TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS AND SCHEDULES
DECEMBER 31, 2002 AND 2001

NAIC Company Code 19887, Group Code 0215

(With Independent Auditors' Report Thereon)

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS AND SCHEDULES
DECEMBER 31, 2002 AND 2001

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Trinity Universal Insurance Company and Subsidiaries

We have audited the accompanying consolidated statutory basis statement of admitted assets, liabilities and capital and surplus of Trinity Universal Insurance Company and subsidiaries (the "Company") as of December 31, 2002 and the related consolidated statutory basis statements of income, changes in capital and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated statutory basis financial statements of the Company for the year ended December 31, 2001 were audited by other auditors whose report, dated May 31, 2002, expressed an unqualified opinion on those statements conforming with the basis of accounting as described in Note 1 to the financial statements and included an explanatory paragraph that described the changes in accounting policies disclosed in Note 1 to the financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Texas and Kansas Departments of Insurance, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such 2002 financial statements present fairly, in all material respects, the admitted assets, liabilities and capital and surplus of Trinity Universal Insurance Company and subsidiaries as of December 31, 2002 and the results of their operations and their cash flows for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the basic 2002 consolidated statutory basis financial statements taken as a whole. The consolidating schedules as of and for the year ended December 31, 2002 are presented for purposes of additional analysis of the basic 2002 consolidated statutory basis financial statements rather than to present the admitted assets, liabilities and capital and surplus, results of operations, and cash flows of the individual companies and are not a required part of the basic 2002 consolidated statutory basis financial statements. The supplemental summary investment schedule and the supplemental summary of investment risks interrogatories as of and for the year ended December 31, 2002 are presented for complying with the National Association of Insurance Commissioners' instructions to Annual Audited Financial Reports and are not a required part of the basic 2002 consolidated statutory basis financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audit of the basic 2002 consolidated statutory basis financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2002 consolidated statutory basis financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of Trinity Universal Insurance Company and subsidiaries and for filing with the Texas and Kansas Departments of Insurance and other state insurance departments to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

May 23, 2003

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS STATEMENTS OF
ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS
DECEMBER 31, 2002 AND 2001
(Dollars in Thousands, Except Par Value)

ADMITTED ASSETS

	2002	2001
Cash and Invested Assets:		
Bonds and Notes		
(Market: 2002 - $796,569 ; 2001 - $622,783)	$ 769,191	$ 610,480
Preferred Stocks, at Market		
(Amortized Cost: 2002 - $74,624 ; 2001 - $106,189)	74,408	105,549
Common Stocks, at Market		
(Cost: 2002 - $485,950 ; 2001 - $447,710)	571,133	589,701
Investments in Unconsolidated Subsidiaries	146,807	168,691
Real Estate, at Cost	1,322	1,322
Collateral for Securities Loaned	-	91,181
Cash and Short-term Investments	252,408	105,381
Other Invested Assets	6,252	-
Total Cash and Invested Assets	1,821,521	1,672,305
Agents' Balances and Uncollected Premiums, Net	381,750	213,557
Premium Notes Receivable	9,306	10,835
Accrued Investment Income	11,565	12,301
Receivables from Parent and Affiliates	22,784	15,950
Other Admitted Assets	36,933	30,543
Total Admitted Assets	$ 2,283,859	$ 1,955,491

LIABILITIES AND CAPITAL AND SURPLUS

	2002	2001
Liabilities:		
Reserve for Losses	$ 718,296	$ 514,560
Reserve for Loss Adjustment Expenses	186,668	129,799
Unearned Premiums	697,297	372,624
Accrued and Deferred Income Taxes	62,954	141,074
Payable for Securities Lending	-	91,181
Accrued Expenses and Other Liabilities	101,387	74,999
Total Liabilities	1,766,602	1,324,237
Capital and Surplus:		
Common Stock, $50 Par Value, 65,000 Shares		
Authorized, Issued and Outstanding	3,250	3,250
Additional Paid-in Capital	141,569	6,569
Treasury Stock at Cost, 50 Shares at Par Value	(3)	(3)
Unassigned Surplus	372,441	621,438
Total Capital and Surplus	517,257	631,254
Total Liabilities and Capital and Surplus	$ 2,283,859	$ 1,955,491

The Notes to the Consolidated Statutory Basis Financial Statements are an integral part of these financial statements.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in Thousands)

	2002	2001
Underwriting Income (Loss):		
Earned Premiums, Net	$ 1,276,489	$ 981,867
Underwriting Expenses:		
Losses Incurred	888,627	743,694
Loss Adjustment Expenses Incurred	190,476	127,446
Other Underwriting Expenses	469,693	325,696
Total Underwriting Expenses	1,548,796	1,196,836
Net Underwriting (Loss)	(272,307)	(214,969)
Net Investment Income:		
Investment Income (Net of Investment Expense: 2002 - $162; 2001- $257)	48,617	55,864
Net Realized Capital Gains	32,631	395,887
Net Investment Income	81,248	451,751
Other Income (Loss):		
Loss from Agent and Premium Balance Write-offs	(14,319)	(15,343)
Net Finance and Service Charges	43,760	24,835
Total Other Income	29,441	9,492
Income (Loss) before Dividends to Policyholders and Federal Income Taxes	(161,618)	246,274
Dividends to Policyholders	543	1,370
Income (Loss) before Federal Income Taxes	(162,161)	244,904
Federal Income Tax Expense (Benefit)	(24,349)	(40,799)
Net Income (Loss)	$ (137,812)	$ 285,703

The Notes to the Consolidated Statutory Basis Financial Statements are an integral part of these financial statements.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS STATEMENTS
OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in Thousands)

	2002	2001
Balance, Beginning of Year	$ 631,254	$ 846,137
Net Income (Loss)	(137,812)	285,703
Change in Unrealized Capital Gains and (Losses)	(61,762)	(194,165)
Change in Net Deferred Income Tax	45,468	(133,032)
Change in Non-admitted Assets	(10,891)	(5,342)
Surplus Paid In	135,000	-
Cumulative Effect of Changes in Accounting Principles	-	(168,047)
Dividends to Shareholder	(84,000)	-
Balance, End of Year	$ 517,257	$ 631,254

The Notes to the Consolidated Statutory Basis Financial Statements are an integral part of these financial statements.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATED STATUTORY BASIS STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(Dollars in Thousands)

	2002	2001
Cash Provided (Used) by Operations:		
Underwriting Activities:		
Premiums Collected, Net of Reinsurance	$ 1,434,071	$ 997,224
Loss and Loss Adjustment Expenses Paid, Net of Reinsurance	(817,231)	(710,911)
Underwriting Expenses Paid, Net of Reinsurance	(452,826)	(305,420)
Cash Provided (Used) by Underwriting Activities	164,014	(19,107)
Investment Income, Net	54,658	51,421
Other Income, Net	26,667	18,173
Dividends Paid to Policyholders	(543)	(1,370)
Federal Income Tax (Paid) Recovered	18,586	(1,203)
Net Cash Provided by Operations	263,382	47,914
Cash Provided (Used) by Investments:		
Cash Provided from Investments Sold, Matured or Repaid:		
Bonds and Notes	256,954	234,874
Stocks	87,379	442,778
Other Invested Assets	(172)	172
Total Cash Provided from Investments Sold, Matured or Repaid	344,161	677,824
Cash Used to Acquire Investments:		
Bonds and Notes	(417,354)	(239,379)
Stocks	(63,325)	(413,180)
Other Invested Assets	(3,453)	-
Total Cash Used to Acquire Investments	(484,132)	(652,559)
Net Cash Provided (Used) by Investments	(139,971)	25,265
Cash Provided (Used) by Financing and Other Sources:		
Other Cash Provided:		
Capital and Surplus Paid In	135,000	-
Transfers from Affiliates	45,567	10,850
Other	405	47,873
Total Cash Provided by Financing and Other Sources	180,972	58,723
Other Cash Applied:		
Dividends to Shareholder	(84,000)	-
Transfers to Affiliates	(42,943)	(20,567)
Other Applications	(30,413)	(19,038)
Total Cash Used by Financing and Other Sources	(157,356)	(39,605)
Net Cash Provided by Financing and Other Sources	23,616	19,118
Increase in Cash and Short-term Investments	147,027	92,297
Cash and Short-term Investments at Beginning of Year	105,381	13,084
Cash and Short-term Investments at End of Year	$ 252,408	$ 105,381

The Notes to the Consolidated Statutory Basis Financial Statements are an integral part of these financial statements.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2002 and 2001
(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies

Nature of Business

The Consolidated Statutory Basis Financial Statements of Trinity Universal Insurance Company, a wholly-owned subsidiary of Unitrin, Inc. ("Unitrin"), and Subsidiaries (the "Company") include the accounts of Trinity Universal Insurance Company ("TUIC"), Trinity Universal Insurance Company of Kansas, Inc. ("TUIC of Kansas"), Security National Insurance Company ("Security National") and TUIC's controlled affiliate Trinity Lloyds Insurance Company ("Trinity Lloyds"). All significant intercompany transactions and balances have been eliminated. TUIC is a multi-line property and casualty insurance provider to individuals and businesses. It markets its products primarily in suburban and rural communities through independent agents.

