

ANNUAL STATEMENT

OF THE

**HOW INSURANCE COMPANY, A RISK
RETENTION GROUP, In Receivership**

2002

OF

Richmond

IN THE STATE OF

Virginia/Vatican

TO THE

INSURANCE DEPARTMENT

OF THE

STATE OF

FOR THE YEAR ENDED

DECEMBER 31, 2002

PROPERTY AND CASUALTY

2002

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**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION
GROUP, In Receivership**

Statement of Actuarial Opinion



**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION
GROUP, In Receivership**

Management's Discussion and Analysis



**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION
GROUP, In Receivership**

Audited Financial Report



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

HOW Insurance Company, A Risk Retention Group, In Receivership

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 41246 Employer's ID Number 52-1208234
Organized under the Laws of Virginia, State of Domicile or Port of Entry Virginia
Country of Domicile United States of America
Incorporated 02/23/1981 Commenced Business 07/27/1981
Statutory Home Office 1300 E. Main Street (Street and Number), Richmond, VA 23219 (City or Town, State and Zip Code)
Main Administrative Office 7501C N. Capital of Texas Hwy., Ste. 200 (Street and Number)
Austin, TX 78731 (City or Town, State and Zip Code) 512-404-6555 (Area Code) (Telephone Number)
Mail Address 7501C N. Capital of Texas Hwy., Ste 200 (Street and Number or P.O. Box), Austin, TX 78731 (City or Town, State and Zip Code)
Primary Location of Books and Records 7501C N. Capital of Texas Hwy., Ste. 200 (Street and Number)
Austin, TX 78731 (City or Town, State and Zip Code) 512-404-6555 (Area Code) (Telephone Number)
Internet Website Address www.howcorp.com
Statement Contact Mike R. Parker (Name) 512-404-6555 (Area Code) (Telephone Number) (Extension)
mparker@palomar-lc.com (E-mail Address) 512-404-6530 (Fax Number)
Policyowner Relations Contact 7501C N. Capital of Texas Hwy., St. 200 (Street and Number)
Austin, TX 78731 (City or Town, State and Zip Code) 512-404-6555 (Area Code) (Telephone Number) (Extension)

On Friday, October 14, 1994, in cause No. HE-1059-1, Styled Commonwealth of Virginia ex rel. State Corporation Commission and Steven T. Foster, Commissioner of Insurance v. Home Warranty Corporation, Home Owners Warranty Corporation, and HOW Insurance Company, a Risk Retention Group, the Circuit Court of the City of Richmond, Virginia, entered its FINAL ORDER APPOINTING RECEIVER FOR REHABILITATION OR LIQUIDATION (the "Receivership Order") appointing the State Corporation Commission of the Commonwealth of Virginia (the "Commission") permanent Receiver of HOW Insurance Company ("HOWIC" or "the Company"), as well as its parent Home Warranty Corporation ("HWC") and its affiliate, Home Owners Warranty ("HOW") (collectively, "the Companies").

AUTHORIZED REPRESENTATIVES

Mike R. Parker Brenda Stewart
Authorized Representative Authorized Representative

State of Texas }
County of Travis } ss

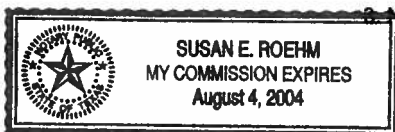
The authorized representatives of this company, being duly sworn, each depose and say that they are the described authorized representatives of the said insurer, and that on the thirty-first day of December last, all of the herein described assets were the absolute property of the said insurer, free and clear from any liens or claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to are a full and true statement of all the assets and liabilities and of the condition and affairs of the said insurer as of the thirty-first day of December last, and of its income and deductions therefrom for the year ended on that date, and have been completed in accordance with the NAIC annual statement instructions and accounting practices and procedures manuals 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.

Mike R. Parker Brenda Stewart
Authorized Representative Authorized Representative

Subscribed and sworn to before me this 16th day of April, 2003

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

Susan E Roehm



**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	118,473,747		118,473,747	119,553,654
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	0		0	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$896,255 Schedule E, Part 1) and short-term investments(\$ .....1,759,381 Schedule DA, Part 2)	2,655,636		2,655,636	2,433,660
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	121,129,383	0	121,129,383	121,987,314
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection			0	0
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$ earned but unbilled premiums)			0	0
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	1,054,015		1,054,015	1,124,022
15. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset)			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	22,733		22,733	0
18. Interest, dividends and real estate income due and accrued	1,471,996		1,471,996	1,584,715
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates	4,496,658	4,496,658	0	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)			0	0
25. Aggregate write-ins for other than invested assets	598,526	3,550	594,976	677,085
26. Total assets excluding protected cell assets (Lines 9 through 25)	128,773,311	4,500,208	124,273,103	125,373,136
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	128,773,311	4,500,208	124,273,103	125,373,136
DETAILS OF WRITE-INS				
0801.			0	0
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0
2501. Loss Reserve Prepayments.....	594,976		594,976	677,085
2502. Miscellaneous Receivables.....	3,550	3,550	0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	598,526	3,550	594,976	677,085

