	3,775	12,104	435	5,225	625	1,088	2,502	0	1,493	46,889	XXX	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	0	0
2.	35,781	2,043	33,738	68.4	57.5	69.2	0	0	0	0	0
3.	36,300	99	36,201	70.0	17.6	70.6	0	0	0	33	2
4.	39,747	33	39,714	76.0	6.7	76.7	0	0	0	0	0
5.	44,271	188	44,083	75.9	232.1	75.7	0	0	0	52	3
6.	52,278	733	51,545	73.3	192.9	72.7	0	0	0	148	24
7.	58,897	1,494	57,403	74.9	250.7	73.6	0	0	0	297	146
8.	60,170	2,465	57,705	80.7	304.3	78.2	0	0	0	1,194	676
9.	62,326	2,647	59,679	83.8	151.8	82.2	0	0	0	2,541	917
10.	67,850	2,118	65,732	78.3	92.7	78.0	0	0	0	11,768	2,021
11.	67,378	2,507	64,871	71.9	124.4	70.8	0	0	0	22,749	4,318
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	38,782	8,107

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 Victoria Fire & Casualty 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	5,995	5,892	5,898	5,897	5,937	5,916	5,913	5,896	5,895	5,905	10	9
2. 1993	32,554	31,528	31,552	31,525	31,508	31,487	31,510	31,536	31,554	31,555	1	19
3. 1994	XXX	33,794	33,167	33,720	33,665	33,532	33,526	33,590	33,600	33,564	(36)	(26)
4. 1995	XXX	XXX	38,760	37,201	37,051	36,778	36,876	36,805	36,820	36,820	0	15
5. 1996	XXX	XXX	XXX	43,967	42,027	41,989	41,119	41,183	40,908	40,945	37	(238)
6. 1997	XXX	XXX	XXX	XXX	50,425	49,421	48,643	48,303	47,814	47,860	46	(443)
7. 1998	XXX	XXX	XXX	XXX	XXX	53,881	53,100	52,999	52,586	52,507	(79)	(492)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	50,792	51,105	51,445	51,953	508	848
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	54,315	54,606	54,306	(300)	(9)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	55,181	59,545	4,364	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	58,698	XXX	XXX
12. Totals											4,551	(317)

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	3,590	5,110	5,630	5,866	5,893	5,878	5,886	5,879	5,905	XXX	XXX
2. 1993	17,391	25,564	29,385	30,601	31,259	31,424	31,471	31,518	31,554	31,555	XXX	XXX
3. 1994	XXX	18,813	27,080	30,534	32,394	33,211	33,285	33,488	33,506	33,531	XXX	XXX
4. 1995	XXX	XXX	21,162	29,695	33,718	35,872	36,555	36,708	36,801	36,820	XXX	XXX
5. 1996	XXX	XXX	XXX	23,525	34,114	38,547	40,013	40,820	40,753	40,893	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	29,611	41,351	45,577	47,232	47,441	47,700	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	31,639	44,611	49,243	50,968	52,094	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	28,732	42,852	47,397	50,164	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,581	45,824	51,032	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	31,183	46,236	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	33,341	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	145	0	0	0	0	0	0	0	0	0	0	0
2. 1993	2,135	374	0	0	0	0	0	0	0	0	0	0
3. 1994	XXX	2,510	126	0	0	0	0	0	0	0	0	0
4. 1995	XXX	XXX	2,691	105	250	0	0	0	0	0	0	0
5. 1996	XXX	XXX	XXX	2,798	792	500	0	(4)	2	0	0	0
6. 1997	XXX	XXX	XXX	XXX	3,393	876	500	(4)	10	3	0	0
7. 1998	XXX	XXX	XXX	XXX	XXX	3,842	937	(81)	66	22	0	0
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	3,727	49	141	88	0	0
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,403	789	143	0	0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,000	6,218	0	0
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,200	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty Company