Basis of Presentation

The Company prepares its statutory basis financial statements in conformity with accounting practices prescribed by the Texas Department of Insurance and the Department of Insurance of the State of Kansas (the "Departments"). Effective January 1, 2001, the Departments required insurance companies domiciled in their states to prepare statutory basis financial statements in accordance with the National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual – Version effective January 1, 2001 ("Codification") subject to any deviations prescribed or permitted by the state.

A reconciliation of consolidated statutory basis capital and surplus between Codification and practices prescribed by the State of Texas at December 31, 2002 and 2001 is shown below:

	2002	2001
Consolidated Statutory Basis Capital and Surplus - Texas Basis	$517,257	$631,254
Differences Due to Limitations on the Admissability of:		
Equipment, Furniture and Supplies	(1,482)	(4,387)
Goodwill	(11,403)	-
Consolidated Statutory Basis Capital and Surplus - Codification Basis	$504,372	$626,867

Accounting practices and procedures of the NAIC as prescribed by the Departments comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP").The more significant differences relevant to the Company are as follows:

a. Certain costs of acquiring insurance business, principally agents compensation and premium taxes are expensed as incurred rather than deferred and amortized to income as premiums are earned.

b. Securities are stated at values prescribed by the National Association of Insurance Commissioners ("NAIC"), generally at amortized cost, except for preferred stocks not subject to 100% mandatory sinking fund and common stocks, rather than fair value.

Note 1 - Summary of Significant Accounting Policies (continued)

c. Income taxes paid or provided for amounts currently due or recoverable are recorded in income. Beginning in 2001, deferred income taxes resulting from temporary differences between the statutory basis financial statement carrying amounts of existing assets and liabilities and their respective tax bases are reported as direct adjustments to Unassigned Surplus, whereas under GAAP such temporary differences are recorded in income.

d. Under statutory accounting practices, insurers account for the portion of the risks which have been reinsured with other companies as though they were not risks for which the original insurer is liable. Accordingly, reserves for losses and loss adjustment expenses and unearned premiums are shown net of reinsurance in the consolidated statutory basis financial statements.

Accounting Changes
As a result of adoption of Codification in 2001, the Company recorded a cumulative effect decrease to capital and surplus of $168,047. The components of the cumulative effect are:

		Cumulative Effect
Deferred Taxes	$	(144,229)
Value Disallowed for Litton/UNOVA		(36,689)
Deferred Taxes related Litton/UNOVA		12,871
Total Cumulative effect to Unassigned Surplus	$	(168,047)

Use of Estimates and Assumptions
The preparation of the consolidated statutory basis financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated statutory basis financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Significant Accounting Policies
The significant statutory accounting practices used in the preparation of these consolidated statutory basis financial statements are summarized below:

a. Investments are carried in accordance with valuations established by the NAIC. Investments in Bonds and Notes are carried at amortized cost. Preferred stocks subject to 100% mandatory sinking fund are carried at cost. Preferred stocks not subject to 100% mandatory sinking fund and common stocks are carried at market value. Market values are based upon values specified in the NAIC valuation of securities manual, which approximate fair value, except for values of Mortgage-backed securities that are based upon quoted broker market prices. The difference between cost and carrying value for securities carried at market value is reflected as a net unrealized gain or loss in unassigned surplus. Realized gains and losses on investments are computed on the specific identification method. The Company has no derivative financial instruments.

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued)

b. The Company's investments in its unconsolidated subsidiaries, Valley Group, Inc. ("Valley", see Note 5) are accounted for on a GAAP equity basis. Milwaukee Casualty Insurance Co. ("MCIC"), Milwaukee Safeguard Insurance Company ("MSI"), Alpha Property & Casualty Insurance Company ("APC") and Financial Indemnity Company ("FIC") are accounted for on a statutory equity basis. Changes in the carrying value of the Company's investments in these subsidiaries are recorded directly to Unassigned Surplus and are reflected in Net Unrealized Capital Gains or (Losses).

Summarized statutory basis financial information for, MCIC, MSI, APC, FIC and Valley's insurance subsidiaries as of and for the years ended December 31, 2002 and 2001 is as follows:

	2002	2001
Admitted Assets	$ 170,642	$ 200,450
Capital and Surplus	$ 89,040	$ 92,310
Net Income (Loss)	$ (2,712)	$ 3,806

c. Agent Balances Over 90 Days are designated as "Non-admitted Assets" and charged to Unassigned Surplus. The amount of Agent Balances Over 90 Days non-admitted at December 31, 2002 and 2001 were $9,316 and $7,513, respectively. The amount of other Non-admitted Assets, principally electronic data equipment and software and prepaid expenses, were $19,990 and $8,040 at December 31, 2002 and 2001, respectively;

d. Reserves for losses and loss adjustment expenses on property and liability coverage represent the estimated indemnity cost and loss expense necessary to cover the ultimate net cost of investigating and settling all losses incurred and unpaid and include provisions for adverse deviation. Such estimates are based on individual case estimates for reported claims and estimates for incurred but not reported losses based on past experience. These estimates are adjusted in the aggregate for ultimate loss expectations based on historical experience patterns and current economic trends with any change in probable ultimate liabilities being reflected in current results. Reserves for losses and loss adjustment expenses are carried net of reinsurance and salvage and subrogation;

e. Premium revenue is recognized ratably over the periods to which the premium revenue relates;

f. Costs associated with the acquisition of new business are expensed when incurred;

g. Income taxes paid or provided for amounts currently due or recoverable are recorded in income. Beginning in 2001, deferred income taxes resulting from temporary differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases are reported as direct adjustments to Unassigned Surplus;

h. Affiliates charged the Company for services at rates that approximate cost.

(Dollars in Thousands)

Note 2 - Investments and Investment Income

The amortized cost and market value of the Company's investments in Bonds and Notes at December 31, 2002 were:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
U.S. Government	$ 123,630	$ 3,181	$ -	$ 126,811
States, Municipalities and Political Subdivisions	484,715	13,000	(459)	497,256
Corporate Securities	148,592	11,118	(64)	159,646
Mortgage-backed Securities	12,254	609	(7)	12,856
Investments in Bonds and Notes	$ 769,191	$ 27,908	$ (530)	$ 796,569

The amortized cost and market value of the Company's investments in Bonds and Notes at December 31, 2001 were:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
U.S. Government and Government Agencies and Authorities	$ 255,494	$ 5,294	$ (35)	$ 260,753
States, Municipalities and Political Subdivisions	164,825	811	(679)	164,957
Corporate Securities	175,317	6,616	(163)	181,770
Mortgage-backed Securities	14,844	464	(5)	15,303
Investments in Bonds and Notes	$ 610,480	$ 13,185	$ (882)	$ 622,783

The amortized cost and market value of the Company's investments in Bonds and Notes at December 31, 2002 by contractual maturity were:

	Cost	Value
Due in One Year or Less	$ 49,583	$ 50,164
Due After One Year to 5 Years	125,903	131,447
Due After 5 Years to 15 Years	167,396	176,323
Due After 15 Years	414,055	425,779
Mortgage-backed Securities	12,254	12,856
Total Investments in Bonds and Notes	$ 769,191	$ 796,569

Note 2 - Investments and Investment Income (continued)

The expected maturities may differ from the contractual maturities because debtors may have the right to call or prepay obligations with or without call or prepayment penalties.

The amortized cost of bonds and notes on deposit with various insurance regulatory agencies, as required by law, was $12,438 at December 31, 2002.

Gross realized capital gains and losses on sales of bonds and notes were $342 and $16, respectively, in 2002 and $11 and $1, respectively, in 2001. Gross proceeds on sales of bonds and notes were $4,383 and $10,011 for the years ended December 31, 2002 and 2001, respectively.

