



ANNUAL STATEMENT

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

AMERICAN MERCHANTS CASUALTY COMPANY

NAIC Group Code.....291, 291 NAIC Company Code..... 43630 Employer's ID Number..... 41-1563136
(Current Period) (Prior Period)

Organized under the Laws of Ohio State of Domicile or Port of Entry Ohio
Country of Domicile US
Incorporated..... June 6, 1986 Commenced Business..... November 13, 1986

Statutory Home Office	471 East Broad Street Columbus OH 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	471 East Broad Street Columbus OH 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	614-225-8211 <i>(Area Code) (Telephone Number)</i>
Mail Address	471 East Broad Street Columbus OH 43215 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	471 East Broad Street Columbus OH 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	614-225-8211 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	MotoristsGroup.com	
Statement Contact	James E. Vermillion <i>(Name)</i> MIC-AHIG.Accounting@MotoristsGroup.com <i>(E-Mail Address)</i>	614-225-8331 <i>(Area Code) (Telephone Number) (Extension)</i> 614-225-8330 <i>(Fax Number)</i>
Policyowner Relations Contact	471 East Broad Street Columbus OH 43215 <i>(Street and Number) (City or Town, State and Zip Code)</i>	1-800-876-6642 <i>(Area Code) (Telephone Number) (Extension)</i>

OFFICERS

President John Jacob Bishop Treasurer Michael Lee Wiseman Secretary Thomas Charles Ogg

VICE PRESIDENTS

David William Lemon

DIRECTORS OR TRUSTEES

John Jacob Bishop Thomas Charles Ogg	Alan Nicholas Dekker Robert Elvin Herman Rabold Michael Lee Wiseman	David William Lemon Burtis Gilbert Taylor
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State of Ohio
County of Franklin

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

John J. Bishop
President

Thomas C. Ogg
Secretary

Michael L. Wiseman
Treasurer

Subscribed and sworn to before me this
14th day of February, 2003

- a. Is this an original filing? Yes [X] No []
- b. If no:
1. State the amendment number
 2. Date filed.....
 3. Number of pages attached.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS 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.....	19,354,459		19,354,459	17,932,308
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....			.0	
2.2 Common stocks (Schedule D, Part 2, Section 2).....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....3,318,601 Schedule E, Part 1) and short-term investments (\$.....0 Schedule DA, Part 2).....	3,318,601		3,318,601	1,241,200
6. Other invested assets (Schedule BA).....			.0	379,074
7. Receivable for securities.....	6,800		6,800	16,266
8. Aggregate write-ins for invested assets.....	.0	.0	.0	.0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	22,679,859	.0	22,679,859	19,568,848
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	1,283,818		1,283,818	1,244,146
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....37,500 earned but unbilled premiums).....	2,983,182		2,983,182	2,428,589
10.3 Accrued retrospective premiums.....			.0	
11. Funds held by or deposited with reinsured companies.....	7,429		7,429	
12. Bills receivable, taken for premiums.....			.0	
13. Amounts receivable under high deductible policies.....			.0	
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8).....	193,356		193,356	223,360
15. Federal and foreign income tax recoverable and interest thereon (including \$.....1,009,914 net deferred tax asset).....	1,009,914	394,897	615,017	489,212
16. Guaranty funds receivable or on deposit.....			.0	
17. Electronic data processing equipment and software.....			.0	167
18. Interest, dividends and real estate income due and accrued.....	237,242		237,242	297,764
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			.0	
20. Receivable from parent, subsidiaries and affiliates.....			.0	
21. Amount due from/to protected cells.....			.0	
22. Equities and deposits in pools and associations.....	6,813		6,813	
23. Amounts receivable relating to uninsured accident and health plans.....			.0	
24. Other assets nonadmitted (Exhibit 1).....			.0	
25. Aggregate write-ins for other than invested assets.....	15,367	3,394	11,973	.0
26. Total assets excluding protected cell assets (Lines 9 through 25).....	28,416,980	398,291	28,018,689	24,252,085
27. Protected cell assets.....			.0	
28. TOTALS (Lines 26 and 27).....	28,416,980	398,291	28,018,689	24,252,085

DETAILS OF WRITE-INS

0801. ....			.0	
0802. ....			.0	
0803. ....			.0	
0898. Summary of remaining write-ins for Line 8 from overflow page.....	.0	.0	.0	.0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	.0	.0	.0	.0
2501. Security deposits.....	3,394	3,394	.0	
2502. Pooled general expenses receivable.....	10,276		10,276	
2503. Rent receivable.....	1,697		1,697	
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).....	15,367	3,394	11,973	.0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS CASUALTY COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	7,773,313	5,617,330
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6).....	788,932	911,299
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	1,730,493	1,411,014
4. Commissions payable, contingent commissions and other similar charges.....	418,363	264,768
5. Other expenses (excluding taxes, licenses and fees).....	114,774	137,658
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	213,618	197,311
7. Federal and foreign income taxes (including \$.....38,363 on realized capital gains (losses)) (including \$.....0 net deferred tax liability).....	37,122	105,124
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....181,023 and including warranty reserves of \$.....0).....	5,350,525	4,200,449
10. Advance premiums.....	144,184	116,829
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....	17,610	14,070
12. Ceded reinsurance premiums payable (net of ceding commissions).....	337,582	340,017
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	37,902	
14. Amounts withheld or retained by company for account of others.....	117,794	1,659
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	410,459	153,919
19. Payable to parent, subsidiaries and affiliates.....	4,669	40,161
20. Payable for securities.....		
21. Liability for amounts held under uninsured accident and health plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	7,095	185,010
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	17,504,436	13,696,618
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	17,504,436	13,696,618
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	2,300,000	2,300,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	6,649,403	6,649,403
33. Unassigned funds (surplus).....	1,564,850	1,606,065
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38).....	10,514,252	10,555,468
36. TOTALS (Page 2, Line 28, Col. 3).....	28,018,689	24,252,085

DETAILS OF WRITE-INS

2301. Premium deficiency reserve.....	5,160	18,540
2302. Pooled general expenses payable.....		164,918
2303. Future rent.....	1,674	
2398. Summary of remaining write-ins for Line 23 from overflow page.....	261	1,551
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	7,095	185,010
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 TAMERICAN MERCHANTS CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT**

	1 Current Year	2 Prior Year
STATEMENT OF INCOME		
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	12,729,953	10,362,330
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	7,955,788	5,938,830
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	1,610,926	1,243,982
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	4,222,196	3,559,809
5. Aggregate write-ins for underwriting deductions.....	(13,380)	33,658
6. Total underwriting deductions (Lines 2 through 5).....	13,775,530	10,776,279
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	(1,045,576)	(413,949)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	1,274,339	1,284,402
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	(112,843)	50,747
11. Net investment gain (loss) (Lines 9 + 10).....	1,161,496	1,335,149
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$... 2,705 amount charged off \$... 26,984).....	(24,279)	(1,137)
13. Finance and service charges not included in premiums.....	90,164	66,018
14. Aggregate write-ins for miscellaneous income.....	(3,060)	0
15. Total other income (Lines 12 through 14).....	62,824	64,881
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	178,744	986,081
17. Dividends to policyholders.....	23,909	16,629
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	154,835	969,452
19. Federal and foreign income taxes incurred.....	202,363	400,461
20. Net income (Line 18 minus Line 19) (to Line 22).....	(47,528)	568,991
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	10,555,467	9,140,573
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	(47,528)	568,991
23. Net unrealized capital gains or (losses).....	(124,398)	1,693
24. Change in net unrealized foreign exchange capital gains (loss).....		
25. Change in net deferred income tax.....	222,590	50,189
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	(389,991)	260
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
28. Change in surplus notes.....		
29. Surplus (contributed to) withdrawn from protected cells.....		
30. Cumulative effect of changes in accounting principles.....	298,112	793,761
31. Capital changes:		
31.1 Paid in.....		
31.2 Transferred from surplus (Stock Dividend).....		
31.3 Transferred to surplus.....		
32. Surplus adjustments:		
32.1 Paid in.....		
32.2 Transferred to capital (Stock Dividend).....		
32.3. Transferred from capital.....		
33. Net remittances from or (to) Home Office.....		
34. Dividends to stockholders.....		
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1).....		
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).....	(41,215)	1,414,894
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	10,514,252	10,555,467

DETAILS OF WRITE-INS		
0501. Premium recognition transition adjustment.....		28,858
0502. Premium deficiency reserve.....	(13,380)	4,800
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).....	(13,380)	33,658
1401. Loss on sale of office equipment.....	(3,060)	
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).....	(3,060)	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 TAMERICAN MERCHANTS CASUALTY COMPANY
CASH FLOW**