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	45,326,068	59,890,270
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9)	13,600,000	20,960,000
4. Commissions payable, contingent commissions and other similar charges		0
5. Other expenses (excluding taxes, licenses and fees)	51,511	35,715
6. Taxes, licenses and fees (excluding federal and foreign income taxes)		0
7. Federal and foreign income taxes (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)		0
8. Borrowed money \$ and interest thereon \$		0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$761,000 and including warranty reserves of \$)	236,000	2,792,000
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)		0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	39,980,194	38,158,925
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	32,825	56,249
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Payable for securities		0
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	12,398,827	12,783,841
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	111,625,425	134,677,000
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	787,377,972	948,738,997
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	1,000,000	1,000,000
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes		0
32. Gross paid in and contributed surplus	5,097,479	5,097,479
33. Unassigned funds (surplus)	6,550,196	(15,401,343)
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	12,647,675	(9,303,864)
36. TOTALS (Page 2, Line 28, Col. 3)	800,025,647	939,435,133
DETAILS OF WRITE-INS		
2301. Loss payments - deferred, see footnote no. 6.....	707,042	773,329
2302. Loss reserve prepayments, See footnote no. 7.....	1,138,321	1,220,430
2303. Deferred LAE.....	1,288,855	1,288,855
2398. Summary of remaining write-ins for Line 23 from overflow page	9,264,609	9,501,227
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	12,398,827	12,783,841
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	2,556,000	1,274,000
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	(12,572,630)	(12,675,710)
3. Loss expenses incurred (Part 3, Line 25, Column 1)	(3,877,598)	(2,405,727)
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	531	1,092
5. Aggregate write-ins for underwriting deductions	(156,020)	518,488
6. Total underwriting deductions (Lines 2 through 5)	(16,605,718)	(14,561,858)
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	19,161,718	15,835,858
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	4,050,706	5,017,446
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	(678,258)	344,965
11. Net investment gain or (loss) (Lines 9 + 10)	3,372,448	5,362,411
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ amount charged off \$)		0
13. Finance and service charges not included in premiums		0
14. Aggregate write-ins for miscellaneous income	722	240
15. Total other income (Lines 12 through 14)	722	240
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	22,534,888	21,198,509
17. Dividends to policyholders		0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	22,534,888	21,198,509
19. Federal and foreign income taxes incurred		0
20. Net income (Line 18 minus Line 19) (to Line 22)	22,534,888	21,198,509
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	(9,303,864)	(30,973,945)
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	22,534,888	21,198,509
23. Net unrealized capital gains or (losses)	(606,772)	313,062
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax		0
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	0	(115)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	23,424	176,551
28. Change in surplus notes		0
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		0
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		(17,926)
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		0
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1)	0	0
36. Aggregate write-ins for gains and losses in surplus	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36)	21,951,540	21,670,081
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	12,647,676	(9,303,864)
DETAILS OF WRITE-INS		
0501. Interest Expense on Deferred Loss Payments	343,980	229,859
0502. NCD Employee Expense		288,628
0503. Write-Off of Lease Liability	(500,000)	0
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(156,020)	518,488
1401. Miscellaneous income	722	240
1402.		
1403.		
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	722	240
3601.		
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	0	0
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	5,403,967	6,312,080
3. Underwriting expenses paid	359	1,105
4. Other underwriting income (expenses)	(146,884)	(8,882,596)
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(5,551,210)	(15,195,781)
6. Net investment income	4,715,034	5,348,520
7. Other income (expenses):		
7.1 Agents' balances charged off	0	0
7.2 Net funds held under reinsurance treaties	1,821,269	1,951,660
7.3 Net amount withheld or retained for account of others	0	0
7.4 Aggregate write-ins for miscellaneous items	722	240
7.5 Total other income (Lines 7.1 to 7.4)	1,821,991	1,951,899
8. Dividends to policyholders on direct business, less \$ dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered	0	0
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	985,814	(7,895,362)
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	54,782,793	47,777,780
11.2 Stocks	0	0
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets	0	0
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7)	54,782,793	47,777,780
12. Cost of investments acquired (long-term only):		
12.1 Bonds	55,523,900	49,330,163
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6)	55,523,900	49,330,163
13. Net Cash from investments (Line 11.8 minus Line 12.7)	(741,107)	(1,552,383)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	(17,926)
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	0
14.4 Borrowed funds received	0	0
14.5 Other cash provided	0	0
14.6 Total (Lines 14.1 to 14.5)	0	(17,926)
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	0	0
15.3 Borrowed funds repaid	0	0
15.4 Other applications	22,733	115
15.5 Total (Lines 15.1 to 15.4)	22,733	115
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(22,733)	(18,041)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	221,974	(9,465,786)
18. Cash and short-term investments:		
18.1 Beginning of year	2,433,658	11,899,445
18.2 End of year (Line 17 plus Line 18.1)	2,655,633	2,433,658
DETAILS OF WRITE-INS		
07.401 Miscellaneous Income	722	240
07.402	0	0
07.403	0	0
07.498 Summary of remaining write-ins for Line 7.4 from overflow page	0	0
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above)	722	240