Gross proceeds on sales of preferred and common stocks were $41,388 for the year ended December 31, 2002. Gross realized capital gains in 2002 include gains of $27,632 from the sale of UNOVA, Inc. ("UNOVA") common stock to Unitrin, the Company's parent. Gross realized capital gains in 2002 include gains of $1,492 from the sale of a portion of the Company's investments in Baker Hughes, Inc. ("BHI") common stock. Excluding sales of BHI and UNOVA, gross realized capital gains and losses on sales and other dispositions of common and preferred stocks were $9,641 and $33, respectively in 2002.

Gross proceeds on sales of preferred and common stocks were $434,528 for the year ended December 31, 2001. On April 3, 2001, Northrop Grumman completed its acquisition of Litton Industries, Inc. ("Litton"). As a result of the merger, the Company recorded a realized capital gain of $382,577 in 2001 from its holdings in Litton. Gross realized capital gains in 2001 also include gains of $12,597 from the sale of a portion of the Company's investments in BHI common stock. Excluding sales of BHI and Litton, gross realized capital losses on sales and other dispositions of common and preferred stocks , were $180 in 2001.

Gross unrealized capital gains and gross unrealized capital losses on preferred and common stocks of unaffiliated companies were $88,839 and $3,293, respectively, at December 31, 2002, and $152,173 and $3,042, respectively, at December 31, 2001.

Net Realized Capital Gains (Losses) for the years ended December 31, 2002 and 2001 included losses of $5,970 and $120, respectively, resulting from other than temporary declines in fair value of investments.

TUIC received $500 in dividends from its wholly-owned subsidiary, Southern States General Agency, Inc., which is included in Investment Income in the consolidated statutory basis statement of income for the year ended December 31, 2002.

(Dollars in Thousands)

Note 2 - Investments and Investment Income (continued)

The Company is party to a securities lending agreement whereby unrelated parties, primarily large brokerage firms, borrow securities. Borrowers of these securities must deposit cash collateral with the Company equal to 102% of the fair value of the securities loaned. The Company continues to receive the interest on loaned securities as beneficial owners, and accordingly, the loaned securities are included in Bonds and Notes. Pursuant to an agreement between the Company and Bank of New York, the amount of collateral received is invested in short-term securities and is recorded in invested assets as Collateral for Securities Loaned with a corresponding liability reflected as Payable for Securities Lending. No securities were on loan at December 31, 2002. At December 31, 2001, the fair value of collateral held was $91,181.

Note 3- Insurance Reserves

Losses and loss adjustment expenses reserve activity for the years ended December 31, 2002 and 2001 was:

	2002	2001
Liability at the Beginning of Year, Net of Reinsurance	$ 644,359	$ 500,056
Incurred related to:		
Current Year	984,514	821,559
Prior Years	94,589	49,581
Total Incurred	1,079,103	871,140
Paid related to:		
Current Year	510,584	465,396
Prior Years	307,914	261,441
Total Paid	818,498	726,837
Liability at the End of Year, Net of Reinsurance	$ 904,964	$ 644,359

In 2002 and 2001, reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years increased due primarily to re-estimation of unpaid losses and loss adjustment expenses principally on commercial liability lines of insurance. This increase is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

Reinsurance Recoverables for Unpaid Losses were $2,407 and $2,278 at December 31, 2002, and 2001, respectively. Anticipated salvage and subrogation was $15,244 and $7,918 at December 31, 2002 and 2001, respectively.

Note 4 - Capital and Surplus

Various state insurance laws restrict the amount that insurance companies may transfer in the form of dividends, loans, or advances without prior approval of regulatory authorities. TUIC paid $84,000 to its shareholder in 2002. No dividends were paid by TUIC to its shareholder in 2001. In 2003, TUIC would be able to pay $51,726 to its shareholder without prior written approval of regulatory authorities.

Note 5 - Acquisition of Business and Merger of Subsidiaries

On June 28, 2002, the Company purchased the renewal rights to the personal lines property and casualty insurance business ("Kemper Auto and Home") of the Kemper Insurance Companies ("KIC") and the related fixed assets used by Kemper Auto and Home. Pursuant to the agreements among the parties, KIC retained all liabilities for policies issued by Kemper Auto and Home prior to the closing, while the Company and its affiliates are entitled to premiums written for substantially all policies issued or renewed by Kemper Auto and Home after the closing and are liable for losses and expenses incurred thereon. In addition, the Company is administering on behalf of KIC all policies issued prior to the closing and certain policies issued or renewed after the closing, but excluded from the acquisition.

Trinity's initial purchase price primarily relates to fixed assets, excluding software and hardware used to operate this business, which was purchased by an affiliate. Variable components of the purchase price include a one percent commission on premiums written over a three year period beginning January 1, 2003 and profit sharing if certain loss ratio objectives are met over that same three year period. The variable components will be payable to KIC by the Company and will be expensed by the Company as incurred.

At the acquisition date, the Company and its affiliated property and casualty insurance companies were not licensed to directly write business in all the states where the Kemper Auto and Home business is written nor were certain computer and data processing modifications completed to allow for the migration of the business to the Company and its affiliated property and casualty insurance companies. Accordingly, the Company and KIC entered into a quota share reinsurance agreement whereby the Company assumed 100% of the Kemper Auto and Home business written or renewed by KIC after the acquisition date in order to provide a transitional period for the Company and its affiliated property and casualty insurance companies to obtain licenses in the necessary states and other insurance regulatory authorizations and to complete the required computer and data processing modifications. The Company anticipates that the Company and/or its affiliated property and casualty insurance companies will begin directly issuing insurance policies for new business in certain states beginning in the first quarter of 2003 and will begin issuing renewal insurance policies mid-year 2003. Accordingly, the Company anticipates that the migration of the business to the Company and/or its affiliated property and casualty insurance companies will be substantially completed no earlier than the end of 2004.

Note 5 - Acquisition of Business and Merger of Subsidiaries (continued)

A.M. Best Company ("A.M. Best"), the principal insurance company rating agency, lowered its rating for KIC from "A-" (excellent) to "B+" (very good) in December 2002 and from "B+" to "B" (fair) in March 2003. On May 1, 2003, A.M. Best announced that it has further downgraded KIC from "B" to "C++" (Marginal), with a negative rating outlook. A.M. Best attributed the downgrade to KIC's "marginal capitalization, weak cash flows and reduced overall liquidity position." While the rating actions on KIC did not have an impact on the Company's and its affiliated property and casualty insurance companies' "A" (excellent) ratings from A.M. Best, they may adversely impact the willingness of independent agents to renew their customers' insurance policies with KIC, even though they are reinsured by the Company. In particular homeowners' insurance is ratings-sensitive due to minimum rating standards imposed by some residential mortgage lenders. Should KIC suffer further downgrades, these effects could be magnified.

Accordingly, the certain plans are being implemented in an effort to preserve agent relationships and enhance the prospects for an orderly transition of the Kemper Auto and Home business to the Company and/or its affiliated property and casualty insurance companies. In connection with such plans, Unitrin, the Company's parent, acquired two inactive or "shell," insurance companies with insurance licenses in many of the required states from SCOR Reinsurance Company on December 31, 2002. In January 2003, the Company entered into quota share agreements with the two shell insurance companies acquired by Unitrin whereby the Company will reinsure 90% of the business written by such shell insurance companies. The Company and/or its affiliated insurance companies are also continuing to pursue necessary insurance regulatory authorizations.

In addition, on January 8, 2003, the Company and KIC amended the quota share reinsurance agreement between the parties to include a "cut-through " provision whereby the Company would be required to pay claims directly to reinsured policyholders (or their mortgagees or loss payees, as the case may be) who have been issued new or renewal policies on or after July 1, 2002, in the event that KIC becomes insolvent. In accordance with the amendment, the Company 's liability under the reinsurance would be reduced by such payments made directly by the Company to claimants. The Company cannot presently predict what impact these plans to preserve the Kemper Auto and Home business will ultimately have on the ability of the Company and/or its affiliated property and casualty insurance companies to write the Kemper Auto and Home business nor can the Company predict what impact these developments will ultimately have on the variable purchase price components described above.

In 2001, the recorded assets, liabilities and surplus of the Company's unconsolidated subsidiary, Milwaukee Insurance Group, Inc. ("MIG"), were merged with the Company. MIG's wholly owned subsidiaries, MCIC, MSI and APC are now directly owned by the Company.