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama	AL	Yes	10,501,242	11,131,622	0	6,668,339	7,639,977	5,349,835	1,081,082
2. Alaska	AK	No	0	0	0	0	0	0	0
3. Arizona	AZ	Yes	1,390,698	1,270,952	0	688,578	911,492	551,574	151,497
4. Arkansas	AR	Yes	0	0	0	0	0	0	0
5. California	CA	No	0	0	0	0	0	0	0
6. Colorado	CO	Yes	6,475	6,443	0	0	(24,603)	4,147	542
7. Connecticut	CT	Yes	1,238,445	1,617,088	0	1,190,937	1,615,600	1,492,787	87,641
8. Delaware	DE	No	0	0	0	0	0	0	0
9. District of Columbia	DC	Yes	0	0	0	0	0	0	0
10. Florida	FL	Yes	1,669,695	2,004,971	0	1,764,948	1,357,514	899,574	52,693
11. Georgia	GA	Yes	7,126,125	7,474,801	0	5,633,976	7,039,236	4,830,498	335,450
12. Hawaii	HI	No	0	0	0	0	0	0	0
13. Idaho	ID	Yes	0	0	0	0	0	0	0
14. Illinois	IL	Yes	2,189,896	1,707,919	0	982,227	1,539,239	899,272	78,625
15. Indiana	IN	Yes	801,805	911,179	0	650,692	749,581	405,877	57,160
16. Iowa	IA	Yes	4,726,049	4,371,440	0	2,402,816	3,122,841	1,925,050	313,712
17. Kansas	KS	Yes	0	0	0	0	0	0	0
18. Kentucky	KY	Yes	0	0	0	0	0	0	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	Yes	0	0	0	0	0	0	0
22. Massachusetts	MA	Yes	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	Yes	549,303	657,763	0	428,107	536,023	469,639	42,539
26. Missouri	MO	Yes	483,645	405,340	0	193,667	362,770	272,177	31,463
27. Montana	MT	Yes	0	0	0	0	0	0	0
28. Nebraska	NE	Yes	0	0	0	0	0	0	0
29. Nevada	NV	Yes	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	Yes	0	0	0	0	0	0	0
33. New York	NY	Yes	976,771	1,132,969	0	2,742,378	2,256,429	1,869,450	71,250
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	7,691,195	6,969,482	0	4,023,096	5,535,565	4,048,820	524,839
37. Oklahoma	OK	Yes	0	0	0	0	0	0	0
38. Oregon	OR	Yes	0	0	0	0	0	0	0
39. Pennsylvania	PA	Yes	77,114	109,470	0	156,565	109,006	120,572	7,441
40. Rhode Island	RI	No	0	0	0	0	0	0	0
41. South Carolina	SC	Yes	0	0	0	0	0	0	0
42. South Dakota	SD	Yes	0	0	0	0	0	0	0
43. Tennessee	TN	Yes	2,106,699	1,657,200	0	966,962	1,436,962	875,991	141,799
44. Texas	TX	Yes	0	0	0	0	0	0	0
45. Utah	UT	Yes	0	0	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0	0	0
47. Virginia	VA	Yes	3,659,871	2,820,951	0	977,507	1,139,682	954,488	146,369
48. Washington	WA	Yes	0	0	0	0	0	0	0
49. West Virginia	WV	Yes	0	0	0	0	0	0	0
50. Wisconsin	WI	Yes	550,093	476,983	0	100,734	182,777	257,385	26,423
51. Wyoming	WY	Yes	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) 39		45,745,121	44,726,573	0	29,571,529	35,510,091	25,227,136	3,150,525
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.

Premium is recorded by state based on the domiciliary location of the insured risks.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Victoria Fire & Casualty Company