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	13,270,747	10,056,732
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	6,927,075	6,856,380
3. Underwriting expenses paid.....	4,075,070	3,469,966
4. Other underwriting income (expenses).....	261	(25,828)
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	2,268,864	(295,441)
6. Net investment income.....	1,356,841	1,318,202
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(24,279)	(1,137)
7.2 Net funds held under reinsurance treaties.....		
7.3 Net amount withheld or retained for account of others.....	4,539	(6,577)
7.4 Aggregate write-ins for miscellaneous items.....	87,104	66,018
7.5 Total other income (Lines 7.1 to 7.4).....	67,364	58,304
8. Dividends to policyholders on direct business, less \$.....20,369 dividends on reinsurance assumed or ceded (net).....	20,369	12,069
9. Federal and foreign income taxes (paid) recovered.....	(270,365)	(405,134)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	3,402,335	663,862
CASH FROM INVESTMENTS		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	5,507,050	5,970,856
11.2 Stocks.....		
11.3 Mortgage loans.....		
11.4 Real estate.....		
11.5 Other invested assets.....	379,074	203,016
11.6 Net gains or (losses) on cash and short-term investments.....		
11.7 Miscellaneous proceeds.....		27,522
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	5,886,124	6,201,394
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	7,188,531	6,240,135
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Miscellaneous applications.....	6,800	
12.7 Total investments acquired (Lines 12.1 to 12.6).....	7,195,331	6,240,135
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(1,309,206)	(38,741)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....		
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....	19,764	5,453
14.4 Borrowed funds received.....		
14.5 Other cash provided.....		578,120
14.6 Total (Lines 14.1 to 14.5).....	19,764	583,574
15. Cash applied:		
15.1 Dividends to stockholders paid.....		
15.2 Net transfers to affiliates.....	35,492	
15.3 Borrowed funds repaid.....		
15.4 Other applications.....		2,564
15.5 Total (Lines 15.1 to 15.4).....	35,492	2,564
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	(15,728)	581,009
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	2,077,400	1,206,131
18. Cash and short-term investments:		
18.1 Beginning of year.....	1,241,201	35,070
18.2 End of year (Line 17 plus Line 18.1).....	3,318,601	1,241,201
DETAILS OF WRITE-INS		
7.401 Finance and service charges not included in premiums.....	90,164	66,018
7.402 Loss on sale of office equipment.....	(3,060)	
7.403		
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	0	0
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	87,104	66,018

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 2	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	97,937	30,006	44,535	83,409
2.	Allied lines.....	60,670	16,886	25,475	52,081
3.	Farmowners multiple peril.....	235,867	1,859	78,851	158,875
4.	Homeowners multiple peril.....	2,169,788	808,590	1,087,681	1,890,698
5.	Commercial multiple peril.....	1,446,028	498,484	681,374	1,263,138
6.	Mortgage guaranty.....				0
8.	Ocean marine.....	11,413	5,596	5,476	11,533
9.	Inland marine.....	351,735	146,349	166,411	331,672
10.	Financial guaranty.....				0
11.1	Medical malpractice - occurrence.....				0
11.2	Medical malpractice - claims-made.....				0
12.	Earthquake.....	48,177	22,639	25,656	45,160
13.	Group accident and health.....				0
14.	Credit accident and health (group and individual).....				0
15.	Other accident and health.....	3,183	414	406	3,191
16.	Workers' compensation.....	462,707	160,476	197,440	425,743
17.1	Other liability - occurrence.....	893,717	360,657	456,715	797,659
17.2	Other liability - claims-made.....	7,005			7,005
18.1	Products liability - occurrence.....	73,807	29,128	34,378	68,557
18.2	Products liability - claims-made.....				0
19.1, 19.2	Private passenger auto liability.....	2,889,517	618,970	731,274	2,777,213
19.3, 19.4	Commercial auto liability.....	1,733,938	694,857	831,169	1,597,627
21.	Auto physical damage.....	3,038,502	769,070	946,707	2,860,864
22.	Aircraft (all perils).....				0
23.	Fidelity.....	28,504	10,997	13,661	25,839
24.	Surety.....	4,655	2,396	2,495	4,555
26.	Burglary and theft.....	10,077	4,044	4,837	9,284
27.	Boiler and machinery.....	(77)	171	1,236	(1,142)
28.	Credit.....				0
29.	International.....				0
30.	Reinsurance - nonproportional assumed property.....	168,869	7,622	7,130	169,360
31.	Reinsurance - nonproportional assumed liability.....	144,010	11,178	7,618	147,570
32.	Reinsurance - nonproportional assumed financial lines.....				0
33.	Aggregate write-ins for other lines of business.....	0	60	0	60
34.	TOTALS.....	13,880,029	4,200,449	5,350,525	12,729,953

DETAILS OF WRITE-INS

3301.	Warranty.....		60		60
3302.	.....				0
3303.	.....				0
3398.	Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	60	0	60

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....	44,535				44,535
2. Allied lines.....	25,475				25,475
3. Farmowners multiple peril.....	78,851				78,851
4. Homeowners multiple peril.....	1,087,681				1,087,681
5. Commercial multiple peril.....	681,374				681,374
6. Mortgage guaranty.....					0
8. Ocean marine.....	5,476				5,476
9. Inland marine.....	166,411				166,411
10. Financial guaranty.....					0
11.1 Medical malpractice - occurrence.....					0
11.2 Medical malpractice - claims-made.....					0
12. Earthquake.....	25,656				25,656
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....	406				406
16. Workers' compensation.....	197,440				197,440
17.1 Other liability - occurrence.....	456,715				456,715
17.2 Other liability - claims-made.....					0
18.1 Products liability - occurrence.....	34,378				34,378
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....	731,274				731,274
19.3, 19.4 Commercial auto liability.....	831,169				831,169
21. Auto physical damage.....	946,707				946,707
22. Aircraft (all perils).....					0
23. Fidelity.....	13,661				13,661
24. Surety.....	2,495				2,495
26. Burglary and theft.....	4,837				4,837
27. Boiler and machinery.....	1,236				1,236
28. Credit.....					0
29. International.....					0
30. Reinsurance - nonproportional assumed property.....	7,130				7,130
31. Reinsurance - nonproportional assumed liability.....	7,618				7,618
32. Reinsurance - nonproportional assumed financial lines.....					0
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0
34. TOTALS.....	5,350,525	0	0	0	5,350,525
35. Accrued retrospective premiums based on experience.....					
36. Earned but unbilled premiums.....					
37. Balance (sum of Lines 34 through 36).....					5,350,525

DETAILS OF WRITE-INS

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

- (a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [X] No [].
 (b) State here basis of computation used in each case: Daily method

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS 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.....	148	97,937		145	3	97,937
2. Allied lines.....	44	60,670		43	1	60,670
3. Farmowners multiple peril.....		235,867				235,867
4. Homeowners multiple peril.....	64,085	2,169,788		60,356	3,728	2,169,788
5. Commercial multiple peril.....		1,446,028				1,446,028
6. Mortgage guaranty.....						0
8. Ocean marine.....		11,413				11,413
9. Inland marine.....	4,874	351,735		4,617	258	351,735
10. Financial guaranty.....						0
11.1 Medical malpractice - occurrence.....						0
11.2 Medical malpractice - claims-made.....						0
12. Earthquake.....		48,177				48,177
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....		3,183				3,183
16. Workers' compensation.....		462,707				462,707
17.1 Other liability - occurrence.....	3,539	893,717		2,253	1,286	893,717
17.2 Other liability - claims-made.....		7,005				7,005
18.1 Products liability - occurrence.....		73,807				73,807
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	120,005	2,889,517		117,409	2,596	2,889,517
19.3, 19.4 Commercial auto liability.....		1,733,938				1,733,938
21. Auto physical damage.....	120,827	3,038,502		117,853	2,974	3,038,502
22. Aircraft (all perils).....						0
23. Fidelity.....		28,504				28,504
24. Surety.....		4,655				4,655
26. Burglary and theft.....		10,077				10,077
27. Boiler and machinery.....		(77)				(77)
28. Credit.....						0
29. International.....						0
30. Reinsurance - nonproportional assumed property.....	XXX	168,869				168,869
31. Reinsurance - nonproportional assumed liability.....	XXX	144,010				144,010
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.....	313,522	13,880,029	0	302,676	10,846	13,880,029

DETAILS OF WRITE-INS

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS 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 Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....	139	32,488	139	32,488	10,055	9,560	32,982	39.5
2. Allied lines.....	32	28,358	32	28,358	4,577	2,855	30,081	57.8
3. Farmowners multiple peril.....		64,375		64,375	16,226	985	79,617	50.1
4. Homeowners multiple peril.....	179,785	1,380,131	181,391	1,378,525	483,926	364,118	1,498,332	79.2
5. Commercial multiple peril.....		491,425	3,308	488,117	474,439	290,253	672,302	53.2
6. Mortgage guaranty.....				0			0	
8. Ocean marine.....		5,607		5,607	1,618	1,127	6,098	52.9
9. Inland marine.....	15,894	131,582	15,894	131,582	46,506	45,425	132,663	40.0
10. Financial guaranty.....				0			0	
11.1 Medical malpractice - occurrence.....		(105)		(105)	105		0	
11.2 Medical malpractice - claims-made.....				0			0	
12. Earthquake.....		127		127		27	100	0.2
13. Group accident and health.....				0			0	
14. Credit accident and health (group and individual).....				0			0	
15. Other accident and health.....		4,143		4,143	1,200	1,200	4,143	129.8
16. Workers' compensation.....		(382,884)		(382,884)	1,392,626	678,649	331,093	77.8
17.1 Other liability - occurrence.....		65,401		65,401	731,799	530,314	266,887	33.5
17.2 Other liability - claims-made.....		4,766		4,766			4,766	68.0
18.1 Products liability - occurrence.....		(5,560)		(5,560)	192,889	54,993	132,337	193.0
18.2 Products liability - claims-made.....				0			0	
19.1, 19.2 Private passenger auto liability.....	826,611	1,515,913	920,670	1,421,854	2,031,865	1,711,542	1,742,177	62.7
19.3, 19.4 Commercial auto liability.....		758,719	84,772	673,947	1,451,775	1,302,998	822,725	51.5
21. Auto physical damage.....	227,315	1,771,366	227,499	1,771,183	203,602	155,745	1,819,040	63.6
22. Aircraft (all perils).....				0			0	
23. Fidelity.....		4,152		4,152	7,383	7,968	3,566	13.8
24. Surety.....		4		4	3,176	2,281	899	19.7
26. Burglary and theft.....		6,283		6,283	2,931	1,916	7,298	78.6
27. Boiler and machinery.....		(339)		(339)			(339)	29.7
28. Credit.....				0			0	
29. International.....				0			0	
30. Reinsurance - nonproportional assumed property.....	XXX	103,298		103,298	413,489	217,552	299,235	176.7
31. Reinsurance - nonproportional assumed liability.....	XXX	4,484		4,484	303,126	237,824	69,785	47.3
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
34. TOTALS.....	1,249,776	5,983,734	1,433,704	5,799,805	7,773,313	5,617,330	7,955,788	62.5