(Dollars in Thousands)

Note 6 - Reinsurance

Unaffiliated Reinsurance
The Company utilizes reinsurance arrangements to limit its maximum loss, provide greater diversification of risk, and minimize exposure on larger risks. The ceding of insurance does not discharge the primary liability of the original insurer, and accordingly the original insurer remains contingently liable. Amounts recoverable from reinsurers are estimated in a manner consistent with the reserve for losses liability. Reinsurance premiums assumed from and ceded to unaffiliated companies were $379,051 and $28,973, respectively, in 2002 and $41,709 and $23,580, respectively, in 2001. Reinsurance losses recoverable on paid and unpaid losses were $2,407 and $2,278 at December 31, 2002 and 2001, respectively.

TUIC is party to a quota share reinsurance agreement with Capitol County Mutual Insurance Company ("CCM"). CCM's products are marketed by career agents who are also employees of The Reliable Life Insurance Company, an affiliate of TUIC. Under the agreement CCM cedes to TUIC 95% of its liability for new and renewal business, net of unaffiliated reinsurance. Written premiums assumed under this agreement were $44,603 and $41,214 in 2002 and 2001, respectively.

Affiliated Reinsurance
Effective January 1, 1997, TUIC entered quota share agreements whereby TUIC assumed certain existing and new business with the following subsidiaries and affiliates at the percentages indicated. Reinsurance premiums assumed under these agreements in 2002 and 2001 are also indicated.

		2002 Assumed Premiums	2001 Assumed Premiums
FIC	90%	$ 278,491	$ 191,748
MCIC	100%	26,062	30,327
Milwaukee Mutual Insurance Company	95%	58,132	63,198
MSI	100%	18,568	18,914
Unitrin Direct Insurance Company	100%	30,182	11,612

In conjunction with TUIC's 1999 acquisition of Valley Group, Inc., TUIC entered into quota share agreements with VIC, VPC, CIC, and Mountain Valley. Under the quota share agreement with VIC, effective June 1, 1999, VIC cedes 90% of its net liabilities on policies existing on the effective date and new and renewal business thereafter, net of unaffiliated reinsurance, to TUIC. Under the quota share agreements with VPC, CIC and Mountain Valley, effective June 1, 1999, TUIC assumed net liabilities on policies existing on the effective date and new and renewal business thereafter. Except for certain in-force policies, principally covering insureds in New York and Texas, the agreement with Mountain Valley was terminated with respect to losses arising after the sale of Mountain Valley on March 1, 2000. Reinsurance premiums and liabilities assumed under these agreements were $167,110 and $240,437, respectively, in 2002. Reinsurance premiums and liabilities assumed under these agreements were $148,477 and $181,992, respectively, in 2001.

Note 6 – Reinsurance (continued)

TUIC is party to a quota share reinsurance agreement with its indirect, wholly-owned subsidiary, APC. The terms of the agreement were amended in 2000 to exclude business in the State of Florida. Effective July 1, 2001, the agreement was amended to include business in the State of Florida. Under the agreement, as amended, APC cedes to TUIC 100% of its liability for existing, new and renewal business, net of unaffiliated reinsurance. Written premiums assumed under this agreement were $103,249 and $47,356 in 2002 and 2001, respectively.

TUIC is party to a 100% quota share reinsurance agreement with its affiliate, Union National Fire Insurance Company ("Union National"), whereby Union National cedes 100% of its liability for existing, new and renewal business, net of unaffiliated reinsurance, to TUIC. Written premiums assumed under this agreement were $17,101 and $15,535 in 2002 and 2001, respectively.

TUIC is party to a quota share reinsurance agreement with its affiliate, United Casualty Insurance Company ("United Casualty"). Under the agreement United Casualty cedes to TUIC 100% of its liability for policies existing on the effective date and new and renewal business issued thereafter, net of unaffiliated reinsurance and excluding business in the states of Florida, Virginia and 10% of California. Written premiums assumed under this agreement were $25,910 and $24,982 in 2002 and 2001, respectively.

In April 2000, TUIC entered into an assumption reinsurance agreement with Unitrin Direct Insurance Company ("Unitrin Direct") whereby Unitrin Direct transferred to TUIC a certain block of its in force insurance policies on an assumption reinsurance basis. In April 2000, Security National entered into an assumption reinsurance agreement with Unitrin Direct whereby Unitrin Direct transferred to Security National a certain block of its in force insurance policies on an assumption reinsurance basis. Assets received and liabilities assumed under the agreement were $1,220 and $1,220, respectively. Prior to the assumption reinsurance agreements TUIC assumed 100% of Unitrin Direct's new and renewal premiums under a 1997 quota share agreement (the "1997 Agreement"). On April 30, 2000, the 1997 Agreement was amended to include all policies written or renewed by Unitrin Direct prior to, on or after, January 1, 1997, except to the extent that such policies were assumed by TUIC or Security National under the assumption agreements. Effective October 20, 2000, the TUIC and Unitrin Direct amended the 1997 Agreement whereby Unitrin Direct would cede and TUIC would assume 90% of the liabilities for policies issued or renewed by the Company in the state of California while continuing to reinsure 100% of the policies issued in states other than California.

(Dollars in Thousands)

Note 6 – Reinsurance (continued)

The effects of reinsurance on written premiums are as follows:

Year Ended	Direct	Assumed	Ceded	Net	Assumed/ Net %
December 31, 2002:					
Affiliated	$ 443,223	$ 789,927	$ -	$ 1,233,150	
Non-Affiliated	-	379,051	28,973	350,078	
Total	$ 443,223	$ 1,168,978	$ 28,973	$ 1,583,228	73.84%
December 31, 2001:					
Affiliated	$ 428,363	$ 560,771	$ -	$ 989,134	
Non-Affiliated	-	41,710	23,580	18,130	
Total	$ 428,363	$ 602,481	$ 23,580	$ 1,007,264	59.81%

The effects of reinsurance on insurance reserves and claims incurred are as follows:

	Assumed		Ceded	
December 31	2002	2001	2002	2001
Insurance Reserves:				
Loss and Loss Adjustment Expenses			$ 2,407	$ 2,278
Unearned Premiums			$ 4,428	$ 3,187
Loss and Loss Adjustment Expenses Incurred			$ 114	$ 1,156

Note 7 - Federal Income Taxes

The Company is subject to Federal income taxation as a property and casualty insurance company. For the years ended December 31, 2002 and 2001, Unitrin filed or will file a consolidated Federal income tax return with the Company and all of Unitrin's subsidiaries, except for The Reliable Life Insurance Company and its subsidiaries and NationalCare Insurance Company and its subsidiaries. The method of tax allocation among the companies is subject to written agreements. In accordance with the agreements, the Company pays Federal income tax on a separate company basis.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED STATUTORY BASIS FINANCIAL STATEMENTS
DECEMBER 31, 2002 and 2001
(Dollars in Thousands)

Note 7 - Federal Income Taxes (continued)

The components of the net deferred tax asset (liability) at December 31, 2002 and 2001 are as follows:

	2002	2001
Total of All Deferred Tax Assets	$ 94,765	$ 61,285
Total of All Deferred Tax Liabilities	(174,952)	(207,944)
Net Deferred Tax Asset (Liability)	(80,187)	(146,659)
Deferred Tax Asset Non-admitted	-	-
Net Admitted Deferred Tax Asset (Liability)	$ (80,187)	$ (146,659)
(Increase) Decrease in Non-admitted Deferred Tax Asset	$ -	

The Company has no unrecognized deferred tax liabilities.