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

PART 1 - ORGANIZATIONAL CHART

	<u>FEIN</u>	<u>STATE</u>	<u>NAIC</u>
Prudential Financial, Inc. (non-insurer)	22-3703799		
- PRUCO, Inc. (non-insurer)	22-1916652		
-- Prudential Capital and Investment Services, LLC (non-insurer)	22-2422630		
--- Prudential Securities Group, Inc. (non-insurer)	22-2379826		
---- Prudential Securities Incorporated (non-insurer)	22-2347336		
-- Prudential P&C Holdings, Inc. (non-insurer)	52-2145772		
--- Merastar Corporation (non-insurer)	52-1849771		
---- Merastar Insurance Company (insurer)	62-0928337	TN	31968
--- Prudential Commercial Insurance Company (insurer)	22-2227331	DE	36439
--- Prudential General Insurance Company (insurer)	22-2227328	DE	36447
--- Prudential Property and Casualty Insurance Company (insurer)	22-2053189	IN	32352
---- THI Holdings (Delaware), Inc. (non-insurer)	52-2031677		
----- Titan Indemnity Company (insurer)	74-2286759	TX	13242
----- Titan Insurance Company (insurer)	86-0619597	MI	36269
----- Victoria Financial Corporation (non-insurer)	34-1192177		
----- Victoria Fire & Casualty Company (insurer)	34-1394913	OH	42889
----- Victoria Automobile Insurance Company (insurer)	34-1785903	IN	10644
----- Victoria National Insurance Company (insurer)	34-1842604	OH	10778
----- Victoria Select Insurance Company (insurer)	34-1777972	OH	10105
----- Victoria Specialty Insurance Company (insurer)	34-1842602	OH	10777
--- The Prudential Property and Casualty New Jersey Holdings, Inc. (non-insurer)	22-3560538		
---- The Prudential Property and Casualty Insurance Company of New Jersey (insurer)	22-2567570	NJ	28959
----- The Prudential Commercial Insurance Company of New Jersey (insurer)	22-3560539	NJ	10931
----- The Prudential General Insurance Company of New Jersey (insurer)	22-3560542	NJ	10930
- Prudential Asset Management Holding Company (non-insurer)	22-3734538		
-- PMCC Holding Company (non-insurer)	22-3776860		
-- Prudential Investment Management, Inc. (non-insurer)	22-2540245		
--- Jennison Associates LLC (non-insurer)	52-2069785		
--- PIC Holdings, Limited (foreign non-insurer)	not required		
---- PRICOA Capital Group, Limited (foreign non-insurer)	not required		
--- Prudential Trust Company (non-insurer)	23-2189568		
--- The Prudential Asset Management Company, Inc. (non-insurer)	22-2550816		
---- Enhanced Investment Technologies, Inc. (non-insurer)	22-2808571		
- Prudential Holdings, LLC (non-insurer)	22-3703799		
-- The Prudential Insurance Company of America (insurer)	22-1211670	NJ	68241
--- ARL Holdings, Inc. (non-insurer)	51-0405043		
--- Bree Investments Limited (foreign non-insurer)	not required		
--- CB Investment, LLC (non-insurer)	22-1211670		
--- Flor-Ag Corporation (non-insurer)	22-2354448		
--- Heritage Properties (non-insurer)	04-3474810		
--- ML/MSB Acquisition, Inc. (non-insurer)	06-1201557		
--- PGA Asian Holdings, Ltd. (foreign non-insurer)	not required		
--- PGA Asian Retail Limited (foreign non-insurer)	not required		

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

PART 1 - ORGANIZATIONAL CHART

---	PGA European Holdings, Inc. (non-insurer)	22-3610035		
---	PGA European Limited (foreign non-insurer)	not required		
---	PGA Kilimanjaro Limited (foreign non-insurer)	not required		
---	PIC Realty Canada Limited (foreign non-insurer)	not required		
---	PIC Realty Corporation (non-insurer)	22-1856768		
---	PRICOA GA Paterson, Limited (foreign non-insurer)	not required		
---	Pruco Life Insurance Company (insurer)	22-1944557	AZ	79227
----	Pruco Life Insurance Company of New Jersey (insurer)	22-2426091	NJ	97195
---	Pruco Securities Corporation (non-insurer)	22-1921421		
---	Prudential Brazilian Capital Fund (foreign non-insurer)	not required		
---	Prudential Financial Securities Investment Trust Enterprise (foreign non-insurer)	not required		
---	Prudential Funding, LLC (non-insurer)	22-2231168		
---	Prudential Global Funding, Inc. (non-insurer)	22-2429252		
---	Prudential Realty Securities, Inc. (non-insurer)	22-2429253		
---	Prudential Realty Securities II, Inc. (non-insurer)	22-2474608		
---	Prudential Select Holdings, Inc. (non-insurer)	22-3250374		
----	Prudential Select Life Insurance Company of America (insurer)	41-1760577	MN	66133
---	Residential Services Corporation of America (non-insurer)	52-1618675		
---	SMP Holdings, Inc. (non-insurer)	22-3451934		
---	SVIIT Holdings, Inc. (non-insurer)	22-3451932		
-	Prudential International Insurance Holdings, Limited (non-insurer)	51-0389061		
--	Pruservicos Participacoes, S.A. (foreign non-insurer)	not required		
---	Prudential-Bradesco Seguros, S.A. (foreign insurer)	not required		
--	Prudential Seguros, S.A. (foreign insurer)	not required		
--	Prumerica Towarzystwo Ubezpieczen na Zycie Spolka Akcyjna (foreign insurer)	not required		
--	Prumerica Life S.P.A. (foreign insurer)	not required		
--	The Prudential Life Insurance Company of Korea, Limited (foreign insurer)	not required		
--	The Prumerica Life Insurance Company, Inc.(foreign insurer)	not required		
--	The Prudential Life Insurance Company, Ltd. (foreign insurer)	not required		
--	Prudential Life Insurance Company of Taiwan Inc. (foreign insurer)	not required		
-	Prudential Japan Holdings Inc. (non-insurer)	22-3795856		
---	Gibraltar Life Insurance Company, Ltd. (foreign insurer)	not required		
----	Kyoei do Brasil Companhia de Seguros (foreign insurer)	not required		