



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

**ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2003
OF THE CONDITION AND AFFAIRS OF THE
VICTORIA SPECIALTY INSURANCE COMPANY**

NAIC Group Code	0140 (Current Period)	0304 (Prior Period)	NAIC Company Code	10777	Employer's ID Number	34-1842602
Organized under the Laws of		Ohio		State of Domicile or Port of Entry		Ohio
Country of Domicile		United States of America				
Incorporated		02/09/1996	Commenced Business		01/01/2000	
Statutory Home Office		5915 Landerbrook Drive (Street and Number)			Cleveland, OH 44124-4058 (City or Town, State and Zip Code)	
Main Administrative Office		5915 Landerbrook Drive (Street and Number)		440-461-3461 (Area Code) (Telephone Number)		
Cleveland, OH 44124-4058 (City or Town, State and Zip Code)						
Mail Address		5915 Landerbrook Drive (Street and Number or P.O. Box)			Cleveland, OH 44124-4058 (City or Town, State and Zip Code)	
Primary Location of Books and Records		5915 Landerbrook Drive (Street and Number)		440-461-3461-570 (Area Code) (Telephone Number)		
Cleveland, OH 44124-4058 (City or Town, State and Zip Code)						
Internet Website Address		www.victoriainsurance.com				
Statutory Statement Contact		Patrick Jay Havens (Name)		440-461-3461-570 (Area Code) (Telephone Number) (Extension)		
patrick.havens@victoriainsurance.com (E-mail Address)				440-461-0492 (Fax Number)		
Policyowner Relations Contact		5915 Landerbrook Drive (Street and Number)		440-461-3461-441 (Area Code) (Telephone Number) (Extension)		
Cleveland, OH 44124-4058 (City or Town, State and Zip Code)						

OFFICERS

President John Charles Burkhalter # Secretary Glenn Warren Soden #
Treasurer Joseph Gerard DuBois #

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Kirt Alan Walker # _____
State of Ohio } ss
County of Cuyahoga }

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 Charles Burkhalter President	Glenn Warren Soden Secretary	Joseph Gerard DuBois Treasurer
Subscribed and sworn to before me this day of _____, 2004		a. Is this an original filing? <input checked="" type="checkbox"/> Yes [X] <input type="checkbox"/> No [] b. If no, 1. State the amendment number _____ 2. Date filed _____ 3. Number of pages attached _____