Current income taxes incurred consists of the following components:

	2002	2001
Current Income Tax Expense (Benefit)	$ (24,349)	$ (40,799)
Tax Credits	-	-
Current Income Tax Incurred	$ (24,349)	$ (40,799)

The main components of the deferred tax assets (liabilities) at December 31, 2002 are as follows:

	Statutory	Tax	Difference	Tax Effect
Deferred Tax Assets:				
Reserves	$ 906,327	$ 809,513	$ 96,814	$ 33,962
Unearned Premium Reserve	697,297	557,838	139,459	48,922
Other	5,006	-	5,006	1,756
Unitrin Direct Start-up costs	-	2,723	2,723	955
Non Admitted Assets	(4)	26,132	26,136	9,169
Total			$ 270,138	$ 94,764
Deferred Tax Liabilities:				
Equity Securities	$ 560,574	$ 146,828	$ (413,746)	$ (145,142)
Bonds	769,465	768,735	(730)	(256)
Unrealized Investments	84,187	-	(84,187)	(29,533)
Salvage/Subrogation Reserves	1,372	1,313	(59)	(21)
Total			$ (498,722)	$ (174,952)

(Dollars in Thousands)

Note 7 - Federal Income Taxes (continued)

The changes in the main components of the 2002 and 2001 deferred tax assets (liabilities) are as follows:

	2002	2001	Change
Investments	$ (145,398)	$ (157,407)	$ 12,009
Unrealized Investments	(29,533)	(50,537)	21,004
Loss and Loss Adjustment Expenses Reserves	33,942	27,414	6,528
Non-admitted Assets	9,169	5,452	3,717
Unearned Premium Reserves	48,922	26,143	22,779
Unitrin Direct Start-up	955	1,287	(332)
Other	1,756	989	767
Total Net Deferred Tax Asset (Liability)	$ (80,187)	$ (146,659)	$ 66,472
Tax Effect of Unrealized Gains (Losses)			(21,004)
Change in Net Deferred Tax			$ 45,468
Change in Deferred Tax on Non-admitted Investments			726
Change in Deferred Tax on Non-admitted Assets			(3,717)
Change in Net Deferred Income tax			$ 42,477

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

	2002		2001	
	Tax Amount	Tax Rate	Tax Amount	Tax Rate
Provision at Statutory Rate	$ (56,886)	35.08%	$ 85,912	35.08%
Tax Exempt Income Deduction	(4,444)	2.74%	(1,248)	-0.51%
Dividends Received Deduction	(2,976)	1.84%	(2,861)	-1.17%
Prior Year Corrections	(2,638)	1.63%	-	0.00%
Other	118	-0.07%	54	0.02%
Total	$ (66,826)	41.22%	$ 81,857	33.42%
Change in Deferred Income Taxes	42,477		(122,656)	
Current Income Tax Incurred	$ (24,349)		$ (40,799)	

The Company has no operating loss carryforwards. The Company also has no amounts available for recoupment in the event of future net losses.

Note 8 - Pension Plans

Unitrin sponsors a defined benefit pension plan covering substantially all of the Company's employees. Benefits are based on the employee's years of service and compensation during employment.

Unitrin's annual contributions are made at an amount necessary to meet the funding requirements of the Employee Retirement Income Security Act of 1974, as amended. Pension expense of $1,643 and $1,808 was allocated to the Company in 2002 and 2001, respectively.

Unitrin also sponsors several defined contribution benefit plans covering most of the Company's employees. TUIC incurred expense of $900 and $1,022 for contributions in 2002 and 2001, respectively.

Note 9 - Related Party Transactions

The Company and its affiliates own approximately 21.7% of the outstanding shares of UNOVA, Inc., and accordingly UNOVA is considered an affiliate under SSAP No. 25. During 2001, the Company purchased notes issued by UNOVA totaling $17,500 par value. During 2002, UNOVA repaid principal of $11,360 to the Company. During 2002 and 2001, the Company reported investment income earned of $1,444 and $533 from the notes, respectively.

The Company and Unitrin Services Company ("USC"), a wholly-owned subsidiary of Unitrin, are parties to a general services agreement whereby USC provides certain management services, group medical insurance and other insurance to the Company. Additionally, the Company and USC are parties to a data processing agreement whereby USC provides certain data processing services to the Company. The Company and several of its affiliates and subsidiaries are parties to administrative services agreements whereby the Company provides certain management services to the affiliates and subsidiaries. Services between the Company and its affiliates and subsidiaries are charged at rates that approximate cost.

Note 10 – Contingencies

The Company has no reported losses related to the terrorist attacks on September 11, 2001.

The Company and its subsidiaries are defendants in various legal actions incidental to their businesses. Some of these actions seek substantial extra-contractual damages. Although no assurances can be given and no determination can be made at this time as to the outcome of any particular legal action, the Company and its subsidiaries believe there are meritorious defenses to these legal actions and are defending them vigorously. The Company believes that resolution of these matters will not have a material adverse effect on the Company's financial position but could have a material adverse effect on the Company's results for a given period.

Note 11 - Estimated Fair Value of Financial Instruments

Estimates of fair values are made at a specific point in time, based on relevant market prices and information about the financial instrument. The estimated fair values of financial instruments presented in Note 2 are not necessarily indicative of the amounts the Company might realize in actual market transactions.

Estimated fair values for fixed income securities, excluding mortgage-backed securities, unaffiliated common and preferred stock are based on values specified in the NAIC valuation of securities manual, which approximate fair value. Mortgage-backed securities are based on quoted broker market prices.

For cash and short-term investments, accrued investment income and receivable from affiliates, the carrying amounts approximate estimated fair value because of the short maturity of such financial instruments. In addition, the carrying amount of accrued expenses approximates estimated fair value because of the short maturity of such financial instruments.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS AT DECEMBER 31, 2002
(Dollars in Thousands)

	Per Annual Statements						
ADMITTED ASSETS	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Adjustment to TUIC Annual Statement	Consolidating Entries	Total
Cash and Invested Assets:							
Bonds and Notes	$ 745,925	$ 9,558	$ 13,708	$ -	$ -	$ -	$ 769,191
Preferred Stocks, at Market	71,157	1,151	2,100	-	-	-	74,408
Common Stocks, at Market	571,133	-	-	-	-	-	571,133
Investments in Unconsolidated Subsidiaries	178,132	-	-	-	-	(31,325) (A)	146,807
Real Estate, at Cost	1,322	-	-	-	-	-	1,322
Short-term Investments	280,000	-	-	-	-	-	280,000
Cash	(31,821)	399	3,506	324	-	-	(27,592)
Other Invested Assets	6,252	-	-	-	-	-	6,252
Total Cash and Invested Assets	1,822,100	11,108	19,314	324	-	(31,325)	1,821,521
Agents' Balances and Uncollected Premiums, Net	381,750	-	-	-	-	-	381,750
Premium Notes Receivable	9,306	-	-	-	-	-	9,306
Accrued Investment Income	11,229	129	207	-	-	-	11,565
Receivable from Parent/Affiliates	40,502	4	-	-	-	(17,722) (B)	22,784
Other Admitted Assets	79,581	602	311	151	-	(43,712)	36,933
Total Admitted Assets	$ 2,344,468	$ 11,843	$ 19,832	$ 475	$ -	$ (92,759)	$ 2,283,859
LIABILITIES AND CAPITAL AND SURPLUS							
Liabilities:							
Reserve for Losses	$ 718,296	$ -	$ -	$ -	$ -	$ -	$ 718,296
Reserve for Loss Adjustment Expenses	186,668	-	-	-	-	-	186,668
Unearned Premiums	679,363	-	-	-	-	-	679,363
Advance Premiums	17,934	-	-	-	-	-	17,934
Accrued and Deferred Income Taxes	106,486	31	149	-	-	(43,712)	62,954
Accrued Expenses and Other Liabilities	118,464	-	494	151	-	(17,722) (B)	101,387
Total Liabilities	1,827,211	31	643	151	-	(61,434)	1,766,602
Capital and Surplus:							
Common Stock	3,250	3,000	3,000	300	-	(6,300) (A)	3,250
Additional Paid-In Capital	141,569	1,200	500	24	-	(1,724) (A)	141,569
Treasury Stock at Cost	(3)	-	-	-	-	-	(3)
Unassigned Surplus	372,441	7,612	15,689	-	-	(23,301) (A),(C)	372,441
Total Capital and Surplus	517,257	11,812	19,189	324	-	(31,325)	517,257
Total Liabilities Capital and Surplus	$ 2,344,468	$ 11,843	$ 19,832	$ 475	$ -	$ (92,759)	$ 2,283,859

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF ADMITTED ASSETS, LIABILITIES AND CAPITAL AND SURPLUS AT DECEMBER 31, 2001
(Dollars in Thousands)