DETAILS OF WRITE-INS

3301.				0			0	
3302.				0			0	
3303.				0			0	
3398. Summary of remaining write-ins for Line 33 from overflow page.....	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	

ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS 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 Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....		6,725		6,725		3,330		10,055	1,432
2. Allied lines.....		2,927		2,927		1,650		4,577	1,165
3. Farmowners multiple peril.....		12,536		12,536		3,690		16,226	1,331
4. Homeowners multiple peril.....	7,675	357,257	7,675	357,257	15,000	126,668	15,000	483,926	111,827
5. Commercial multiple peril.....		430,240		430,240		44,199		474,439	120,700
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....		838		838		780		1,618	356
9. Inland marine.....		36,006		36,006		10,500		46,506	3,839
10. Financial guaranty.....				0				0	
11.1 Medical malpractice - occurrence.....		105		105				105	
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				0	
15. Other accident and health.....				0		1,200		(a) 1,200	
16. Workers' compensation.....		747,987		747,987		644,639		1,392,626	149,355
17.1 Other liability - occurrence.....		236,870		236,870	8,000	494,930	8,000	731,799	324,820
17.2 Other liability - claims-made.....				0				0	
18.1 Products liability - occurrence.....		56,659		56,659		136,231		192,889	98,971
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	158,887	1,386,803	158,887	1,386,803	245,000	645,063	245,000	2,031,865	416,333
19.3, 19.4 Commercial auto liability.....		705,556		705,556		746,219		1,451,775	437,915
21. Auto physical damage.....	12,392	162,331	12,392	162,331	3,000	41,271	3,000	203,602	36,767
22. Aircraft (all perils).....				0				0	
23. Fidelity.....		1,503		1,503		5,880		7,383	340
24. Surety.....		3,176		3,176				3,176	981
26. Burglary and theft.....		1,221		1,221		1,710		2,931	445
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Reinsurance - nonproportional assumed property.....	XXX	270,066		270,066	XXX	143,423		413,489	18,834
31. Reinsurance - nonproportional assumed liability.....	XXX	83,663		83,663	XXX	219,463		303,126	5,085
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.....	178,954	4,502,468	178,954	4,502,468	271,000	3,270,846	271,000	7,773,313	1,730,493

DETAILS OF WRITE-INS

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

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

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT**

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	36,418			36,418
1.2 Reinsurance assumed.....	655,457			655,457
1.3 Reinsurance ceded.....	36,409			36,409
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	655,465	.0	.0	655,465
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		28,875		28,875
2.2 Reinsurance assumed excluding contingent.....		2,023,785		2,023,785
2.3 Reinsurance ceded excluding contingent.....		28,875		28,875
2.4 Contingent - direct.....				.0
2.5 Contingent - reinsurance assumed.....		151,095		151,095
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	2,174,881	.0	2,174,881
3. Allowances to managers and agents.....		22,294		22,294
4. Advertising.....		38,071		38,071
5. Boards, bureaus and associations.....	4,599	33,416		38,015
6. Surveys and underwriting reports.....		97,419		97,419
7. Audit of assureds' records.....		5,568		5,568
8. Salary and related items:				
8.1 Salaries.....	479,485	915,930	5,864	1,401,280
8.2 Payroll taxes.....	35,823	63,223	430	99,476
9. Employee relations and welfare.....	78,970	125,327	1,048	205,345
10. Insurance.....	9,404	11,895	46	21,345
11. Directors' fees.....	4,809	6,893		11,702
12. Travel and travel items.....	21,036	23,719	.0	44,755
13. Rent and rent items.....	39,575	73,759	763	114,097
14. Equipment.....	85,517	120,825	1,324	207,665
15. Cost or depreciation of EDP equipment and software.....	17,339	18,406		35,746
16. Printing and stationery.....	14,473	30,200		44,672
17. Postage, telephone and telegraph, exchange and express.....	41,078	84,953		126,031
18. Legal and auditing.....	12,329	56,443	5,260	74,032
19. Totals (Lines 3 to 18).....	844,437	1,728,341	14,735	2,587,513
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....1,288.....		252,041		252,041
20.2. Insurance department licenses and fees.....		13,572		13,572
20.3. Gross guaranty association assessments.....		5,708		5,708
20.4. All other (excluding federal and foreign income and real estate).....		7,647		7,647
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	.0	278,969	.0	278,969
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.....	111,023	40,005	.0	151,028
25. Total expenses incurred.....	1,610,926	4,222,196	14,735	(a).....5,847,857
26. Less unpaid expenses - current year.....	1,730,493	746,047	708	2,477,248
27. Add unpaid expenses - prior year.....	1,411,014	598,921	816	2,010,751
28. Amounts receivable relating to uninsured accident and health plans, prior year.....				.0
29. Amounts receivable relating to uninsured accident and health plans, current year.....				.0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	1,291,447	4,075,070	14,844	5,381,360

DETAILS OF WRITE-INS

2401. Donations and contributions.....	4,575	5,876		10,451
2402. Overage/shortage.....	(241)	(994)	.0	(1,236)
2403. Temporary labor.....	976	4,737		5,713
2498. Summary of remaining write-ins for Line 24 from overflow page.....	105,713	30,386	.0	136,099
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	111,023	40,005	.0	151,028

(a) Includes management fees of \$.....13,043 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....562,232	.....603,348
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....749,316	.....647,713
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).....25,927	.....25,927
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....11,776	.....11,776
9. Aggregate write-ins for investment income.....	.....346	.....311
10. Total gross investment income.....	.....1,349,597	.....1,289,074
11. Investment expenses.....	.....	(g).....14,735
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).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....14,735
17. Net investment income (Line 10 minus Line 16).....	.....	.....1,274,339

DETAILS OF WRITE-INS

0901. Security lending income.....	.....312	.....277
0902. Investment income - compensation.....	.....34	.....34
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....346	.....311
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....30,566 accrual of discount less \$.....52,654 amortization of premium and less \$.....70,421 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. government bonds.....0
1.1 Bonds exempt from U.S. tax.....0
1.2 Other bonds (unaffiliated).....	.....147,941	.....(260,785)	.....	.....(124,398)	.....(237,242)
1.3 Bonds of affiliates.....0
2.1 Preferred stocks (unaffiliated).....0
2.11 Preferred stocks of affiliates.....0
2.2 Common stocks (unaffiliated).....0
2.21 Common stocks of affiliates.....0
3. Mortgage loans.....0
4. Real estate.....0
5. Contract loans.....0
6. Cash/short-term investments.....0
7. Derivative instruments.....0
8. Other invested assets.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....147,941	.....(260,785)	.....0	.....(124,398)	.....(237,242)

DETAILS OF WRITE-INS

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

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2.....	394,897		(394,897)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....			.0
2.2 Furniture, equipment and supplies.....		3,159	3,159
2.3 Leasehold improvements.....			.0
2.4 Loans on personal security, endorsed or not.....			.0
3. Total (Lines 2.1 to 2.4).....	.0	3,159	3,159
4. Aggregate write-ins for other assets.....	3,394	5,141	1,747
5. Total (Line 1 plus Lines 3 and 4).....	398,291	8,300	(389,991)

DETAILS OF WRITE-INS

0401. Security deposits.....	3,394	3,394	.0
0402. Miscellaneous assets.....		1,747	1,747
0403. ....			.0
0498. Summary of remaining write-ins for Line 4 from overflow page.....	.0	.0	.0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above).....	3,394	5,141	1,747

ANNUAL STATEMENT FOR THE YEAR 2002 OF T. AMERICAN MERCHANTS CASUALTY COMPANY
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying financial statements have been completed in accordance with the accounting practices and procedures prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Ohio.

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

The preparation of financial statements in conformity with Statutory Accounting Principles as described in the Annual Statement Instructions and the Accounting Practices and Procedures manual requires that management 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 the premiums written. Such reserves are computed using the daily method for direct business and are based on reports received from ceding companies for reinsurance assumed business.