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Interest		6 Maturity Date	7 Option Date	8 Option Call Price	9 Book/Adjusted Carrying Value	10 Par Value	11 Rate Used to Obtain Fair Value	12 Fair Value	13 Actual Cost	Interest		16 Gross Amount Received During Year	17 Increase (Decrease) by Foreign Exchange Adjustment	18 Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	19 NAIC Design- nation	20 Date Acquired	21 Effect- ive Rate of In- terest		
		4 * Rate of How Paid	5 Rate of Paid									14 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	15 Gross Amount Received During Year								
US Governments Issuer Obligations (10) United States																					
912827-6J-6... U S Treasury Nt		5.750	FA	08/15/2010			1,479,150	1,450,000	112.1250	1,625,813	1,486,691	31,492	83,375	(3,482)		1	04/04/2002	5.385			
Total United States							1,479,150	1,450,000	XXX	1,625,813	1,486,691	31,492	83,375	(3,482)	0	0	XXX	XXX	XXX	XXX	
0199999 - Total Bonds - U.S. Government - Issuer Obligations							1,479,150	1,450,000	XXX	1,625,813	1,486,691	31,492	83,375	(3,482)			XXX	XXX	XXX	XXX	
Single Class Mortgage (SC) United States																					
36210G-YZ-1... GNMA GNSF # 492228		6.500	MTLY	01/15/2029			75,105	74,632	0.0000	75,105	75,157	404	4,851	(35)		1	12/31/1999	6.492			
36225B-EV-6... GNMA GNSF # 781048		6.500	MTLY	06/15/2029			267,227	266,165	0.0000	267,227	267,330	1,442	17,301	(106)		1	07/20/2001	6.518			
Total United States							342,332	340,797	XXX	342,332	342,487	1,846	22,152	(141)	0	0	XXX	XXX	XXX	XXX	
0299999 - Total Bonds - U.S. Government - Single Class Mortgage-Backed/Asset-Backed Securities							342,332	340,797	XXX	342,332	342,487	1,846	22,152	(141)			XXX	XXX	XXX	XXX	
0399996 - Bonds - U.S. Government							1,821,482	1,790,797	XXX	1,968,145	1,829,178	33,338	105,527	(3,623)			XXX	XXX	XXX	XXX	
0399999 - Total - U.S. Government Bonds							1,821,482	1,790,797	XXX	1,968,145	1,829,178	33,338	105,527	(3,623)			XXX	XXX	XXX	XXX	
State, Territories and Possessions Issuer Obligations (10) United States																					
North Carolina																					
658256-KV-3... North Carolina St GO Pub Impt Ser A		5.000	MS	03/01/2014	03/01/2013	100,000	110,760	100,000	0.0000	110,760	110,851	1,667	(91)		1	1PE	11/24/2003	3.610			
Total North Carolina							110,760	100,000	XXX	110,760	110,851	1,667	0	(91)	0	0	XXX	XXX	XXX	XXX	
Ohio																					
677518-3K-6... Ohio St GO Higher Ed Ser B		5.000	MN	11/01/2015	11/01/2011	100,000	107,568	100,000	0.0000	107,568	107,622	833	(54)		1	1PE	12/03/2003	3.870			
Total Ohio							107,568	100,000	XXX	107,568	107,622	833	0	(54)	0	0	XXX	XXX	XXX	XXX	
Washington																					
93974A-A7-9... Washington St GO Ref Ser R 2004A		5.000	JJ	07/01/2016	07/01/2013	100,000	105,400	100,000	0.0000	105,400	105,493	944	(93)		1	1PE	10/15/2003	4.302			
Total Washington							105,400	100,000	XXX	105,400	105,493	944	0	(93)	0	0	XXX	XXX	XXX	XXX	
Total United States							323,728	300,000	XXX	323,728	323,966	3,444	0	(238)	0	0	XXX	XXX	XXX	XXX	
1199999 - Total Bonds - States, Territories and Possessions - Issuer Obligations							323,728	300,000	XXX	323,728	323,966	3,444	(238)				XXX	XXX	XXX	XXX	
1799996 - Bonds - States, Territory, Poss - United States							323,728	300,000	XXX	323,728	323,966	3,444	(238)				XXX	XXX	XXX	XXX	
1799999 - Total - States, Territories and Possessions							323,728	300,000	XXX	323,728	323,966	3,444	(238)				XXX	XXX	XXX	XXX	
Special Revenue & Assessment Issuer Obligations (10) United States																					
Georgia																					
240523-RE-2... De Kalb Cnty GA Wtr & Sew Rev Ser A		5.000	A0	10/01/2015	10/01/2013	100,000	109,692	100,000	0.0000	109,692	109,743	292	(51)		1	1PE	11/24/2003	3.801			
Total Georgia							109,692	100,000	XXX	109,692	109,743	292	0	(51)	0	0	XXX	XXX	XXX	XXX	
Indiana																					
35483L-D0-5... Franklin Twp Ind Bldg Corp Rev Marion Cnty First Mtg		5.500	JJ	07/15/2016	07/15/2013	100,000	112,727	100,000	0.0000	112,727	112,836	2,750	(109)		1	1PE	11/19/2003	3.890			
Total Indiana							112,727	100,000	XXX	112,727	112,836	2,750	0	(109)	0	0	XXX	XXX	XXX	XXX	
Total United States							222,419	200,000	XXX	222,419	222,579	3,042	0	(160)	0	0	XXX	XXX	XXX	XXX	
2599999 - Total Bonds - Special Revenue - Issuer Obligations							222,419	200,000	XXX	222,419	222,579	3,042	(160)				XXX	XXX	XXX	XXX	
Single Class Mortgage (SC)																					
31393T-UD-6... FNMA Ser 2003-102 CI BU		5.500	MTLY	04/25/2033	01/01/2015	100,000	150,151	150,000	0.0000	150,151	150,164	688	2,063	(13)	1	1PE	09/18/2003	5.503			
Total United States							150,151	150,000	XXX	150,151	150,164	688	2,063	(13)	0	0	XXX	XXX	XXX	XXX	
2699996 - Total Bonds - Special Revenue - Single Class Mortgage-Backed/Asset-Backed Securities							150,151	150,000	XXX	150,151	150,164	688	2,063	(13)			XXX	XXX	XXX	XXX	
3199996 - Bonds - Special Revenue - United States							372,570	350,000	XXX	372,570	372,743	3,730	2,063	(173)			XXX	XXX	XXX	XXX	
3199999 - Total - Special Revenue Bonds							372,570	350,000	XXX	372,570	372,743	3,730	2,063	(173)			XXX	XXX	XXX	XXX	
Industrial & Miscellaneous Issuer Obligations (10) United States																					
125581-AB-4... CIT Group Inc Sr Nt		7.750	A0	04/02/2012			116,592	100,000	118,1440	118,144	116,837	1,916	(245)		1	1PE	11/03/2003	5.246			