	Per Annual Statements						
ADMITTED ASSETS	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Adjustment to TUIC Annual Statement	Consolidating Entries	Total
Cash and Invested Assets:							
Bonds and Notes	$ 594,808	$ 5,190	$ 10,482	$ -	$ -	$ -	$ 610,480
Preferred Stocks, at Market	102,241	1,203	2,105	-	-	-	105,549
Common Stocks, at Market	589,701	-	-	-	-	-	589,701
Investments in Unconsolidated Subsidiaries	190,559	-	-	-	8,506	(30,374) (A)	168,691
Real Estate, at Cost	1,322	-	-	-	-	-	1,322
Collateral for Securities Loaned	91,181	-	-	-	-	-	91,181
Short Term Investments	15,649	-	-	-	-	-	15,649
Cash	78,818	4,478	6,112	324	-	-	89,732
Total Cash and Invested Assets	1,664,279	10,871	18,699	324	8,506	(30,374)	1,672,305
Agents' Balances and Uncollected Premiums, Net	209,284	-	-	-	4,273	-	213,557
Premium Notes Receivable	10,835	-	-	-	-	-	10,835
Accrued Investment Income	12,026	86	189	-	-	-	12,301
Goodwill	9,366	-	-	-	(9,366)	-	-
Receivable from Parent/Affiliates	68,467	15	-	-	(5,682)	(46,850) (B)	15,950
Other Admitted Assets	29,175	764	432	172	-	-	30,543
Total Admitted Assets	$ 2,003,432	$ 11,736	$ 19,320	$ 496	$ (2,269)	$ (77,224)	$ 1,955,491
LIABILITIES AND CAPITAL AND SURPLUS							
Liabilities:							
Reserve for Losses	$ 511,823	$ -	$ -	$ -	$ 2,737	$ -	$ 514,560
Reserve for Loss Adjustment Expenses	129,522	-	-	-	277	-	129,799
Unearned Premiums	367,773	-	-	-	4,851	-	372,624
Accrued and Deferred Income Taxes	166,830	129	451	-	(26,336)	-	141,074
Payable for Securities Lending	91,181	-	-	-	-	-	91,181
Accrued Expenses and Other Liabilities	121,037	172	253	172	214	(46,849) (B)	74,999
Total Liabilities	1,388,166	301	704	172	(18,257)	(46,849)	1,324,237
Capital and Surplus:							
Common Stock	3,250	3,000	3,000	300	-	(6,300) (A)	3,250
Additional Paid-in Capital	6,569	1,200	500	24	-	(1,724) (A)	6,569
Treasury Stock at Cost	(3)	-	-	-	-	-	(3)
Unassigned Surplus	605,450	7,235	15,116	-	15,988	(22,351) (A),(C)	621,438
Total Capital and Surplus	615,266	11,435	18,616	324	15,988	(30,375)	631,254
Total Liabilities Capital and Surplus	$ 2,003,432	$ 11,736	$ 19,320	$ 496	$ (2,269)	$ (77,224)	$ 1,955,491

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2002
(Dollars in Thousands)

	Per Annual Statements						
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Adjustment to TUIC Annual Statement	Consolidating Entries	Total
Underwriting Income (Loss):							
Earned Premiums, Net	$ 1,280,261	$ -	$ -	$ -	$ (3,772)	$ -	$ 1,276,489
Underwriting Expenses:							
Losses Incurred	892,588	-	-	-	(3,961)	-	888,627
Losses Adjustment Expenses Incurred	191,434	-	-	-	(958)	-	190,476
Other Underwriting Expenses	478,560	-	-	-	(8,867)	-	469,693
Total Underwriting Expenses	1,562,582	-	-	-	(13,786)	-	1,548,796
Net Underwriting income (Loss)	(282,321)	-	-	-	10,014	-	(272,307)
Net Investment Income:							
Investment Income (Net of Investment Expense: $162)	52,306	526	749	-	(4,964)	-	48,617
Net Realized Capital Gains (Losses)	33,445	-	18	-	(832)	-	32,631
Net Investment Income	85,751	526	767	-	(5,796)	-	81,248
Other Income (Loss):							
Loss from Agent and Premium Balance Write-offs	(14,319)	-	-	-	-	-	(14,319)
Net Finance and Service Charges	43,878	-	-	-	(118)	-	43,760
Total Other Income (Loss)	29,559	-	-	-	(118)	-	29,441
Income (Loss) before Dividends to Policyholders and Federal Income Taxes	(167,011)	526	767	-	4,100	-	(161,618)
Dividends to Policyholders	543	-	-	-	-	-	543
Income (Loss) before Federal Income Taxes	(167,554)	526	767	-	4,100	-	(162,161)
Federal Income Tax Expense (Benefit)	(26,710)	112	176	-	2,073	-	(24,349)
Net Income (Loss)	$ (140,844)	$ 414	$ 591	$ -	$ 2,027	$ -	$ (137,812)

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2001
(Dollars in Thousands)

	Per Annual Statements						
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Adjustment to TUIC Annual Statement	Consolidating Entries	Total
Underwriting Income (Loss):							
Earned Premiums, Net	$ 978,095	$ -	$ -	$ -	$ 3,772	$ -	$ 981,867
Underwriting Expenses:	-						
Losses Incurred	739,733	-	-	-	3,961	-	743,694
Losses Adjustment Expenses Incurred	126,488	-	-	-	958	-	127,446
Other Underwriting Expenses	316,829	-	-	-	8,867	-	325,696
Total Underwriting Expenses	1,183,050	-	-	-	13,786	-	1,196,836
Net Underwriting Loss	(204,955)	-	-	-	(10,014)	-	(214,969)
Net Investment Income:							
Investment Income (Net of Investment Expense: $257)	49,561	514	825	-	4,964	-	55,864
Net Realized Capital Gains (Losses)	395,044	(1)	12	-	832	-	395,887
Net Investment Income	444,605	513	837	-	5,796	-	451,751
Other Income (Loss):							
Loss from Agent and Premium Balance Write-offs	(15,343)	-	-	-	-	-	(15,343)
Net Finance and Service Charges	24,717	-	-	-	118	-	24,835
Total Other Income	9,374	-	-	-	118	-	9,492
Income (Loss) before Dividends to Policyholders and Federal Income Taxes	249,024	513	837	-	(4,100)	-	246,274
Dividends to Policyholders	1,370	-	-	-	-	-	1,370
Income (Loss) before Federal Income Taxes	247,654	513	837	-	(4,100)	-	244,904
Federal Income Taxes Expense (Benefit)	(39,029)	112	191	-	(2,073)	-	(40,799)
Net Income (Loss)	$ 286,683	$ 401	$ 646	$ -	$ (2,027)	$ -	$ 285,703

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT
OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2002
(Dollars in Thousands)

	Per Annual Statements						
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Adjustment to TUIC Annual Statement	Consolidating Entries	Total
Balance, Beginning of Year	$ 615,266	$ 11,435	$ 18,616	$ 324	$ 15,988	$ (30,375) (A),(C)	$ 631,254
Net Income (Loss)	(140,844)	414	591	-	2,027	-	(137,812)
Change in Unrealized Capital Gains and Losses	(52,961)	(35)	(12)	-	(7,803)	(951) (A)	(61,762)
Change in Net Deferred Income Tax	43,774	(2)	(6)	-	1,702	-	45,468
Change in Non-Admitted Assets	(10,891)	-	-	-	-	-	(10,891)
Surplus Paid In	135,000	-	-	-	-	-	135,000
Dividends to Stockholder	(84,000)	-	-	-	-	-	(84,000)
Prior Year Corrections	11,914	-	-	-	(11,914)	-	-
Balance, End of Year	$ 517,258	$ 11,812	$ 19,189	$ 324	$ -	$ (31,326)	$ 517,257

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT
OF CHANGES IN CAPITAL AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2001
(Dollars in Thousands)

	Per Annual Statements							
	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Adjustment to TUIC Annual Statement	Consolidating Entries		Total
Balance, Beginning of Year	$ 846,137	$ 11,122	$ 17,984	$ 324	$ -	$ (29,430)	(A),(C)	$ 846,137
Net Income	286,683	401	646	-	(2,027)	-		285,703
Change in Unrealized Capital Gains and Losses	(303,161)	(70)	(25)	-	110,036	(945)	(A)	(194,165)
Change in Net Deferred Income Tax	(20,275)	19	8	-	(112,784)	-		(133,032)
Change in Non-Admitted Assets	(5,342)	-	-	-	-	-		(5,342)
Cumulative effect of Changes in Accounting Principles	(188,776)	(37)	3	-	20,763	-		(168,047)
Balance, End of Year	$ 615,266	$ 11,435	$ 18,616	$ 324	$ 15,988	$ (30,375)		$ 631,254

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2002
(Dollars in Thousands)