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Lines of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	3 Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire	0	0	0	0
2.	Allied lines	0	0	0	0
3.	Farmowners multiple peril	0	0	0	0
4.	Homeowners multiple peril	0	0	0	0
5.	Commercial multiple peril	0	0	0	0
6.	Mortgage guaranty	0	0	0	0
8.	Ocean marine	0	0	0	0
9.	Inland marine	0	0	0	0
10.	Financial guaranty	0	0	0	0
11.1	Medical malpractice - occurrence	0	0	0	0
11.2	Medical malpractice - claims-made	0	0	0	0
12.	Earthquake	0	0	0	0
13.	Group accident and health	0	0	0	0
14.	Credit accident and health (group and individual)	0	0	0	0
15.	Other accident and health	0	0	0	0
16.	Workers' compensation	0	0	0	0
17.1	Other liability - occurrence	0	0	0	0
17.2	Other liability - claims-made	0	0	0	0
18.1	Products liability - occurrence	0	2,792,000	236,000	2,556,000
18.2	Products liability - claims-made	0	0	0	0
19.1,19.2	Private passenger auto liability	0	0	0	0
19.3,19.4	Commercial auto liability	0	0	0	0
21.	Auto physical damage	0	0	0	0
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	0	0	0	0
27.	Boiler and machinery	0	0	0	0
28.	Credit	0	0	0	0
29.	International	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines	0	0	0	0
33.	Aggregate write-ins for other lines of business	0	0	0	0
34.	TOTALS	0	2,792,000	236,000	2,556,000
DETAILS OF WRITE-INS					
3301.	.....			
3302.	.....			
3303.	.....			
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire .....					.0
2. Allied lines .....					.0
3. Farmowners multiple peril .....					.0
4. Homeowners multiple peril .....					.0
5. Commercial multiple peril .....					.0
6. Mortgage guaranty .....					.0
8. Ocean marine .....					.0
9. Inland marine .....					.0
10. Financial guaranty .....					.0
11.1 Medical malpractice - occurrence .....					.0
11.2 Medical malpractice - claims-made .....					.0
12. Earthquake .....					.0
13. Group accident and health .....					.0
14. Credit accident and health (group and individual) .....					.0
15. Other accident and health .....					.0
16. Workers' compensation .....					.0
17.1 Other liability - occurrence .....					.0
17.2 Other liability - claims-made .....					.0
18.1 Products liability - occurrence		236,000			236,000
18.2 Products liability - claims-made .....					.0
19.1,19.2 Private passenger auto liability .....					.0
19.3,19.4 Commercial auto liability .....					.0
21. Auto physical damage .....					.0
22. Aircraft (all perils) .....					.0
23. Fidelity .....					.0
24. Surety .....					.0
26. Burglary and theft .....					.0
27. Boiler and machinery .....					.0
28. Credit .....					.0
29. International .....					.0
30. Reinsurance - Nonproportional Assumed Property .....					.0
31. Reinsurance - Nonproportional Assumed Liability .....					.0
32. Reinsurance - Nonproportional Assumed Financial Lines .....					.0
33. Aggregate write-ins for other lines of business .....	.0	.0	.0	.0	.0
34. TOTALS	0	236,000	0	0	236,000
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					236,000
DETAILS OF WRITE-INS					
3301.					
3302.					
3303.					
3398. Summary of remaining write-ins for Line 33 from overflow page .....	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes [] No []

(b) State here basis of computation used in each case

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 1B - PREMIUMS WRITTEN**

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						
2. Allied lines						
3. Farmowners multiple peril						
4. Homeowners multiple peril						
5. Commercial multiple peril						
6. Mortgage guaranty						
8. Ocean marine						
9. Inland marine						
10. Financial guaranty						
11.1 Medical malpractice - occurrence						
11.2 Medical malpractice - claims-made						
12. Earthquake						
13. Group accident and health						
14. Credit accident and health (group and individual)						
15. Other accident and health						
16. Workers' compensation						
17.1 Other liability - occurrence						
17.2 Other liability - claims-made						
18.1 Products liability - occurrence						
18.2 Products liability - claims-made						
19.1,19.2 Private passenger auto liability						
19.3,19.4 Commercial auto liability						
21. Auto physical damage						
22. Aircraft (all perils)						
23. Fidelity						
24. Surety						
26. Burglary and theft						
27. Boiler and machinery						
28. Credit						
29. International						
30. Reinsurance - Nonproportional Assumed Property	XXX					
31. Reinsurance - Nonproportional Assumed Liability	XXX					
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					
33. Aggregate write-ins for other lines of business						
34. TOTALS						
DETAILS OF WRITE-INS						
3301.						
3302.						
3303.						
3398. Summary of remaining write- ins for Line 33 from overflow page						
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)						