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 * Rate of How Paid	Interest		6 Maturity Date	7 Option Date	8 Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	13 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Interest		16 Gross Amount Received During Year	17 Increase (Decrease) by Foreign Exchange Adjustment	18 Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	19 NAIC Designa- tion	20 Date Acquired	21 Effect- ive Rate of In- terest			
			4	5										14	15									
Total United States					116,592			100,000	XXX		118,144		116,837		1,916	0	(245)	0	0	XXX	XXX	XXX		
3999999 - Total Bonds - Industrial, Misc. - Issuer Obligations					116,592			100,000	XXX		118,144		116,837		1,916		(245)			XXX	XXX	XXX		
Defined Multi-Class Residential (DR) United States																								
172973-SZ-3... Citicorp Mtg Sec Inc Ser 2003-9 CI A22.....		..5.500	MTLY...	10/25/2033...	03/01/2016...	100,000		119,103		115,889	0.0000		119,103		119,148		531	1,062	(46)		1PE.....	10/02/2003...	4.990	
Total United States								119,103		115,889	XXX		119,103		119,148		531	1,062	(46)	0	0	XXX	XXX	XXX
4199999 - Total Bonds - Industrial, Misc. - Defined Multi-Class Residential Mortgage-Backed Securities								119,103		115,889	XXX		119,103		119,148		531	1,062	(46)			XXX	XXX	XXX
4599996 - Bonds - Industrial and Misc - United States					235,695			215,889	XXX		237,247		235,985		2,447	1,062	(291)				XXX	XXX	XXX	
4599999 - Total - Industrial and Miscellaneous Bonds					235,695			215,889	XXX		237,247		235,985		2,447	1,062	(291)				XXX	XXX	XXX	
5499999 - Total - Issuer Obligations					2,141,889			2,050,000	XXX		2,290,104		2,150,073		39,894	83,375	(4,125)				XXX	XXX	XXX	
5599999 - Total - Single Class Mortgage-Backed/Asset-Backed Securities					492,483			490,797	XXX		492,483		492,651		2,534	24,215	(154)				XXX	XXX	XXX	
5699999 - Total - Defined Multi-Class Residential Mortgage-Backed Securities					119,103			115,889	XXX		119,103		119,148		531	1,062	(46)			XXX	XXX	XXX		
6099999 Totals					2,753,475			2,656,686	XXX		2,901,690		2,761,872		42,959	108,652	(4,325)				XXX	XXX	XXX	

Schedule D - Part 2 - Section 1
NONE

Schedule D - Part 2 - Section 2
NONE

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends
BONDS							
State, Territories and Possessions							
United States							
North Carolina							
.....658256-KV-3.....	North Carolina St GO Pub Impt Ser A 5.000% 03/01/14.....	.....11/24/2003.....	Advest Inc.....	.....110,851.....	.....100,000.....	.....1,208.....	
Total North Carolina				110,851	100,000	1,208	
Ohio							
.....677518-3K-6.....	Ohio St GO Higher Ed Ser B 5.000% 11/01/15.....	.....12/03/2003.....	First Winston Securities.....	.....107,622.....	.....100,000.....	.....514.....	
Total Ohio				107,622	100,000	514	
Washington							
.....93974A-A7-9.....	Washington St GO Ref Ser R 2004A 5.000% 07/01/16.....	.....10/15/2003.....	Maxcor Financial.....	.....105,493.....	.....100,000.....		
Total Washington				105,493	100,000	0	
Total United States				323,966	300,000	1,722	
1799996 - Bonds - States, Territory, Poss - United States				323,966	300,000	1,722	
1799999 - Total - Bonds - States, Territories and Possessions				323,966	300,000	1,722	
Special Revenue & Assessment							
United States							
Georgia							
.....240523-RE-2.....	De Kalb Cnty GA Wtr & Sew Rev Ser A 5.000% 10/01/15.....	.....11/24/2003.....	First Albany Corporation.....	.....109,743.....	.....100,000.....		
Total Georgia				109,743	100,000	0	
Indiana							
.....35483L-DQ-5.....	Franklin Twp Ind Bldg Corp Rev Marion Cnty First Mtg 5.500% 07/15/16.....	.....11/19/2003.....	Mesirow Financial Inc.....	.....112,836.....	.....100,000.....	.....2,185.....	
Total Indiana				112,836	100,000	2,185	
United States							
.....31393T-UD-6.....	FNMA Ser 2003-102 CI BU 5.500% 04/25/33.....	.....09/18/2003.....	Goldman Sachs & Company.....	.....150,164.....	.....150,000.....	.....665.....	
Total United States				150,164	150,000	665	
Total United States				372,743	350,000	2,850	
3199996 - Bonds - Special Revenues - United States				372,743	350,000	2,850	
3199999 - Total - Bonds - Special Revenue				372,743	350,000	2,850	
Industrial & Miscellaneous							
United States							
.....125581-AB-4.....	CIT Group Inc Sr Nt 7.750% 04/02/12.....	.....11/03/2003.....	Barclays Capital.....	.....116,837.....	.....100,000.....	.....732.....	
.....172973-SZ-3.....	Citicorp Mtg Sec Inc Ser 2003-9 CI A22 5.500% 10/25/33.....	.....10/02/2003.....	Bank of America BISD Dealer.....	.....119,148.....	.....115,889.....	.....513.....	
Total United States				235,985	215,889	1,245	
4599996 - Bonds - Industrial and Misc - United States				235,985	215,889	1,245	
4599999 - Total - Bonds - Industrial, Misc.				235,985	215,889	1,245	
6099997 - Total - Bonds - Part 3				932,694	865,889	5,817	
6099998 - Total - Bonds - Part 5				1,142	1,111	5	
6099999 - Total - Bonds				933,836	867,000	5,822	
6599998 - Total - Preferred Stocks - Part 5				0	XXX	0	
6599999 - Total - Preferred Stocks				0	XXX	0	
7099998 - Total - Common Stocks - Part 5				0	XXX	0	
7099999 - Total - Common Stocks				0	XXX	0	
7199999 - Total - Preferred and Common Stocks				0	XXX	0	
7299999 Totals				933,836	XXX	5,822	