	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries	Total
Cash Provided (Used) by Operations:						
Underwriting Activities:						
Premiums Collected, Net of Reinsurance	$ 1,434,071	$ -	$ -	$ -	$ -	$ 1,434,071
Loss and Loss Adjustment Expenses Paid	(817,227)	(4)	-	-	-	(817,231)
Underwriting Expenses Paid	(452,831)	2	3	-	-	(452,826)
Cash Used by Underwriting Activities	164,013	(2)	3	-	-	164,014
Investment Income, Net	53,371	490	797	-	-	54,658
Other Income, Net	26,646	-	-	21	-	26,667
Dividends Paid to Policyholders	(543)	-	-	-	-	(543)
Federal Income Tax Paid	19,272	(195)	(491)	-	-	18,586
Net Cash Provided by Operations	262,759	293	309	21	-	263,382
Cash Provided (Used) by Investments:						
Cash Provided from Investments Sold, Matured or Repaid:						
Bonds and Notes	254,104	950	1,900	-	-	256,954
Stocks	87,379	-	-	-	-	87,379
Other Invested Assets	-	(172)	-	-	-	(172)
Total Cash Provided from Investments Sold, Matured or Repaid	341,483	778	1,900	-	-	344,161
Cash Used to Acquire Investments:						-
Bonds and Notes	(406,854)	(5,325)	(5,175)	-	-	(417,354)
Stocks	(63,325)	-	-	-	-	(63,325)
Other Invested Assets	(3,453)	-	-	-	-	(3,453)
Total Cash Used to Acquire Investments	(473,632)	(5,325)	(5,175)	-	-	(484,132)
Net Cash Used by Investments	(132,149)	(4,547)	(3,275)	-	-	(139,971)
Cash Provided (Used) by Financing and Other Sources:						
Other Cash Provided:						
Capital and Surplus paid in	135,000	-	-	-	-	135,000
Transfers from Affiliates	45,318	10	239	-	-	45,567
Other	119	165	121	-	-	405
Total Cash Provided (Used) by Financing and Other Sources	180,437	175	360	-	-	180,972
Other Cash Applied:						
Dividends to Stockholder	(84,000)	-	-	-	-	(84,000)
Transfers to Affiliates	(42,922)	-	-	(21)	-	(42,943)
Other Applications	(30,413)	-	-	-	-	(30,413)
Total Cash Used by Financing and Other Sources	(157,335)	-	-	(21)	-	(157,356)
Net Cash Provided (Used) by Financing and Other Sources	23,102	175	360	(21)	-	23,616
Increase (Decrease) in Cash and Short Term Investments	153,712	(4,079)	(2,606)	-	-	147,027
Cash and Short Term Investments at Beginning of Year	94,467	4,478	6,112	324	-	105,381
Cash and Short Term Investments at End of Year	$ 248,179	$ 399	$ 3,506	$ 324	$ -	$ 252,408

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING SCHEDULE – INFORMATION REGARDING STATUTORY BASIS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2001
(Dollars in Thousands)

	TUIC	TUIC of Kansas	Security National	Trinity Lloyds	Consolidating Entries	Total
Cash Provided (Used) by Operations:						
Underwriting Activities:						
Premiums Collected, Net of Reinsurance	$ 997,224	$ -	$ -	$ -	$ -	$ 997,224
Loss and Loss Adjustment Expenses Paid	(710,911)	-	-	-	-	(710,911)
Underwriting Expenses Paid	(305,420)	-	-	-	-	(305,420)
Cash Used by Underwriting Activities	(19,107)	-	-	-	-	(19,107)
Investment Income, Net	49,722	616	1,083	-	-	51,421
Other Income, Net	18,324	-	-	(151)	-	18,173
Dividends Paid to Policyholders	(1,370)	-	-	-	-	(1,370)
Federal Income Tax Paid	(1,161)	(31)	(11)	-	-	(1,203)
Net Cash Provided by Operations	46,408	585	1,072	(151)	-	47,914
Cash Provided (Used) by Investments:						
Cash Provided from Investments Sold, Matured or Repaid:						
Bonds and Notes	225,594	3,105	6,175	-	-	234,874
Stocks	442,778	-	-	-	-	442,778
Other Invested Assets	-	172	-	-	-	172
Total Cash Provided from Investments Sold, Matured or Repaid	668,372	3,277	6,175	-	-	677,824
Cash Used to Acquire Investments:						-
Bonds and Notes	(236,124)	(859)	(2,396)	-	-	(239,379)
Stocks	(413,180)	-	-	-	-	(413,180)
Other Invested Assets	-	-	-	-	-	-
Total Cash Used to Acquire Investments	(649,304)	(859)	(2,396)	-	-	(652,559)
Net Cash Used by Investments	19,068	2,418	3,779	-	-	25,265
Cash Provided (Used) by Financing and Other Sources:						
Other Cash Provided:						
Transfers from Affiliates	10,850	118	271	151	(540)	10,850
Other	47,873	-	-	-	-	47,873
Total Cash Provided (Used) by Financing and Other Sources	58,723	118	271	151	(540)	58,723
Other Cash Applied:						
Dividends to Stockholder	-	-	-	-	-	-
Transfers to Affiliates	(21,107)	-	-	-	540	(20,567)
Other Applications	(18,564)	(91)	(383)	-	-	(19,038)
Total Cash Used by Financing and Other Sources	(39,671)	(91)	(383)	-	540	(39,605)
Net Cash Provided (Used) by Financing and Other Sources	19,052	27	(112)	151	-	19,118
Increase (Decrease) in Cash and Short Term Investments	84,528	3,030	4,739	-	-	92,297
Cash and Short Term Investments at Beginning of Year	9,939	1,448	1,373	324	-	13,084
Cash and Short Term Investments at End of Year	$ 94,467	$ 4,478	$ 6,112	$ 324	$ -	$ 105,381

See Accompanying Independent Auditors' Report.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
CONSOLIDATING ENTRIES AT DECEMBER 31, 2002 AND 2001

Consolidating entry (A) eliminates TUIC's investment in its wholly-owned consolidated subsidiaries. Entry (B) eliminates intercompany accounts between TUIC and its subsidiaries. Entry (C) establishes Trinity Lloyds as an admitted asset and eliminates a related party intercompany transaction between Trinity Lloyds and TUIC.

TRINITY UNIVERSAL INSURANCE COMPANY AND SUBSIDIARIES
SCHEDULE 1 – SUPPLEMENTAL CONSOLIDATED SUMMARY OF INVESTMENTS
AT DECEMBER 31, 2002
(dollars in thousands)

	Gross Investment Holdings		Admitted Assets Per Annual Statement	
	Amount	Percentage	Amount	Percentage
Bonds				
U S Treasury Securities	$ 85,032	4.67	$ 85,032	4.67
U S government agency obligations:				
Issued by U S government sponsored agencies	4,354	0.24	4,354	0.24
Securities issued by states, territories and possessions and political subdivisions in the US:				
U S states and territories general obligations	378,973	20.81	378,973	20.81
Political Subdivisions of US States, territories general obligations	65,661	3.60	65,661	3.60
Revenue and assessment obligations	83,561	4.59	83,561	4.59
Industrial development and similar obligations	149,646	8.22	149,646	8.22
Mortgage-backed securities:				
Pass-through securities:				
Other Pass through Securities	-	-	-	-
Other mortaged-backed securities:				
Other mortgage-backed securities collateralized by MBS issued or guaranteed by FNMA, FHLMC or GNMA	1,965	0.11	1,965	0.11
Other Debt Securities (excluding short term):				
Unaffiliated domestic securities	-	-	-	-
Equity Interests:				
Preferred Stocks:				
Unaffiliated	74,408	4.08	74,408	4.08
Publicly traded equity securities:				
Affiliated	146,807	8.06	146,807	8.06
Unaffiliated	571,133	31.35	571,133	31.35
Real Estate Investments:				
Property held for production of income	1,322	0.07	1,322	0.07
Cash and Short Term Investments	252,408	13.86	252,408	13.86
Other Invested Assets	6,251	0.34	6,251	0.34
Total Invested Assets	$ 1,821,521	100.00	$ 1,821,521	100.00

See Accompanying Independent Auditors' Report.

Trinity Universal Insurance Co. and Subsidiaries

SCHEDULE 2

SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES

FOR THE YEAR ENDED DECEMBER 31, 2002

Answer the following interrogatories by stating the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments as shown on the Summary Investment Schedule. All reporting entities must answer interrogatories 1, 2, 3, 4, 11 and, if applicable 20 through 24. Answer each of interrogatories 5 through 19 (except 11) only if the reporting entity's aggregate holding in the gross investment category addressed in that interrogatory equals or exceeds 2.5% of the reporting entity's total admitted assets. For Life, Health and Fraternal blanks, responses are to exclude Separate Accounts. For Property and Casualty blank, responses are to exclude Protected Cell Account.

State the reporting entity's total admitted assets as reported on Page 2 of the Company's annual statement: --------$ 2,283,859,000

1. State by investment category the 10 largest exposures to a single issuer/borrower/investment, excluding U. S. Government, U. S. Government agency securities and those U. S. Government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt, property occupied by the company and policy loans.