NONE

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire				.0	.0	.0	.0	.0
2. Allied lines				.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril				.0	.0	.0	.0	.0
5. Commercial multiple peril				.0	.0	.0	.0	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine				.0	.0	.0	.0	.0
9. Inland marine				.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation				.0	.0	.0	.0	.0
17.1 Other liability - occurrence				.0	.0	.0	.0	.0
17.2 Other liability - claims-made				.0	.0	.0	.0	.0
18.1 Products liability - occurrence	3,072,936		1,081,364	1,991,572	45,326,068	59,890,270	(12,572,630)	(491.9)
18.2 Products liability - claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability				.0	.0	.0	.0	.0
19.3,19.4 Commercial auto liability				.0	.0	.0	.0	.0
21. Auto physical damage				.0	.0	.0	.0	.0
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity				.0	.0	.0	.0	.0
24. Surety				.0	.0	.0	.0	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International				.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	3,072,936	0	1,081,364	1,991,572	45,326,068	59,890,270	(12,572,630)	(491.9)
DETAILS OF WRITE-INS								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril				.0				.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence				.0				.0	
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0				(a) .0	
14. Credit accident and health (group and individual)				.0				(a) .0	
15. Other accident and health				.0				(a) .0	
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence				.0				.0	
17.2 Other liability - claims-made				.0				.0	
18.1 Products liability - occurrence	36,073,000		1,155,932	34,917,068	43,928,000		33,519,000	45,326,068	13,600,000
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability				.0				.0	
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	XXX			.0	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	36,073,000	0	1,155,932	34,917,068	43,928,000	0	33,519,000	45,326,068	13,600,000
DETAILS OF WRITE-INS									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 through 3303 + 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	(2,250,538)			(2,250,538)
1.2 Reinsurance assumed .....				.0
1.3 Reinsurance ceded	817,143			817,143
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	(3,067,681)	.0	.0	(3,067,681)
2. Commission and brokerage:				
2.1 Direct excluding contingent .....				.0
2.2 Reinsurance assumed, excluding contingent .....				.0
2.3 Reinsurance ceded, excluding contingent .....				.0
2.4 Contingent-direct .....				.0
2.5 Contingent-reinsurance assumed .....				.0
2.6 Contingent-reinsurance ceded .....				.0
2.7 Policy and membership fees .....				.0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	.0	.0	.0	.0
3. Allowances to manager and agents .....				.0
4. Advertising .....				.0
5. Boards, bureaus and associations .....				.0
6. Surveys and underwriting reports .....				.0
7. Audit of assureds' records .....				.0
8. Salary and related items:				
8.1 Salaries .....				.0
8.2 Payroll taxes .....				.0
9. Employee relations and welfare .....				.0
10. Insurance .....				.0
11. Directors' fees .....				.0
12. Travel and travel items .....				.0
13. Rent and rent items .....				.0
14. Equipment .....				.0
15. Cost or depreciation of EDP equipment and software .....				.0
16. Printing and stationery .....				.0
17. Postage, telephone and telegraph, exchange and express .....				.0
18. Legal and auditing		531		531
19. Totals (Lines 3 to 18) .....	.0	531	.0	531
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....				.0
20.2 Insurance department licenses and fees .....				.0
20.3 Gross guaranty association assessments .....				.0
20.4 All other (excluding federal and foreign income and real estate) .....				.0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	.0	.0	.0	.0
21. Real estate expenses .....				.0
22. Real estate taxes .....				.0
23. Reimbursements by uninsured accident and health plans .....				.0
24. Aggregate write-ins for miscellaneous expenses	(809,917)	0	3,318,129	2,508,212
25. Total expenses incurred	(3,877,598)	531	3,318,129	(a) (558,938)
26. Less unpaid expenses - current year	13,600,000	172	51,340	13,651,511
27. Add unpaid expenses - prior year	20,960,000	.0	35,715	20,995,715
28. Amounts receivable relating to uninsured accident and health plans, prior year .....	.0	.0	.0	.0
29. Amounts receivable relating to uninsured accident and health plans, current year				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	3,482,402	359	3,302,504	6,785,265
DETAILS OF WRITE-INS				
2401. Increase in ULAE Reserve	(809,917)			(809,917)
2402. Investment Interest Expense			3,102,778	3,102,778
2403. Investment Management Expense			215,351	215,351
2498. Summary of remaining write-ins for Line 24 from overflow page .....	.0	.0	.0	.0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	(809,917)	0	3,318,129	2,508,212

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

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,021,801	995,363
1.1 Bonds exempt from U.S. tax	(a) 18,458	12,680
1.2 Other bonds (unaffiliated)	(a) 6,417,596	6,337,092
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 23,700	23,700
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	7,481,554	7,368,835
11. Investment expenses		(g) 3,318,129
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		3,318,129
17. Net Investment Income - (Line 10 minus Line 16)		4,050,706
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 207,377 accrual of discount less \$ 743,362 amortization of premium and less \$ 577,128 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	93,311				93,311
1.1 Bonds exempt from U.S. tax	(14,576)				(14,576)
1.2 Other bonds (unaffiliated)	(756,994)			606,772	(150,222)
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(678,258)	0	0	606,772	(71,486)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2	4,496,658	4,496,658	0
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture, equipment and supplies		0	0
2.3 Leasehold improvements		0	0
2.4 Loans on personal security, endorsed or not		0	0
3. Total (Lines 2.1 to 2.4)	0	0	0
4. Aggregate write-ins for other assets	3,550	3,550	0
5. Total (Line 1 plus Lines 3 and 4)	4,500,208	4,500,208	0
0401. Miscellaneous Receivables.....	3,550	3,550	0
0402.		0	0
0403.		0	0
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	3,550	3,550	0

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying financial statements of HOW Insurance Company, A Risk Retention Group, in Receivership (the "Company"), have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners and the Bureau of Insurance (the "Bureau"), State Corporation Commission (the "Commission") of the Commonwealth of Virginia, including full adoption of the reporting requirement adopted by the NAIC in September 1995 for "Unearned Premium - Single or Fixed Premium Policies with Coverage Periods in Excess of Thirteen Months".

2. Receivership

On October 14, 1994, in Cause No. HE 1059 1, styled Commonwealth of Virginia, ex rel. State Corporation Commission and Steven T. Foster, Commissioner of Insurance v. Home Warranty Corporation, Home Owners Warranty Corporation, and HOW Insurance Company, a Risk Retention Group, the Circuit Court for the City of Richmond, Virginia, entered its FINAL ORDER APPOINTING RECEIVER FOR REHABILITATION OR LIQUIDATION (the "Receivership Order") appointing the Commission permanent Receiver of the Company, as well as its parent, Home Warranty Corporation ("HWC"), and its affiliate, Home Owners Warranty Corporation ("HOW") (collectively, "the Companies"). The Receivership Order also appointed Steven T. Foster, Commissioner of Insurance of the Bureau, as Deputy Receiver and Patrick H. Cantilo as Special Deputy Receiver of the Companies. In May of 1996, Alfred W. Gross replaced Steven Foster as the Commissioner of Insurance of the Bureau and as Deputy Receiver of the Company.

The liabilities of the Company will be paid subject to the payment priority scheme authorized by Virginia law. This financial statement has been prepared in conformity with the format adopted by the Bureau, and therefore, this financial statement does not segregate the Company's liabilities by order of payment priority. In this connection, certain liabilities listed in this financial statement may never be paid if the Company has insufficient assets available to satisfy these claims.

The Receivership Order directed the Receiver, Deputy Receiver and the Special Deputy Receiver to take control and possession of all of the Companies' property and affairs. The Deputy Receiver takes the place of the Board of Directors for the purpose of answering the various "General Interrogatories". Also, the "General Interrogatories" have been answered to the best of the Deputy Receiver's and his Authorized Representatives' knowledge and may be subject to change. Information for periods prior to October 7, 1994, is presented as previously reported to the Bureau by the Company or as presented in the books and records of the Company. The Deputy Receiver continues to evaluate the way in which the Company reported its pre-receivership information.