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

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- (3) Common stocks are valued at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at cost, unless qualified at market.
- (5) The Company has no mortgage loans.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. Amortized cost includes pre-payment assumptions based on values obtained from market data vendors or broker dealers. The retrospective adjustment method is used to value these securities.
- (7) No investments are held in subsidiaries or affiliates.
- (8) The Company's investments in joint ventures and partnerships, if any, are valued based on the underlying equity of the investee as presented in audited GAAP financial reports.
- (9) No derivative securities are held.
- (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 amounts are adequate, the ultimate liabilities may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

2. Accounting Changes and Correction of Errors

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

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle as an adjustment that increased unassigned funds (surplus), by \$ 793,761 as of January 1, 2001. The components of this adjustment are as follows:

A. Net Deferred Federal Income Tax Asset	\$ 439,023
B. Statutory Schedule P Reserve Elimination	\$ 457,414
C. Premium Recognition Adjustments (Net of Expense)	\$ 28,858
D. Deferred Compensation/Compensated Absences	\$ (117,794)
Deficiency Reserve	\$ (13,740)
F. Net Impact on Surplus	\$ 793,761

Premium income associated with the transition adjustments (item "C" above) is included in the earned premium amount shown on page 4, column 2, line 1. Related commission and insurance tax expenses are included on page 4, column 2, line 4. The net effect of these adjustments is reversed in the aggregate write-in line on page 4, column 2, line 5. Thus, the impact of this transition item on the net underwriting results is \$0. This approach was selected to properly include the transition premium adjustments in the corresponding statutory premium and loss experience exhibits presented on page 24 and throughout the statutory blank in 2001. The components of the transition amounts referenced above are shown below.

A. Premiums Earned [Premiums Written]:			
Direct	\$ -0-	[\$ -0-]	
Reins Assumed	\$ 43,638	[\$ 12,900]	
Reins Ceded	\$ -0-	[\$ -0-]	
Net	\$ 43,638	[\$ 12,900]	
B. Other Underwriting Expenses	Line 4	\$ 14,780	
C. Write-in: Premium Recognition Transition Adjustment	Line 5	\$ (28,858)	
D. Net Underwriting Profit Impact	Line 7	\$ -0-	

The net deferred federal income tax (FIT) asset amount shown in the financial reports as of December 31, 2001 reflects only the admitted portion of the net deferred FIT asset component. The non-admitted portion is not reflected in the prior year amount shown. The company changed its method of accounting for the net deferred FIT asset effective January 1, 2002 to recognize the deferred asset component on a "gross" (admitted and non-admitted) basis. The portion of the net deferred FIT asset, which is non-admitted, is recognized as a non-admitted asset. This adjustment, which is reported in the 2002 financial statement as a change in accounting principle, had no impact on the change in the surplus account for the year as shown below.

A. Cumulative Effect of Changes in Accounting Principles	\$ 298,112
B. Change in Non-Admitted Assets	\$ (298,112)
C. Net Change in Surplus	\$ -0-

3. Business Combinations and Goodwill

The Company had no business combination or goodwill transactions.

4. Discontinued Operations

The Company had no discontinued operations.

5. Investments

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- A. The Company has no mortgage loans.
 B. The Company was not involved in any debt restructuring.
 C. The Company has no reverse mortgages.
 D. Loan-Backed Securities
 (1) The Company did not elect to use book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date.
 (2) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from market data vendors or broker dealer values.
 (3) Market values were obtained from a pricing service, HUB Data Inc., a market data vendor, Bloomberg Inc., and from external investment brokers.
 (4) The Company did not change from retrospective to prospective adjustment methodology.
 E. The Company has no repurchase agreements.

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in joint ventures, partnerships or limited liability companies.
 B. The Company did not recognize any impairment write down for investments in joint ventures, partnerships or limited liability companies during the statement periods.

7. Investment Income

- A. Due and accrued investment income was excluded from surplus on the basis of a bond being in default and amounts being over 90 days past due.
 B. The total amount excluded was \$30,785.

8. Derivatives Instruments

The Company does not own derivative financial instruments.

9. Income Taxes

	<u>2001</u>	<u>2002</u>
A. Components of net deferred tax asset/(liability) at December 31 are as follows:		
1) Total of all deferred tax assets (admitted and nonadmitted)	787,343	1,009,914
2) Total of all deferred tax liabilities	19	-
3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	298,112	394,897
4) Total of all deferred tax assets	489,212	615,017
5) Increase (decrease) in deferred tax assets nonadmitted		96,785
B. Deferred tax liabilities are not recognized for the following amounts:		
1) As of December 31, the Company had a balance of \$_____ in its Policyholder Surplus account under the provisions of the Internal Revenue Code. This amount could become taxable to the extent that future shareholder dividends are paid from this account (stock life companies only).		N/A
2) As of December 31, the Company had investments in certain foreign subsidiaries whose reporting basis exceeded tax basis by \$_____. This amount could become taxable in the event of a sale or dissolution of one or more subsidiaries.		N/A
C. Current income taxes incurred consist of the following major components:		
1) Current year expense	399,124	261,613
2) Tax credits		-
3) Capital loss carryback benefit		(39,491)
4) Prior year overaccrual of tax reserves	1,337	(19,759)
5) Current year taxes incurred	400,461	202,363

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

	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
DTAs				
6) Reserves	9,503,000	7,869,937	1,633,063	555,241
7) Unearned Premium Reserves	5,495,183	4,396,146	1,099,037	373,673
8) Accrued deferred compensation			-	-
9) Bonds/Partnerships	(19,354,459)	(19,554,032)	199,573	67,855
10) Other	-	(38,663)	38,663	13,145
11) Total DTAs	(4,356,276)	(7,326,612)	2,970,336	1,009,914
12) DTAs nonadmitted		(1,161,462)	1,161,462	394,897
DTLs				
13) Stocks/Bonds	-	-	-	-
14) Depreciable assets	-	-	-	-
15) Other	-	-	-	-
16) Total DTLs	-	-	-	-

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>
DTAs resulting from book/tax differences in			
17) Reserves	433,560	454,109	555,241
18) Unearned Premium Reserves	247,916	286,552	373,673
19) Bonds/Partnerships	-	26,079	67,855
20) Other	48,003	20,603	13,145
21) Total DTAs	729,479	787,343	1,009,914
22) DTAs nonadmitted	289,768	298,112	394,897
DTLs resulting from book/tax differences in			
23) Stocks/Bonds	-	-	-
24) Depreciable assets	-	19	-
25) Other	688	-	-
26) Total DTLs	688	19	-

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

	<u>Amount</u>	<u>Tax Effect</u>
1) Income before taxes	154,835	54,192
2) Book over tax reserves incl s&s	300,145	105,051
3) Unearned Premium Reserves	235,486	82,420
4) Tax exempt interest	-	-
5) Dividends received deduction	-	-
6) Other	57,001	(19,541)
7) Total adjustments	592,632	167,930
8) Taxable Income	747,467	222,122

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NOTES TO FINANCIAL STATEMENTS

- E. 1) At December 31, 2002, the Company has \$0 of operating loss carry forward.
 2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:
- | | |
|-------------------------|---------|
| 2002 (current year) | 245,000 |
| 2001 (current year - 1) | 356,000 |
| 2000 (current year - 2) | 4,000 |

- F. 1) The Company's federal income tax return is consolidated with the following entities:
 American Hardware Mutual Insurance Company
 AHM Insurance Agency, Inc.
 AHM Insurance Agency, Inc. of AL
 AHM Insurance Agency, Inc. of KY
 AHM Insurance Agency, Inc. of MA
 AHM Insurance Agency, Inc. of OH
- 2) The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled annually when the federal income tax return is filed.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A., B., and C. The Company had no material related party transactions.
 D. At December 31, 2002, and 2001, the Company reported \$4,669 and \$40,161 as amounts due to affiliates. All amounts were settled within 30 days.
 E. The Company has no guarantees or undertakings for the benefit of an affiliate or related party that result in a material contingent exposure to the Company.
 F. The Company and its parent, American Hardware Mutual Insurance Company, have a management agreement with Motorists Mutual Insurance Company, a mutual insurer domiciled in Ohio, whereby Motorists provides management services for the companies. The Company also has an arrangement with its parent and affiliates under which costs for common facilities and support services are shared.
 G. All outstanding shares of the Company are owned by American Hardware Mutual Insurance Company, a mutual property/casualty insurer domiciled in Ohio.
 H. The Company owns no shares, directly or indirectly, of an upstream intermediate entity or ultimate parent.
 I. The Company has no investments in Subsidiary, Controlled or Affiliated (SCA) entities.
 J. The Company has no investments in SCA entities and thus no SCA impairment write-downs were recognized during the statement period.

11. Debt

- A. The Company has no capital notes outstanding.
 B. The Company has no other debt obligations outstanding.

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

- A. The Company participates in a defined benefit pension plan sponsored by its parent, American Hardware Mutual Insurance Company.
 B. The Company participates in a defined contribution savings plan sponsored by its parent, American Hardware Mutual Insurance Company. The parent contributes an amount equal to 35% of the first 6% of employee contributions and allocates amounts to the Company based on a cost sharing arrangement. The Company's share of contributions to the plan was \$240 and \$1,517 for 2002 and 2001, respectively.
 C. The Company does not participate in multi-employer plans.
 D. The Company participates in a defined benefit pension plan sponsored by its parent, American Hardware Mutual Insurance Company. The Company has no legal obligations for benefits under this plan. American Hardware allocates amounts to the Company based on a cost sharing arrangement. The Company incurred no pension expense in 2002 or 2001.
 E. As of December 31, 2002, the Company had no obligations for post-employment benefits or compensated absences.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 10,000 shares authorized and 10,000 shares issued and outstanding.
 (2) The Company has no preferred stock outstanding.
 (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Ohio, to \$1,051,425, an amount that is based on restrictions relating to statutory surplus.
 (4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
 (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
 (6) There are no advances to surplus.
 (7) There is no stock held by the Company for special purposes.
 (8) The Company had no special surplus funds in 2002 or 2001.
 (9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:
 a. Unrealized gains and losses: \$ (216,107)
 b. Nonadmitted asset values: \$ 398,291
 c. Provision for reinsurance: \$ - 0
 (10) The Company has no surplus debentures or similar obligations outstanding.
 (11) Information concerning quasi-reorganization is not applicable.
 (12) Information concerning quasi-reorganization is not applicable.