	Investment Category		Amount	% of Total Admitted Assets
a.	Industrial and Misc. - Northrop Grumman Common Stk	$	444,696,500	19.5 %
b.	Industrial and Misc. - Baker Hughes Inc. Common Stk	$	96,975,594	4.2 %
c.	Other Short Term - Northern Trust	$	95,000,000	4.2 %
d.	Money Market Mutual Fund - Northern Institutional Funds	$	95,000,000	4.2 %
e.	Other Short Term - Harris Bank / Nesbit Burns	$	90,000,000	3.9 %
f.	Parent, Subsidiaries and Affiliates - Valley Group	$	87,113,997	3.8 %
g.	States, Territories & Possessions - Ohio State Bond	$	28,058,997	1.2 %
h.	States, Territories & Possessions - Washington State Bond	$	27,524,777	1.2 %
i.	Parent, Subsidiaries and Affiliates - Financial Indemnity Co.	$	27,086,080	1.1 %
j.	States, Territories & Possessions - Massachusetts State Bond	$	26,094,333	1.1 %

See accompanying independent auditors' report.

Trinity Universal Insurance Co. and Subsidiaries

SCHEDULE 2

SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES

FOR THE YEAR ENDED DECEMBER 31, 2002

2. State the amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating:

Bonds		Amount	% of Total Admitted Assets	Preferred stocks		Amount	Admitted Assets
NAIC - 1	$	743,484,203	32.6 %	P/RP-1	$	42,438,582	1.9 %
NAIC - 2	$	17,353,185	0.8 %	P/RP-2	$	30,820,133	1.3 %
NAIC - 3	$	1,205,000	0.1 %	P/RP-3	$	769,488	0.0 %
NAIC - 4	$	3,230,469	0.1 %	P/RP-4	$	-	- %
NAIC - 5	$	3,683,121	0.2 %	P/RP-5	$	-	- %
NAIC - 6	$	235,000	0.0 %	P/RP-6	$	380,000	0.0 %

3. State the amounts and percentages of the reporting entity's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure) and unhedged foreign currency exposure (defined as the statement value of investments denominated in foreign currencies which are not hedged by financial instruments qualifying for hedge accounting as specified in SSAP No. 31 – Derivative Instruments), including foreign-currency-denominated investments of $0 supporting insurance liabilities denominated in that same foreign currency of $0 and excluding Canadian investments and currency exposure of $0.

   Assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets, therefore detail not required: Yes [X] No [ ]

a. Aggregate foreign investment exposure categorized by NAIC sovereign rating: None.

b. Two largest foreign investment exposures to a single country, categorized by NAIC sovereign rating: None.

c. Aggregate unhedged foreign currency exposure: None.

d. Aggregate unhedged foreign currency exposure categorized by the country's NAIC sovereign rating: None.

e. Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating: None.

f. List the 10 largest non-sovereign (i.e. non-governmental) foreign issues: None.

See accompanying independent auditors' report.

Trinity Universal Insurance Co. and Subsidiaries

SCHEDULE 2

SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES

FOR THE YEAR ENDED DECEMBER 31, 2002

4. State the amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure, including Canadian-currency-denominated investments of $0 supporting Canadian-denominated insurance liabilities of $0.

   Assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets, therefore detail not required. Yes [X] No [ ]

5. State the aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investments from being sold within 90 days).

   Assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets, therefore detail not required. Yes [X] No [ ]

6. State the aggregate amounts and percentages of admitted assets held in the largest 10 equity interests (including investments in shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt or Class 1).

   Assets held in equity interest less than 2.5% of the reporting entity's total admitted assets, therefore detail not required.

   Yes [ ] No [X]

	1 Investment Category	2	3
a.	Industrial & Misc - Northrop Grumman Common	$ 444,696,500	19.5 %
b.	Industrial & Misc - Baker Hughes Common	$ 96,975,594	4.2 %
c.	Parent, Subsidiaries and Affiliates - Valley Group	$ 87,113,997	3.8 %
d.	Parent, Subsidiaries and Affiliates - Financial Indemnity	$ 27,086,080	1.2 %
e.	Parent, Subsidiaries and Affiliates - Security Natl Ins Co.	$ 19,188,687	0.8 %
f.	Parent, Subsidiaries and Affiliates - Trinity Universal Kansas	$ 11,811,687	0.5 %
g.	Parent, Subsidiaries and Affiliates - Alpha Property & Casualty	$ 11,404,584	0.5 %
h.	Parent, Subsidiaries and Affiliates - Milwaukee Safeguard Ins Co.	$ 10,840,378	0.5 %
i.	Parent, Subsidiaries and Affiliates - Milwaukee Casualty Ins Co.	$ 10,685,749	0.4 %
j.	Bank, Trusts and Insurance Co. - Citigroup	$ 7,261,689	0.3 %

See accompanying independent auditors' report.

Trinity Universal Insurance Co. and Subsidiaries

SCHEDULE 2

SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES

FOR THE YEAR ENDED DECEMBER 31, 2002

7. State the amounts and percentages of the entity's total admitted assets held in nonaffiliated, privately placed equities (included in other equity securities) and excluding securities eligible for sale under Securities Exchange Commission (SEC) Rule 144a or SEC Rule 144 without volume restrictions.

   Assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets, therefore detail not required. Yes [X] No [ ]

8. State the aggregate amounts and percentages of the reporting entity's total admitted assets held in general partnership interests (included in other equity securities).

   Assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets, therefore detail not required. Yes [X] No [ ]

9. With respect to mortgage loans reported in Schedule B, state the amounts and percentages of the reporting entity's total admitted assets held.

   Mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets, therefore detail not required. Yes [X] No [ ]

   Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date: None.

10. State the amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in one parcel or group of contiguous parcels of real estate reported in Schedule A, excluding property occupied by the company.

    Assets held in each of the five largest investment in one parcel or group of contiguous parcels of real estate reported in Schedule A less than 2.5% of the reporting entity's total admitted assets, therefore detail not required. Yes [X] No [ ]

See accompanying independent auditors' report.

Trinity Universal Insurance Co. and Subsidiaries

SCHEDULE 2

SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES

FOR THE YEAR ENDED DECEMBER 31, 2002

11. State the amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	At Year-end		At End of Each Quarter		
			1st Quarter	2nd Quarter	3rd Quarter
	1	2	3	4	5
Securites lending (do not include assets held as collateral for such transactions)	$ -	- %	$ 43,112,911	$ 43,956,551	$ 45,984,712
Repurchase agreements	$ -	- %	$ -	$ -	$ -
Reverse repurchase agreements	$ -	- %	$ -	$ -	$ -
Dollar repurchase	$ -	- %	$ -	$ -	$ -
Dollar reverse repurchase agreements	$ -	- %	$ -	$ -	$ -

12. State the amounts and percentages indicated below for warrants not attached to other financial instruments, options, caps, and floors:

	Owned		Written	
	1	2	3	4
a. Hedging	$ -	- %	$ -	-
b. Income generation	$ -	- %	$ -	-
c. Other	$ -	- %	$ -	-

See accompanying independent auditors' report.

Trinity Universal Insurance Co. and Subsidiaries

SCHEDULE 2

SUPPLEMENTAL INVESTMENT RISK INTERROGATORIES

FOR THE YEAR ENDED DECEMBER 31, 2002

13. State the amounts and percentages indicated below of potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for collars, swaps, and forwards:

	At Year-end		At End of Each Quarter		
	1	2	3	Quarter 4	5
a. Hedging	$ -	- %	$ -	$ -	$ -
b. Income generation	$ -	- %	$ -	$ -	$ -
c. Replications	$ -	- %	$ -	$ -	$ -
d. Other	$ -	- %	$ -	$ -	$ -

14. State the amounts and percentages indicated below of potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for futures contracts:

	At Year-end		At End of Each Quarter		
	1	2	3	Quarter 4	5
a. Hedging	$ -	- %	-	-	-
d. Income generation	$ -	- %	-	-	-
c. Replications	$ -	- %	-	-	-
d. Other	$ -	- %	-	-	-

15. State the amounts and percentages of the 10 largest investments included in the Write-ins for Invested Assets category included on the Summary Investment Schedule:

	1	2	3
a.		$ -	- %
b.		$ -	- %
c.		$ -	- %
d.		$ -	- %
e.		$ -	- %
f.		$ -	- %
g.		$ -	- %
h.		$ -	- %
i.		$ -	- %
j.		$ -	- %

See accompanying independent auditors' report.