On March 12, 1996, and May 2, 1996, the Company entered into administrative service arrangements (the "Service Agreements") with third-party companies for the administration of certain specified aspects of the Company's operations and affairs. The Service Agreements enabled the Company to close its administrative office in Irving, Texas, on April 30, 1996, at which time it terminated most of its employees. The remaining employees of the Company were terminated in July of 1996.

In January of 1997, the Company applied for recognition of tax-exempt status under Internal Revenue Code ("IRC") Section 501(c)(15) retroactively to January 1, 1995. On April 10, 1997, HOWIC received a favorable determination letter from the Internal Revenue Service which recognized the Company as being tax-exempt as of January 1, 1995. As a result of this determination, all income received by the Company in 1995 and subsequent calendar years will be exempt from federal income taxes, except income required to be recognized as unrelated business income under IRC Section 511.

3. Investments

Bonds are amortized using the scientific method.

The Company's investment guidelines provide as follows: (a) up to 100% of its assets may be invested in fixed income securities rated NAIC Class 1, (b) up to 25% of its assets may be invested in fixed income securities rated NAIC 2, (c) up to 10% of its assets may be invested in fixed-income securities rated NAIC Class 3, and (d) up to 2% of its assets may be invested in fixed-income securities rated NAIC Class 4, provided that such Class 4 securities are rated no lower than BB by Standard & Poor's or any equivalent nationally recognized securities rating organization. The Company may not invest in fixed income securities rated NAIC 5 or lower without the approval of the Deputy Receiver. The Company may not invest in equities.

NOTES TO FINANCIAL STATEMENTS

4. Reserves

The Deputy Receiver's staff investigated the method by which the Company established incurred but not reported ("IBNR") reserves. The Company's management reported IBNR reserves based on claims reported in the 15 days subsequent to year end. The Deputy Receiver's staff determined from its reviews that the more appropriate period to measure IBNR claims was approximately 650 days. This change was reflected at December 31, 1994. Historical losses were reported by the Company on a report year rather than a manifestation year basis. The receivership staff continues to review the historical loss information of the Company. The Deputy Receiver has allocated IBNR reserves to the receivership year because the Company did not previously record data which would reasonably permit such allocation by year with sufficient reliability.

5. Debt

The Company has no outstanding debt obligations to third parties.

6. Claims Payments

On November 29, 1994, the Deputy Receiver issued his First Directive (the "Directive") which authorized initial payments of 40% on approved direct claims for the cost of repairing defects to a home which are covered by the Company's Warranty. The unpaid portion of the approved direct claims are reflected as "Loss payments - deferred" in the liabilities. The same Directive imposed a moratorium on the payment of "indirect claims" under the Company's warranty, which include, but are not limited to, amounts owed for extra-contractual obligations, non-economic damages, consequential damages, and litigation costs and attorneys' fees.

A second directive dated January 23, 1996, increased the direct claim payment rate to 50%. The Company began paying direct claims at the 50% rate in February of 1996.

A third directive dated December 28, 1998, increased the direct claim payment rate to 60% and directed that the following indirect claims be reclassified as direct claims: (i) claims approved by the Deputy Receiver for damages determined to be extra contractual obligations of the Company, non-economic damages, consequential damages, litigation costs or attorneys' fees incurred by a home owner or member builder in asserting a claim against the Company before receivership; and (ii) claims approved by the Deputy Receiver for litigation costs and attorneys' fees incurred by a member builder in an action brought against the member builder to recover under the Major Structural Defect Insurance coverage provided by the Company. The Company began paying claims at the 60% rate in January of 1999.

A fourth directive dated August 13, 1999, increased the direct claim payment rate to 70%. The Company began paying direct claims at the 70% rate in October of 1999. A fifth directive dated November 14, 2000, increased the direct claim payment rate to 100%. The Company began paying direct claims at the 100% rate in November of 2000.

The Deputy Receiver has approved the payment of 8% simple interest on all deferred direct claim amounts until the date that such claims are paid, if at all, by HOWIC in receivership. The total interest accrued on all deferred direct claims is approximately \$5,207,317.13, as of December 31, 2002. HOWIC will not pay interest on deferred loss settlements until all direct and deferred direct claims have been paid in the receivership.

The Deputy Receiver has entered into claims handling agreements with certain builders in which such builders settle the direct claims of their customers.

Under the terms of the Receivership Appeal Procedure, claimants are permitted two levels of appeal for denied claims. The first level of appeal is to the Deputy Receiver. The second level of appeal is to the Commission if such claim appeal is denied by the Deputy Receiver. As of December 31, 2002, approximately 1,307 appeals and 209 Petitions for Review have been filed with the Deputy Receiver and Commission, respectively, since the inception of the receivership proceeding. The majority of these appeals involve claims by home owners for the following: (a) Major Structural Defect coverages for claims arising in the third through the tenth year after the home's construction; and (b) Builder's Limited Warranty/Builder Default coverage for defect claims arising during the first two years after the home's construction.

NOTES TO FINANCIAL STATEMENTS

In regard to the appeal and petition information and statistics referenced by the preceding paragraph, there have been approximately 1,045 home owner appeals, 187 builder appeals, 37 vendor and local council appeals, 9 attorney fees appeals, 8 former employee appeals, 6 appeals relating to additional distributions authorized by the third directive of the Deputy Receiver, and 15 appeals of former members of the Company's Board of Directors and others submitted to the Deputy Receiver. In addition, there have been approximately 130 home owner petitions, 52 builder petitions, 10 vendor and local council petitions, 2 attorneys' fee petitions, 6 former employees petitions and 9 petitions of former members of the Company's Board of Directors and others submitted to the Deputy Receiver. Generally, builder appeals involve disputes with respect to determinations of responsibility for making certain home repairs under the Builder's Limited Warranty. Further, builder appeals include, but are not limited to, claims for the refund of loss reserve prepayments, capital contributions, and enrollment fees. The appeals from claimants, other than home owners, generally involve fees for goods and services provided to the Company prior to the inception of the receivership proceedings.