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

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ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE D - PART 5

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year and Fully DISPOSED OF During Current Year

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Disposal Date	6 Name of Purchaser	7 Par Value (Bonds) or Number of Shares (Stock)	8 Actual Cost	9 Consideration	10 Book/Adjusted Carrying Value at Disposal Date	11 Increase (Decrease) by Adjustment	12 Increase (Decrease) by Foreign Exchange Adjustment	13 Foreign Exchange Gain (Loss) on Disposal	14 Realized Gain (Loss) on Disposal	15 Total Gain (Loss) on Disposal	16 Interest and Dividends Received During Year	17 Paid for Accrued Interest and Dividends
BONDS																
Industrial & Miscellaneous																
United States																
172973-SZ-3.....	Citicorp Mtg Sec Inc Ser 2003-9 CI A22 5.500% 10/25/33.....	10/02/2003.....	Bank of America BISD Dealer.....	12/01/2003.....	Paydown.....	1,111	1,142	1,111	1,111	(31)				0	8	5
Total United States																
4599996 - Bonds - Industrial and Miscellaneous - United States						1,111	1,142	1,111	1,111	(31)		0	0	0	8	5
4599999 - Bonds - Industrial and Miscellaneous						1,111	1,142	1,111	1,111	(31)					8	5
6099998 - Total - Bonds						1,111	1,142	1,111	1,111	(31)					8	5

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1999999 Totals

XXX | XXX

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein:.....
2. Total amount of intangible assets nonadmitted.....

SCHEDULE D - PART 6 - SECTION 2

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	Interest		7 Maturity Date	8 Book/Adjusted Carrying Value	9 Increase (Decrease) by Adjustment	10 Increase (Decrease) by Foreign Exchange Adjustment	11 Par Value	12 Actual Cost	Interest		15 Paid for Accrued Interest	16 NAIC Design- nation	17 Effective Rate of Interest	
				5	6							13	14				
Class One Money Market Mutual Funds																	
990061-75-6...	Nationwide Cash Mgmt Partn...	12/31/2003	Direct...	.1070	MTLY...	12/31/2004	618,548			618,548	.618,548		2,271		1		1.307
7899999 - Class One Money Market Mutual Funds							618,548			XXX	618,548		2,271		XXX		XXX
8099999 Totals							618,548	(a)		XXX	618,548		2,271		XXX		XXX

(a) Includes \$ 0 other than accrual of discount and amortization of premium.

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part A - Section 3

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part B - Section 3

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Part C - Section 3

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DB - Part D - Section 3

NONE

Schedule DB - Part E - Section 1

NONE

ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

	1 Statement (Admitted) Value	2 Fair Value (a)	3 Excess of Statement over Fair Value(-), or Fair Value over Statement (+)
1. Bonds	3,372,023	3,535,827	163,804
2. Preferred Stocks	0		0
3. Totals	3,372,023	3,535,827	163,804

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.

Securities traded on national exchanges are valued based on prices from independent services. Investments for which published quotations are not available are valued from an internally developed matrix or obtained from other independent sources.....

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ANNUAL STATEMENT FOR THE YEAR 2003 OF THE Victoria Specialty Insurance Company

SCHEDULE E - PART 1 - CASH

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

TOTALS OF DEBT SECURITY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR	
1. January	557,121
2. February	660,088
3. March	659,124
4. April	718,871
5. May	770,455
6. June	827,905
7. July	850,427
8. August	64
9. September	752
10. October	406
11. November	452
12. December	2,618

Schedule E - Part 2
NONE

Schedule E - Part 3
NONE