14. Contingencies

- A. Contingent Commitments
 The Company has no commitments or contingent commitments to an SCA entity, joint venture, partnership or limited liability company.
- B. Assessments
 There are no known assessments or potential assessments that would have a material impact on the financial position of the Company.
- C. Gain Contingencies
 The Company has no material gain contingencies to disclose.
- D. All Other Contingencies
 There are no contingent liabilities arising from litigation, income taxes or other matters that are considered material in relation to the financial position of the Company.

15. Leases

- A. The Company has no material lease obligations.
 B. The Company does not act as a lessor in business activities or participate in leveraged leases.

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

- A., B., C. The Company has no investments in financial instruments with off-balance sheet risk.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

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A. Transfer of Receivables Reported as Sales

The Company had no transfers of receivables reported as sales.

B. Transfer and Servicing of Financial Assets

- (1) The Company did not obtain any assets or incur any liabilities due to the transfer of financial assets during the period.
- (2) At December 31, 2002, the Company had fixed income and equity securities with a statement value totaling \$4,370,712 on loan to various brokers. All loaned securities are collateralized with cash or securities issued or guaranteed by the United States Government or its agencies. Collateral is maintained at 102% of market value, plus accrued interest for fixed income securities.
- (3) The Company has no servicing assets or servicing liabilities.

C. Wash Sales

In the course of the Company's asset management, no securities were sold and reacquired within 30 days of the sale date to enhance the yield on its investment portfolio.

18. **Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

The Company does not serve as an Administrative Services Only (ASO) or an Administrative Services Contact (ASC) plan administrator.

19. **Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

The Company had no direct premiums written through managing general agents or third party administrators.

20. **Other Items**

A. Extraordinary Items

There were no extraordinary events to report in the financial statements for the periods ended December 31, 2002 and 2001.

B. Troubled Debt Restructuring: Debtors

The Company had no restructured debt.

C. Other Disclosures

- (1) The Company elected to use rounding in the reporting of amounts in this statement.
- (2) The following presents the Company's net unpaid loss and loss adjustment expense reserves for accident years 1988 through 1992 and prior in the statutory categories reported in Schedule P, Part 1, columns 13 through 24 of the annual statement. All amounts shown are in thousands.

Schedule P Category	Loss Year	Case Basis	Bulk & IBNR	Def & Cost Containment	Adjusting & Other Exp	Salvage & Subrogation	Loss & Exp Total Unpaid
Part 1A	1991	0	-	-	-	-	0
Homeowners/ Farmowners	1992	0	-	0	0	-	0
	Total	0	-	0	0	-	0
	Prior	18	-	0	-	-	18
Private Passenger	1988	1	-	-	-	-	1
Auto Liability/Medical	1989	1	-	-	-	-	1
	1990	2	-	-	-	-	2
	1992	1	-	-	0	-	1
	Total	23	-	0	0	-	23
Part 1 C	Prior	1	-	-	-	-	1
Commercial Auto/ Truck Liability/Medical	1988	0	-	-	-	-	0
	1989	8	-	-	-	-	8
	1990	2	-	-	-	-	2
	1991	9	-	-	-	-	9
	1992	3	0	(0)	2	-	4
	Total	23	0	(0)	2	-	25
Part 1D	Prior	217	59	0	-	-	276
Workers' Compensation	1988	23	11	-	-	-	35
	1989	34	20	-	-	-	54
	1990	62	33	-	-	-	95
	1991	46	30	-	-	-	75
	1992	51	82	21	10	-	165
	Total	433	235	21	10	-	699
Part 1E	Prior	206	-	0	-	-	206
Commercial Multiple Peril	1988	7	-	-	-	-	7
	1989	48	-	-	-	-	48
	1990	3	-	0	-	-	3
	1991	7	-	-	-	-	7
	1992	(58)	(62)	1	8	-	(111)
	Total	215	(62)	1	8	-	162
Part 1F, Section 1	Prior	0	-	-	-	-	0
Medical Malpractice	Total	0	-	-	-	-	0
Part 1G	Prior	0	-	-	-	-	0
Special Liability	Total	0	-	-	-	-	0
Part 1H, Section 1	Prior	27	104	6	-	-	137
Other Liability	1988	0	-	-	-	-	0
	1989	0	-	-	-	-	0
	1990	0	-	0	-	-	0
	1991	0	-	0	-	-	0
	1992	2	-	0	1	-	3
	Total	29	104	6	1	-	140
Part 1I	Prior	0	-	0	-	-	0
Special Property	1992	0	-	-	0	-	0
	Total	0	-	0	0	-	0
Part 1J	Prior	0	-	-	-	-	0
Auto Physical	1990	0	-	-	-	-	0
Damage	1992	2	0	-	0	-	2
	Total	2	0	-	0	-	3

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Part 1K	Prior	0	-	-	-	-	0
Fidelity/Surety	1990	0	-	-	-	-	0
	1991	0	-	-	-	-	0
	1992	0	-	-	0	-	0
	Total	1	-	-	0	-	1
Part 1N	Prior	21	29	2	-	-	52
Reinsurance A	1988	0	1	-	-	-	1
	1989	1	1	0	-	-	2
	1990	2	0	0	-	-	3
	1991	0	1	-	-	-	1
	1992	1	-	0	-	-	1
	Total	26	33	2	-	-	60
Part 1O	1988	-	4	-	-	-	4
Reinsurance B	1989	4	5	0	-	-	10
	1990	2	6	0	-	-	8
	1991	4	8	0	-	-	12
	1992	2	9	0	-	-	11
	Total	12	32	1	-	-	45
Part 1R, Section 1	Prior	4	-	-	-	-	4
Products Liability	1992	-	16	0	1	-	17
	Total	4	16	0	1	-	21

D. The potential for losses associated with uncollectible receivable balances is not material to the Company's financial position. Premium balances over 90 days past due are recorded as nonadmitted assets.

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

F. Multi Peril Crop Insurance
The Company does not write multi peril crop insurance.

G. Mezzanine Real Estate Loans
The Company has no real estate or mortgage loans.

H. Health Care Receivables
Information concerning health care receivables is not applicable.

I. September 11 Events
The Company had no losses associated with the terrorist attacks of September 11, 2001.

21. Events Subsequent

There are no known events subsequent to the closing of the financial records that would materially impact the financial information presented.

22. Reinsurance

A. Unsecured Reinsurance Recoverables
The Company has an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium from the following reinsurer that exceeds 3% of the Company's surplus.

<u>Company Name</u>	<u>NAIC Group</u>	<u>Federal ID</u>	<u>Amount Recoverable</u>
Motorists Mutual Insurance Company	291	31-4259550	\$ 570,000

B. Reinsurance Recoverable in Dispute
The Company has no reinsurance recoverable amounts in dispute.

C. Reinsurance Assumed and Ceded
(1) The maximum amount of return commission which would have been due reinsurers if they or the Company had cancelled all of the Company's reinsurance ceded contracts as of December 31, 2002, with the return of the unearned premium reserve is shown below. The Company does not write reinsurance assumed business.

	<u>Assumed Reinsurance</u>		<u>Ceded Reinsurance</u>		<u>Net</u>	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a. Affiliates	\$ 5,350,525	\$ 762,599	\$ 181,023	\$ 0	\$ 5,169,502	\$ 762,599
b. All Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
c. Total	\$ 5,350,525	\$ 762,599	\$ 181,023	\$ 0	\$ 5,169,502	\$ 762,599
d. Direct Unearned Premium Reserve		\$ 181,023				

(2) The additional or return commissions predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows:

	(1) <u>Direct</u>	(2) <u>Assumed</u>	(3) <u>Ceded</u>	(4) <u>Net</u>
a. Contingent Commission	\$ 0	\$ 180,056	\$ 0	\$ 180,056
b. Sliding Scale Adjustments	\$ 0	\$ 0	\$ 0	\$ 0
c. Other Profit Commission Arrangements	\$ 0	\$ 0	\$ 0	\$ 0
d. Total	\$ 0	\$ 180,056	\$ 0	\$ 180,056

D. Uncollectible Reinsurance
There were no reinsurance balances written off as uncollectible in 2002 or 2001.

E. Commutation of Ceded Reinsurance
The Company did not commute any ceded reinsurance balances or obligations in 2002 or 2001.

F. Retroactive Reinsurance
The Company has no retroactive reinsurance contracts.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

A., B., C., and D. The Company has no retrospectively rated contracts or contracts subject to redetermination.

ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS CASUALTY COMPANY
NOTES TO FINANCIAL STATEMENTS

24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for the Company's incurred losses and loss adjustment expenses (before intercompany pooling) attributable to insured events of prior years reflect favorable development totaling \$42,000. This development can be attributed, in part, to the re-estimation of unpaid losses and loss adjustment expenses principally on homeowners, private passenger auto liability, and auto physical damage lines of insurance. This reduction 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. Since the Company does not write retrospectively rated contracts, no premium adjustments have been made as a result of this loss and loss expense development.