7. Loss Prepayments

Pursuant to certain agreements between the Company and certain Member Builders, participating Member Builders are liable for specified payments which they may be required to prepay in the form of cash, Certificates of Deposit (CDs), or Letters of Credit (LOCs). Prepayments were made by builders and held by the Company as follows: (a) cash payments were deposited in the general operating account of the Company; (b) CD's received were issued in the Company's name; and (c) LOCs named the Company as the beneficiary. The Company held LOCs in the amount of \$2,496,234 and a collateralized security interest of \$112,556 at December 31, 2002. Cash prepayments and CDs were \$1,138,321 at December 31, 2002, and this amount is included in the Company's financials as of that date.

8. Related Party Transactions

Before they were placed in receivership, the Companies and their affiliates operated under previously adopted protocols and agreements for the allocation of revenues and expenses among themselves. The Deputy Receiver has not found adequate documentation for at least some of these protocols and agreements. Beginning January 1, 1995, the Deputy Receiver has provisionally concentrated revenues and expenses at the Company, both operationally and for purposes of its financial reports.

9. Leases

The Company is not a party to any lease obligation. The office space in Arlington, Virginia, was reduced in December of 1994 to a partial floor (13,971 square feet), which was vacated on September 30, 1995. The landlord of this lease space requested that a lump sum payment, in an amount to be determined, be made to the landlord in satisfaction of its alleged loss of approximately \$3,500,000 arising from the early termination of this lease. Included in the Company's financial statements at December 31, 2001 was a liability of \$500,000.00 for this matter. Subsequent to that date, the Deputy Receiver determined that the Company no longer had any exposure under the lease and the liability was written off, resulting in income of \$500,000.00 in 2002.

10. Regulatory Status

The Company was engaged in the business of administering and insuring a home builder warranty protection plan for new homes known as the Home Owners Warranty Program (the "HOW Program"). Before receivership, the HOW Program was available in all jurisdictions (other than Alaska) and the District of Columbia. During the course of receivership, a number of these states have placed restrictions on the Company's authority to write new insurance business. The Deputy Receiver imposed a moratorium on the issuance of new insurance business at the inception of the receivership. The moratorium for new insurance business remains in effect.

11. Litigation

The following is a description of certain litigation or claims filed by or against the Company:

A. Fire Retardant Treated ("FRT") Plywood Roof Sheathing Litigation

In 1977, the New Jersey legislature passed the New Home Warranty and Builders Registration Act (the "Registration Act") which established a state funded and sponsored builder warranty program largely

NOTES TO FINANCIAL STATEMENTS

modeled upon the pre-existing HOW Program. For private warranty plans, the legislation established an approval process which required each such plan to submit an application for continued approval to operate within New Jersey every two years. Since the Company pre-existed this legislation, the HOW Program was "grandfathered" for its initial approval in 1977 and obtained re-approval from New Jersey upon reapplication until 1989.

During the 1980's, certain New Jersey home owners began to complain that the roofs of their townhomes and multi-family dwellings were deteriorating. The home owners alleged that fire retardant treated plywood roof sheathing ("FRT plywood"), which was treated with chemicals designed to make the wood char at temperatures much less than the temperature at which wood burns so as to prevent the spread of fire across roof lines, was defective because the wood was deteriorating at temperatures far lower than it was designed. The Company's warranty document specifically provides that roof sheathing is a non-structural component that is separate and distinct from the structural roof system which consists generally of tresses, braces and framing. As such, the roof sheathing was considered to be a first year warranty item and not a ten year structural item.

The State of New Jersey decided to assure prompt relief to these home owners by agreeing to cover FRT plywood claims under the "Major Construction" or "Structural" defect portions of its warranty coverage (as defined in the statute). To do so, it expanded its traditional definition of structural elements to include plywood roof sheathing in spite of prior limitations respecting coverage for that element.

Similarly, the New Jersey Department of Community Affairs (the "DCA"), which is charged with administering and enforcing the Registration Act, opined that the Registration Act required such coverage and that any private warranty company that refused to provide ten year coverage for FRT plywood would have its authorization to conduct business in New Jersey revoked. In May of 1990, the DCA formally notified the Company that its application for renewal as an approved private warranty program in New Jersey was denied due to its position on coverage of FRT plywood roof sheathing. The DCA then established a fund for FRT plywood related claims to reimburse participating plans for the cost of repairs in exchange for an assignment of rights by the plans to the DCA of any rights to go against the manufacturers of these products and other responsible parties for contribution and/or indemnity. The Company elected not to participate voluntarily in New Jersey's suggested remedy.

New Jersey's position was that roof sheathing was "intended" to be covered for ten years as a structural component since the outset of the state plan in 1977. The Registration Act, which mandates that private warranty plans must offer warranty coverage equivalent to the state's plan, requires that coverage deviating from the state plan automatically conform to its provisions.

The Company offered to provide supplemental FRT plywood coverage going forward but would not agree to an expanded coverage on enrolled units applied retroactively. The DCA was not agreeable to this approach but allowed the Company to continue to operate in a state of suspended approval while its administrative action was pending.

On April 26, 1990, New Jersey Senator Paterniti introduced S. 2602 (the "Paterniti Amendment"), which was signed into law on July 11, 1991, as L. 1991, C.202. This bill essentially codified the remedies proposed by New Jersey for defects in residential structures built using FRT plywood. The remediation system provides for payments by the new home warranty fund to those who demonstrate either actual damage to the sheathing or that inevitable premature failure would occur within the first ten years of residence. It also provides for the subrogation of claims that residents, builders and warrantors might have against manufacturers and other responsible parties.

The Paterniti Amendment also asserts a retroactive application based upon the rationale that it was merely a clarification of the intent of the original Registration Act. The DCA's position was that this "clarification" function was a legitimate foundation and justification for the proposed retroactive application and effectively mandated the Company's participation in the program to its inception in 1977.

The above described events resulted in litigation in two forums. First, the Company and some of its corporate affiliates were sued by home owner associations to replace roofs that contained allegedly defective roof sheathing. At the time of receivership, the Company was a co-defendant in approximately fifty-seven (57) such home owners' suits involving over 50,000 roofs. While the home owner associations in many of these lawsuits have entered into settlement agreements with other co-defendants, some of the settling parties have assigned any rights they have against the Company and its affiliates to the DCA. This litigation has been stayed since September of 1991 in all cases except for two home owner association suits.

NOTES TO FINANCIAL STATEMENTS

During 1995 the DCA intervened in the home owner lawsuits and moved to have all FRT plywood claims involving non-settling parties transferred and consolidated into the case encaptioned as, The Commons at Kingswood Station, C. A. v. Orleans Construction Company, et al. All cases involving non-settling parties were consolidated into The Commons at Kingswood Station, C.A. suit. In this suit, the DCA asserted its right to recover payments made by it on behalf of non-settling defendants in the original action. The Companies were severed from this case. The HOW Companies are evaluating the FRT plywood litigation and related claims,

B. Claims of ARDC Corporation (“ARDC”). In these claims, numerous lawsuits were filed against ARDC in the State of Florida for damages allegedly constituting major structural defects (“MSDs”). The claims can basically be divided into two groups: (1) those claims arising from lawsuits instituted in the wake of damage inflicted by Hurricane Andrew in 1992 (“Hurricane Related Claims”); and (2) those claims arising from lawsuits seeking damages for construction defects unrelated and occurring prior to Hurricane Andrew (“Pre-Hurricane Claims”). In regard to Pre-Hurricane Claims, ARDC is seeking \$290,670 in defense costs and \$132,500 as indemnification for amounts paid to the home owners for the costs to repair alleged MSDs. The Pre-Hurricane Claims total \$423,170 and involve approximately 12 homes.

The Hurricane Related Claims arise from class action litigation, which ARDC alleges involved approximately 1,000 HOW enrollments. ARDC further alleges that, with respect to this claim, it has incurred and continues to incur defense costs which currently exceed \$3 million. ARDC seeks in excess of \$7,108,800 for the indemnity portion of the Hurricane Related Claims. Accordingly, the total Hurricane Related Claims exceed \$10 million.

In addition to the Pre-Hurricane Claims and Hurricane Related Claims, ARDC seeks the return of \$37,782.14 drawn under its letter of credit by the HOW Companies for failure to satisfy its obligations under the builder agreement. ARDC petitioned the Commission for immediate relief in this matter. However, the petition was dismissed without prejudice on the ground that the Commission appeal was premature because the Deputy Receiver had not entered an initial determination regarding the claim. The Pre-Hurricane Claims and Hurricane Related Claims remain pending as of this financial statement.

C. In addition to litigation mentioned in these notes to financial statement, the Company, its affiliates and its insureds were subject to claims litigation or threatened litigation brought under the Company's warranty documents that may have a material effect on the Company's financials. The reserve for litigation or threatened litigation matters reflects only a portion of the potential claims liability, if any, which may arise from litigation or threatened litigation matters. The Deputy Receiver believes that there are meritorious defenses to the litigation or threatened litigation cases. Due to the inherent uncertainty of litigation, the Company's actual liability may vary from its reserved liability for such litigation or threatened litigation matters. The Deputy Receiver has stayed or moved to stay all pending litigation cases that were filed against the Companies. In most cases, litigation continues against the Company's insureds.

12. The Company has entered into an agreement with Compagnie Euro Paris, in Liquidation, in which it has agreed to accept a 25% settlement of its claims. The amount accepted by the Company amounted to \$26,250.

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	6,639,083	5.481	6,639,083	5.481
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	20,725,158	17.110	20,725,158	17.110
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	231,205	0.191	231,205	0.191
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	8,910,687	7.356	8,910,687	7.356
1.512 Issued by FNMA and FHLMC	17,223,462	14.219	17,223,462	14.219
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	8,875,138	7.327	8,875,138	7.327
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	55,869,014	46.123	55,869,014	46.123
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000		0.000
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	2,655,636	2.192	2,655,636	2.192
9. Other invested assets		0.000		0.000
10. Total invested assets	121,129,383	100.000	121,129,383	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 1.3 State Regulating? Va.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1990
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1990
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).03/12/1992
- 3.4 By what department or departments? Virginia
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No []
- 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Calhoun & Co. LLP., 7010 Villiage Center Drive, Austin, TX 78731.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
MMC Enterprise Risk Consulting, Inc., 1166 Avenue of the Americas, New York, NY 10036.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

**(continued)
INVESTMENT**

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[]	[]	[]
Common	50,000	50,000	20.000	XXX	XXX	XXX	XXX	XXX

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

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

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

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

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

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Investors Bank & Trust Company.....	33 Maiden Lane - 4th Floor, New York, New York 10038.....
Deutsche Bank.....	P.O. box 3343 Church Street Station, New York NY 10008-3343.....