25. Intercompany Pooling Arrangements

Since January 1, 1993, Motorists Mutual Insurance Company (NAIC Company Code 14621) and its affiliates, American Hardware Mutual Insurance Company (NAIC Company Code 13331) and American Merchants Casualty Company (NAIC Company Code 43630), participated in a reinsurance pooling arrangement covering premiums, losses and underwriting expenses for all lines of business from January 1, 1993 forward. Related finance and service charge income, net gains/losses from agent and premium balance charge-offs, and policyholder dividends were also subject to the pooling agreement. The pool participation rates were 77% for Motorists Mutual, 20% for American Hardware and 3% for American Merchants.

On November 19, 2001, Wilson Mutual Insurance Company (NAIC Company Code 19950) affiliated with the Motorists Insurance Group. Effective January 1, 2002, the reinsurance pooling arrangement was amended to include Wilson Mutual. Unearned premiums, unpaid losses, unpaid expenses and other underwriting related balances as of December 31, 2001 associated with accident years 1993 and subsequent were redistributed to facilitate the inclusion of Wilson Mutual. The pool participation rates were changed to 75% for Motorists Mutual, 19% for American Hardware, 3% for American Merchants and 3% for Wilson Mutual.

Each company recognizes facultative (quota share and excess) and treaty (excess and catastrophe) reinsurance cessions with non-affiliated reinsurers, prior to the administration of the pooling agreement. Reinsurance assumed business from voluntary and involuntary pools and associations is also recorded before pooling. As the lead insurer, Motorists Mutual assumes all net premiums, losses, adjustment expenses and underwriting expenses subject to pooling and cedes back to each company their respective share of the pool. Underwriting related balance sheet items such as premiums, losses, and expenses receivable/recoverable and payable are pooled in the same manner. Write-offs of uncollectible premiums and reinsurance balances are pooled in the year the write-offs are recognized.

Effective December 31, 2002, the pooling agreement was amended to include the runoff of loss and expense reserves associated with accident year 1992 and prior claims. Unpaid losses, unpaid expenses and other underwriting related balances associated with these reserves were redistributed between the pooling companies to facilitate this change. For comparative purposes, the historical data presented in the enclosed Schedule P exhibits has been restated to reflect the reporting company's share of the combined pool business as if the pooling arrangement had been in effect for all calendar years shown in Schedule P.

Reinsurance assumed premium receivable and loss payable amounts included in Schedule F, Part 1, do not reconcile with the corresponding reinsurance ceded premium payable and loss recoverable amounts shown on Schedule F, Part 3, due to the inclusion of each company's share of pooled reinsurance assumed and ceded balance sheet accounts as of December 31, 2002. The Provision for Reinsurance as shown on Schedule F, Part 7, is computed for each company independently and is not subject to the pooling arrangement.

26. Structured Settlements

The Company has not purchased annuities for structured settlements, under which the claimant is the payee, but for which the Company is contingently liable.

27. High Deductibles

The Company had nonpaid claims on policies with high deductibles.

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

The Company does not discount loss and loss adjustment expense reserves.

29. Asbestos/Environmental Reserves

The Company has no exposure to asbestos or environmental losses from direct lines of business. Its assumed exposure through intercompany pooling is shown below.

A. Asbestos:

	(1)	(2)	(3)	(4)	(5)
	1998	1999	2000	2001	2002
a. Beginning reserves:	164,065	170,365	158,918	141,604	112,596
b. Incurred losses and loss adjustment expense:	18,818	30,839	732	(4,246)	334,553
c. Calendar year payments for losses and loss adjustment expenses:	<u>12,518</u>	<u>42,286</u>	<u>18,046</u>	<u>24,762</u>	<u>40,548</u>
d. Ending reserves:	170,365	158,918	141,604	112,596	406,601

B. The amount of ending reserves for Bulk & IBNR included in "A" (Loss and LAE) above is \$267,306.

C. The amount of ending reserves for loss and adjustment expenses included in "A" (Case, Bulk & IBNR) above is \$73,621.

D. Environmental:

	(1)	(2)	(3)	(4)	(5)
	1998	1999	2000	2001	2002
a. Beginning reserves:	132,850	169,999	142,916	121,171	54,656
b. Incurred losses and loss adjustment expense:	96,977	41,037	5,653	(50,164)	86,865
c. Calendar year payments for losses and loss adjustment expenses:	<u>59,827</u>	<u>68,120</u>	<u>27,398</u>	<u>16,351</u>	<u>28,483</u>
d. Ending reserves:	169,999	142,916	121,171	54,656	113,038

E. The amount of ending reserves for Bulk & IBNR included in "D" (Loss and LAE) above is \$94,379.

F. The amount of ending reserves for loss and adjustment expenses included in "D" (Case, Bulk & IBNR) above is \$22,025.

30. Subscriber Savings Accounts

Information concerning subscriber savings accounts is not applicable.

31. Financial Guaranty Insurance Exposures

The Company has no exposure to financial guaranty claims.

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SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	3,259,756	14.2	3,259,756	14.4
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....	6,965,935	30.4	6,965,935	30.7
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	510,394	2.2	510,394	2.3
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....	3,942,023	17.2	3,942,023	17.4
1.512 Issued by FNMA and FHLMC.....		0.0		0.0
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....		0.0		0.0
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....		0.0		0.0
1.523 All other privately issued.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	4,892,459	21.4	4,676,352	20.6
2.2 Unaffiliated foreign securities.....		0.0		0.0
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....		0.0		0.0
6. Policy loans.....		0.0		0.0
7. Receivables for securities.....		0.0	6,800	0.0
8. Cash and short-term investments.....	3,318,601	14.5	3,318,601	14.6
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	22,889,167	100.0	22,679,859	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State regulating? Ohio

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

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

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1998

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1998

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/15/2000

3.4 By what department or departments? Ohio

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

4.11 sales of new business? Yes No

4.12 renewals? Yes No

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes No

4.22 renewals? Yes No

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes No

6.2 If yes, give full information: _____

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes No

7.2 If yes,
7.21 State the percentage of foreign control.0.000 %

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

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 Ernst & Young, 41 S. High Street, Columbus, OH 43215
-
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 Peter A. Weisenberger, FCAS, Vice President, Actuarial Division, Motorists Mutual Insurance Company, 471 E. Broad Street, Columbus, OH 43215
-
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 [] N/A []

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred.....	.....	.....	.....	.....	Yes [].....No [].....	Yes [].....No [].....
Common.....	.....10,000,000	.....10,000,000	.....100.00	.....XXX.....	.....XXX.....XXX.....	.....XXX.....XXX.....

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

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

The company participates in a securities lending program which is administered by its custodian, Bank One Trust Company, N.A.

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

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

19.21 Loaned to others	\$.....4,370,712
19.22 Subject to repurchase agreements	\$.....0
19.23 Subject to reverse repurchase agreements	\$.....0
19.24 Subject to dollar repurchase agreements	\$.....0
19.25 Subject to reverse dollar repurchase agreements	\$.....0
19.26 Pledged as collateral	\$.....0
19.27 Placed under option agreements	\$.....0
19.28 Letter stock or securities restricted as to sale	\$.....0
19.29 Other	\$.....0

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

19.31 Various brokers, filed with state of domicile.	_____
19.32	_____
19.33	_____
19.34	_____
19.35	_____
19.36	_____
19.37	_____
19.38	_____
19.39	_____

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank One Investment Management Group	1111 Polaris Parkway, Building 54101-2B, Columbus, OH 43240

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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

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

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

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

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

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

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....22,139

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
Insurance Services Office, Inc.	16,700

24.1 Amount of payments for legal expenses, if any? \$.....400

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
Thompson, Smithers, Newman & Wade	400

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$.....	0
1.3	What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$.....	0
1.31	Reason for excluding:	<hr/>	
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$.....	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$.....	0
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$.....	0
1.62	Total incurred claims	\$.....	0
1.63	Number of covered lives	.....	0
	All years prior to most current three years:		
1.64	Total premium earned	\$.....	0
1.65	Total incurred claims	\$.....	0
1.66	Number of covered lives	.....	0
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$.....	0
1.72	Total incurred claims	\$.....	0
1.73	Number of covered lives	.....	0
	All years prior to most current three years:		
1.74	Total premium earned	\$.....	0
1.75	Total incurred claims	\$.....	0
1.76	Number of covered lives	.....	0
2.1	Does the reporting entity issue both participating and non-participating policies?	Yes []	No [X]
2.2	If yes, state the amount of calendar year premiums written on:		
2.21	Participating	\$.....	0
2.22	Non-participating policies	\$.....	0
3.	For Mutual Reporting Entities and Reciprocal Exchange only:		
3.1	Does the reporting entity issue assessable policies?	Yes []	No []
3.2	Does the reporting entity issue non-assessable policies?	Yes []	No []
3.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?	.....	0.0 %
3.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$.....	0
4.	For Reciprocal Exchanges only:		
4.1	Does the exchange appoint local agents?	Yes []	No []
4.2	If yes, is the commission paid:		
4.21	Out of Attorney's-in-fact compensation	Yes []	No [] N/A []
4.22	As a direct expense of the exchange	Yes []	No [] N/A []
4.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?	<hr/>	
4.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?	Yes []	No []
4.5	If yes, give full information:	<hr/>	
5.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? The company does not write workers' compensation insurance.	<hr/>	
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: Profiling and PML analysis on the exposures of the Motorists Insurance Group is done by Aon Re Services using the CLASIC (Catastrophe Loss Analysis for Insurance Companies) model. Analysis is performed for the perils of wind, hail, and earthquake. The PML arises from wind and hail. The major concentration of exposures is in Ohio. Catastrophe excess of loss reinsurance is purchased to protect against excessive loss.	<hr/>	
5.3	What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss? Catastrophe excess of loss reinsurance contract.	<hr/>	
5.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes [X]	No []
5.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss.	<hr/>	
6.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes []	No [X]
6.2	If yes, indicate the number of reinsurance contracts containing such provisions.	.....

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories (continued)

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

7.2 If yes, give full information:

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

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

9.2 If yes, give full information:

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

10.11 Unpaid losses \$.....0

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

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

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

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

10.41 From0.0 %

10.42 To0.0 %

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

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

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

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

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

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

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

12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....45,000

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

12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.2

13.1 Has the 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 involved0

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

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 TAMERICAN MERCHANTS 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).....	6,184,235	5,931,583	5,033,219	4,563,281	4,413,851
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,732,991	3,687,863	3,091,348	2,730,779	2,500,960
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,927,104	2,804,283	2,396,178	2,086,032	1,939,412
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	36,342	29,331	23,822	20,107	18,173
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	312,879	310,543	202,447	174,464	160,942
6. Total (Line 34).....	14,193,551	12,763,602	10,747,012	9,574,662	9,033,338
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).....	6,060,691	5,138,094	4,416,456	4,089,625	4,102,837
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,607,098	2,921,473	2,546,155	2,342,622	2,259,045
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,863,019	2,517,513	2,192,208	1,953,182	1,857,462
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	36,342	29,331	23,822	20,107	18,173
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....	312,879	310,543	202,447	174,464	160,942
12. Total (Line 34).....	13,880,029	10,916,953	9,381,087	8,579,998	8,398,459
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	(1,045,576)	(413,949)	(9,910)	269,862	(506,625)
14. Net investment gain (loss) (Line 11).....	1,161,496	1,335,149	1,285,693	1,246,837	1,185,505
15. Total other income (Line 15).....	62,824	64,881	50,056	37,662	41,559
16. Dividends to policyholders (Line 17).....	23,909	16,629	12,137	5,151	4,652
17. Federal and foreign income taxes incurred (Line 19).....	202,363	400,461	450,849	480,940	223,083
18. Net income (Line 20).....	(47,528)	568,991	862,853	1,068,270	492,704
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	28,018,689	24,252,085	21,736,627	21,056,644	20,540,835
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	1,283,818	1,244,146	572,902	632,480	742,527
20.2 Deferred and not yet due (Line 10.2).....	2,983,182	2,428,589	2,012,036	1,732,112	1,649,164
20.3 Accrued retrospective premiums (Line 10.3).....			(229,269)	(220,292)	(191,397)
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	17,504,436	13,696,618	12,596,053	12,287,805	12,821,098
22. Losses (Page 3, Lines 1 & 2).....	8,562,245	6,528,629	6,230,667	6,570,020	7,132,005
23. Loss adjustment expenses (Page 3, Line 3).....	1,730,493	1,411,014	1,351,619	1,462,570	1,653,766
24. Unearned premiums (Page 3, Line 9).....	5,350,525	4,200,449	3,645,826	3,321,997	3,194,539
25. Capital paid up (Page 3, Lines 28 & 29).....	2,300,000	2,300,000	2,300,000	2,300,000	1,800,000
26. Surplus as regards policyholders (Page 3, Line 35).....	10,514,252	10,555,468	9,140,574	8,768,839	7,719,736
Risk-Based Capital Analysis					
27. Total adjusted capital.....	10,514,252	10,555,468	9,140,574	8,768,839	7,719,736
28. Authorized control level risk-based capital.....	1,143,279	978,321	991,193	1,021,790	1,066,269
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).....	85.3	91.6	93.4	84.5	80.5
30. Stocks (Lines 2.1 & 2.2).....			3.0	5.6	16.9
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
32. Real estate (Lines 4.1, 4.2 & 4.3).....					
33. Cash and short-term investments (Line 5).....	14.6	6.3	0.2	6.5	2.5
34. Other invested assets (Line 6).....		1.9	3.1	3.2	
35. Receivable for securities (Line 7).....	0.0	0.1	0.3	0.2	0.1
36. Aggregate write-ins for invested assets (Line 8).....					
37. Cash and invested assets (Line 9).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....					
39. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
40. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....					
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11).....					
42. Affiliated mortgage loans on real estate.....					
43. All other affiliated.....					
44. Total of above lines 38 to 43.....	0	0	0	0	0
45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0).....	0.0				

**ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS CASUALTY COMPANY
FIVE-YEAR HISTORICAL DATA**

(Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
Capital and Surplus Accounts (Page 4)					
46. Net unrealized capital gains (losses) (Line 23).....	.....(124,398)	.....1,693	.....(93,402)	.....	.....
47. Dividends to stockholders (Line 34).....	.....	.....	.....	.....	.....
48. Change in surplus as regards policyholders for the year (Line 37).....	.....(41,215)	.....1,414,894	.....371,735	.....1,049,102	.....296,236
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	.....2,782,861	.....3,449,587	.....2,502,221	.....2,726,843	.....2,819,179
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....2,213,584	.....2,083,776	.....1,839,283	.....1,499,742	.....1,425,755
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....2,120,984	.....1,814,619	.....1,375,516	.....1,290,400	.....1,191,140
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	.....8,299	.....8,948	.....12,873	.....14,134	.....22,464
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	.....107,782	.....193,119	.....150,717	.....122,296	.....105,536
54. Total (Line 34).....	.....7,233,510	.....7,550,049	.....5,880,609	.....5,653,415	.....5,564,074
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).....	.....1,777,419	.....2,416,013	.....2,344,324	.....2,364,842	.....2,716,533
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....1,970,021	.....1,651,381	.....1,412,217	.....1,239,313	.....1,253,216
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....1,936,285	.....1,537,823	.....1,299,660	.....1,190,837	.....1,106,560
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	.....8,299	.....8,948	.....12,873	.....14,134	.....22,464
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	.....107,782	.....193,119	.....150,717	.....122,296	.....105,536
60. Total (Line 34).....	.....5,799,806	.....5,807,284	.....5,219,790	.....4,931,421	.....5,204,309
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).....	.....62.5	.....57.3	.....53.9	.....51.1	.....59.4
63. Loss expenses incurred (Line 3).....	.....12.7	.....12.0	.....10.9	.....10.5	.....11.9
64. Other underwriting expenses incurred (Line 4).....	.....33.2	.....34.4	.....35.3	.....35.3	.....34.9
65. Net underwriting gain (loss) (Line 8).....	.....(8.2)	.....(4.0)	.....(0.1)	.....3.2	.....(6.0)
Other Percentages					
66. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....	.....29.9	.....32.3	.....33.5	.....34.3	.....34.4
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	.....75.2	.....69.3	.....64.8	.....61.5	.....71.3
68. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0).....	.....132.0	.....103.4	.....102.6	.....97.8	.....108.8
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).....	.....719	.....(244)	.....(689)	.....(1,262)	.....(513)
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Col. 1 x 100).....	.....6.8	.....(2.7)	.....(7.9)	.....(16.3)	.....(6.9)
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).....	.....516	.....(758)	.....(1,549)	.....(1,299)	.....(719)
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second year end (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0).....	.....5.6	.....(8.6)	.....(20.1)	.....(17.5)	.....(10.7)

ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS CASUALTY COMPANY

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	14,167,712	14,615,662	14,205,879	13,723,773
	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	14,167,712	14,615,662	14,205,879	13,723,773
States, Territories and Possessions (Direct and guaranteed)	5. United States.....				
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada.....				
	11. Other Countries.....				
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	510,394	510,394	511,275	510,000
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	510,394	510,394	511,275	510,000
Public Utilities (unaffiliated)	17. United States.....	818,339	863,004	860,127	1,050,000
	18. Canada.....				
	19. Other Countries.....				
	20. Totals.....	818,339	863,004	860,127	1,050,000
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	3,858,013	3,973,108	4,088,043	3,870,000
	22. Canada.....				
	23. Other Countries.....				
	24. Totals.....	3,858,013	3,973,108	4,088,043	3,870,000
Parent, Subsidiaries and Affiliates	25. Totals.....				
	26. Total Bonds.....	19,354,458	19,962,168	19,665,324	19,153,773
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....				
	28. Canada.....				
	29. Other Countries.....				
	30. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....				
	32. Canada.....				
	33. Other Countries.....				
	34. Totals.....	0	0	0	0
Industrial and Miscellaneous (Unaffiliated)	35. United States.....				
	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. Total Preferred Stocks.....	0	0	0	0
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....				
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....				
	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	0	0	0	0
Industrial and Miscellaneous (Unaffiliated)	49. United States.....				
	50. Canada.....				
	51. Other Countries.....				
	52. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	53. Totals.....				
	54. Total Common Stocks.....	0	0	0	0
	55. Total Stocks.....	0	0	0	0
	56. Total Bonds and Stocks...	19,354,458	19,962,168	19,665,324	

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	17,932,308	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	7,188,531	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....	(397,572)	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	0
3.3 Column 10, Part 2, Section 2.....		7. Book/adjusted carrying value at end of current period.....	19,354,459
3.4 Column 10, Part 4.....	(9,700)	8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....	147,942	9. Subtotal (Lines 7 plus 8).....	19,354,459
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4...	5,507,050	10. Total nonadmitted amounts.....	
		11. Statement value of bonds and stocks, current period.....	19,354,459

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments				
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX	XXX	XXX	250	279	39	(1)	6		3	18	XXX
2. 1993.....	13,073	1,631	11,442	8,396	1,058	583	14	728	0	272	8,635	XXX
3. 1994.....	12,042	1,198	10,844	7,922	998	596	47	655	4	306	8,125	XXX
4. 1995.....	10,987	1,043	9,944	6,850	830	541	81	663	2	261	7,141	XXX
5. 1996.....	10,451	969	9,482	7,114	918	483	17	667	10	282	7,319	XXX
6. 1997.....	9,777	707	9,069	5,780	654	367	9	699	5	262	6,178	XXX
7. 1998.....	9,111	361	8,750	5,504	638	283	3	721	9	241	5,858	XXX
8. 1999.....	9,457	715	8,742	5,018	278	247	2	712	5	238	5,692	XXX
9. 2000.....	9,963	634	9,329	5,285	415	170	1	749	6	252	5,782	XXX
10. 2001.....	11,251	550	10,702	5,298	338	91		807	6	230	5,852	XXX
11. 2002.....	13,110	380	12,730	4,730	6	29		782		131	5,534	XXX
12. Totals.....	XXX	XXX	XXX	62,147	6,412	3,429	171	7,188	48	2,479	66,133	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	1,379	611	600	243			34	3	22			1,179	XXX
2. 1993.....	72	15	112				45	0	2			217	XXX
3. 1994.....	71	8	77				20		4			163	XXX
4. 1995.....	97	5	45				14		4			156	XXX
5. 1996.....	75		54				25		7			160	XXX
6. 1997.....	103	1	67	2			30		9			205	XXX
7. 1998.....	166	18	106	10			33		17	0		292	XXX
8. 1999.....	311	9	177	32			67		35	0		549	XXX
9. 2000.....	559	85	332	98			140	0	77	0		923	XXX
10. 2001.....	806	12	712	67			240		144	0		1,823	XXX
11. 2002.....	1,631	2	1,483	41			378		389			3,836	XXX
12. Totals..	5,269	767	3,764	493	0	0	1,025	3	710	1	0	9,504	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX	XXX	XXX	XXX	XXX	XXX			XXX	1,125	53
2. 1993.	9,939	1,088	8,851	76.0	66.7	77.4			3.00	170	47
3. 1994.	9,344	1,056	8,288	77.6	88.1	76.4			3.00	140	23
4. 1995.	8,214	918	7,297	74.8	88.0	73.4			3.00	138	18
5. 1996.	8,424	945	7,479	80.6	97.5	78.9			3.00	128	32
6. 1997.	7,053	670	6,383	72.1	94.8	70.4			3.00	166	39
7. 1998.	6,829	679	6,150	75.0	187.9	70.3			3.00	243	49
8. 1999.	6,567	326	6,241	69.4	45.6	71.4			3.00	447	102
9. 2000.	7,311	606	6,705	73.4	95.5	71.9			3.00	707	216
10. 2001.	8,098	424	7,675	72.0	77.0	71.7			3.00	1,439	384
11. 2002.	9,420	50	9,370	71.9	13.1	73.6			3.00	3,070	767
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	7,773	1,730

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 TAMERICAN MERCHANTS 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 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	11 One Year	12 Two Year
1. Prior.....	7,944	8,076	8,096	8,101	8,083	8,120	8,072	8,055	8,068	8,500	432	445
2. 1993.....	8,228	8,082	7,917	7,981	7,965	7,976	8,009	8,029	8,014	8,122	108	94
3. 1994.....	XXX	8,001	7,782	7,826	7,715	7,674	7,647	7,622	7,625	7,633	8	11
4. 1995.....	XXX	XXX	7,130	6,943	6,819	6,745	6,663	6,669	6,612	6,632	20	(38)
5. 1996.....	XXX	XXX	XXX	7,311	7,085	6,953	6,857	6,792	6,778	6,816	37	23
6. 1997.....	XXX	XXX	XXX	XXX	6,188	5,854	5,706	5,654	5,631	5,680	49	26
7. 1998.....	XXX	XXX	XXX	XXX	XXX	5,975	5,495	5,382	5,392	5,422	30	40
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	5,816	5,414	5,419	5,500	81	86
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,058	5,886	5,886	1	(172)
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,777	6,730	(47)	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	8,199	XXX	XXX
12. Totals.....											719	516

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 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior.....	.000	2,742	4,480	5,535	6,211	6,635	6,941	7,174	7,332	7,343	XXX	XXX
2. 1993.....	3,876	5,457	6,313	6,956	7,351	7,571	7,655	7,711	7,740	7,907	XXX	XXX
3. 1994.....	XXX	3,928	5,424	6,257	6,783	7,093	7,281	7,386	7,441	7,473	XXX	XXX
4. 1995.....	XXX	XXX	3,420	4,823	5,508	5,980	6,206	6,350	6,417	6,480	XXX	XXX
5. 1996.....	XXX	XXX	XXX	3,771	5,113	5,749	6,173	6,414	6,551	6,662	XXX	XXX
6. 1997.....	XXX	XXX	XXX	XXX	3,213	4,212	4,708	5,060	5,319	5,484	XXX	XXX
7. 1998.....	XXX	XXX	XXX	XXX	XXX	3,086	4,075	4,574	4,912	5,146	XXX	XXX
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	3,066	4,018	4,541	4,986	XXX	XXX
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,347	4,505	5,039	XXX	XXX
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,818	5,051	XXX	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	4,752	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 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior.....	3,908	2,605	1,558	1,062	719	510	260	165	110	389
2. 1993.....	2,745	1,540	768	492	328	224	246	250	208	157
3. 1994.....	XXX	2,614	1,349	849	496	310	191	136	106	96
4. 1995.....	XXX	XXX	2,316	1,313	681	421	235	151	87	59
5. 1996.....	XXX	XXX	XXX	2,138	1,219	655	386	206	112	78
6. 1997.....	XXX	XXX	XXX	XXX	1,908	1,032	502	294	154	95
7. 1998.....	XXX	XXX	XXX	XXX	XXX	1,748	767	382	203	129
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	1,529	690	332	212
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,434	726	373
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,626	885
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,819

ANNUAL STATEMENT FOR THE YEAR 2002 OF TAMERICAN MERCHANTS 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 Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	YES								
2. Alaska.....AK	NO								
3. Arizona.....AZ	NO								
4. Arkansas.....AR	NO								
5. California.....CA	YES								
6. Colorado.....CO	YES								
7. Connecticut.....CT	NO								
8. Delaware.....DE	NO								
9. District of Columbia.....DC	NO								
10. Florida.....FL	NO								
11. Georgia.....GA	YES								
12. Hawaii.....HI	NO								
13. Idaho.....ID	YES	5,533	6,018			(1,011)	2,079		
14. Illinois.....IL	YES								
15. Indiana.....IN	YES								
16. Iowa.....IA	NO								
17. Kansas.....KS	NO								
18. Kentucky.....KY	NO								
19. Louisiana.....LA	NO								
20. Maine.....ME	NO								
21. Maryland.....MD	NO								
22. Massachusetts.....MA	NO								
23. Michigan.....MI	NO								
24. Minnesota.....MN	YES						5,385		
25. Mississippi.....MS	NO								
26. Missouri.....MO	NO								
27. Montana.....MT	NO								
28. Nebraska.....NE	NO								
29. Nevada.....NV	YES								
30. New Hampshire.....NH	NO								
31. New Jersey.....NJ	NO								
32. New Mexico.....NM	YES				(150)	(150)	1		
33. New York.....NY	NO								
34. North Carolina.....NC	YES								
35. North Dakota.....ND	YES								
36. Ohio.....OH	YES								
37. Oklahoma.....OK	NO								
38. Oregon.....OR	YES								
39. Pennsylvania.....PA	NO								
40. Rhode Island.....RI	NO								
41. South Carolina.....SC	YES								
42. South Dakota.....SD	YES								
43. Tennessee.....TN	YES								
44. Texas.....TX	YES								
45. Utah.....UT	YES								
46. Vermont.....VT	NO								
47. Virginia.....VA	YES								
48. Washington.....WA	YES								
49. West Virginia.....WV	NO								
50. Wisconsin.....WI	YES	307,989	1,060,685		1,249,966	741,954	442,489		
51. Wyoming.....WY	NO								
52. American Samoa.....AS	NO								
53. Guam.....GU	NO								
54. Puerto Rico.....PR	NO								
55. US Virgin Islands.....VI	NO								
56. Canada.....CN	NO								
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
58. Totals.....	(a).....22	313,522	1,066,703	0	1,249,776	740,735	449,954	0	0

DETAILS OF WRITE-INS

5701.....	XXX								
5702.....	XXX								
5703.....	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

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

Premiums are allocated based upon the annual statement lines of business as follows: 1,2,4,5,9,12 and 17 on location of risk; 19 and 21 on location of principal garaging; 3,6,8,10,11,13,14,15,16,22,23,24,26,27 and 28 have no direct premiums written.

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

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

PART 1 – ORGANIZATIONAL CHART

**The Motorists Insurance Group
Organizational Chart**