GENERAL INTERROGATORIES

(continued) INVESTMENT

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
Bankers Trust.....	Deutsche.....	04/01/2002.....	Merger.....

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

1 Central Registration Depository Number(s)	2 Name	3 Address
105496		
105496.....	T. Rowe Price Associates Inc.....	100 East Pratt Street, Baltimore, Maryland 21202.....

OTHER

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

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

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

24.1 Amount of payments for legal expenses, if any?..... \$.....899,562

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

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

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

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

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

GENERAL INTERROGATORIES

(continued)

PART 2 - PROPERTY & CASUALTY INTERROGATORIES

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

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

- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?..... Yes [] No []
- 4.5 If yes, give full information

- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
 N/A.....
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process.
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?.....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?..... Yes [] No [X]
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.

- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)?..... Yes [X] No []
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions:1

**GENERAL INTERROGATORIES
PART 2 - PROPERTY & CASUALTY INTERROGATORIES (continued)**

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [] No [X]
- 7.2 If yes, give full information
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [] No [X] NA []
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [] No [X]
- 9.2 If yes, give full information
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?..... Yes [] No [] NA [X]
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [X] No []
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$ 2,496,234
- 10.62 Collateral and other funds..... \$ 1,251,205
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$ 0
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [] No []
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 4,720,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?..... Yes [] No [X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [] No [X]
- 13.2 If yes, give full information
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?..... Yes [] No [X]
- 14.11 Name of real estate holding company
- 14.12 Number of parcels involved
- 14.13 Total book/adjusted carrying value \$
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business?..... Yes [X] No []
- If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
15.11 Home	\$(12,572,630)	\$45,326,068	\$0	\$236,000	\$2,556,000
15.12 Products	\$	\$	\$	\$	\$
15.13 Automobile	\$	\$	\$	\$	\$
15.14 Other*	\$	\$	\$	\$	\$

* Disclose type of coverage:

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	0	0	0	0	0
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	0	0	0	0	0
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	0	0	0	0	0
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	19,161,718	15,835,858	(21,008,305)	1,872,404	8,776,680
14. Net Investment Gain (Loss) (Line 11)	3,372,448	5,362,411	5,652,405	5,791,511	6,326,882
15. Total Other Income (Line 15)	722	240	31	8,971,759	9,400,277
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	0	0	0	0	0
18. Net Income (Line 20)	22,534,888	21,198,509	(15,355,868)	16,635,674	24,503,839
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	124,273,103	125,373,136	133,549,523	133,953,830	137,699,700
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	0	0	0	0	0
20.2 Deferred and not yet due (Line 10.2)	0	0	0	0	0
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	111,625,425	134,677,000	164,523,469	150,154,149	170,393,905
22. Losses (Page 3, Lines 1 and 2)	45,326,068	59,890,270	75,577,779	51,474,518	61,744,425
23. Loss Adjustment Expenses (Page 3, Line 3)	13,600,000	20,960,000	27,251,634	32,752,199	32,847,918
24. Unearned premiums (Page 3, Line 9)	236,000	2,792,000	4,066,000	9,173,000	17,982,000
25. Capital Paid Up (Page 3, Lines 28 & 29)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
26. Surplus as Regards Policyholders (Page 3, Line 35)	12,647,675	(9,303,864)	(30,973,946)	(16,200,319)	(32,694,204)
Risk-Based Capital Analysis					
27. Total Adjusted Capital	12,647,675	(9,303,864)	(30,973,946)	(16,200,319)	(32,694,204)
28. Authorized Control Level Risk-Based Capital	5,401,050	9,053,488	12,870,068	10,450,516	12,116,724
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	97.8	98.0	90.8	98.5	91.6
30. Stocks (Lines 2.1 & 2.2)	0.0	0.0	0.0	0.0	0.0
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and Short-Term Investments (Line 5)	2.2	2.0	9.2	1.5	8.4
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	0	0	0	0	0
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	0	0	0	0	0
45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0	0.0	0.0	0.0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	(606,772)	313,062	196,274	(439,800)	(107,153)
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	21,951,540	21,670,081	(14,773,629)	16,493,888	24,481,029
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,072,936	3,366,773	3,692,294	4,294,539	7,476,917
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
54. Total (Line 34)	3,072,936	3,366,773	3,692,294	4,294,539	7,476,917
Net Losses Paid (Page 9, Part 2, Col. 4)					
55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,991,572	3,011,799	3,161,497	6,779,786	6,499,537
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
60. Total (Line 34)	1,991,572	3,011,799	3,161,497	6,779,786	6,499,537
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums Earned (Line 1)	100.0	100.0	100.0	100.0	100.0
62. Losses Incurred (Line 2)	(491.9)	(995.0)	533.9	(39.6)	(10.9)
63. Loss Expenses Incurred (Line 3)	(151.7)	(188.8)	(38.6)	54.5	(34.6)
64. Other Underwriting Expenses Incurred (Line 4)	0.0	0.1	0.1	20.5	65.6
65. Net Underwriting gain (loss) (Line 8)	749.7	1,243.0	(411.4)	21.3	79.8
Other Percentages					
66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	0.0	0.0	0.0	0.0	0.0
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	(643.6)	(1,183.8)	495.3	14.9	(45.5)
68. Net Premiums Written to Policyholders' Surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0)	0.0	0.0	0.0	0.0	0.0
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	(17,522)	(17,958)	22,870	(11,445)	(7,584)
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0)	188.3	58.0	(141.2)	35.0	13.3
Two Year Loss Development (000 omitted)					
71. Development in Estimated Losses and Loss Expenses Incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12)	(35,707)	4,705	10,328	(19,087)	6,901
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0)	115.3	(29.0)	(31.6)	33.4	(13.0)



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

EXHIBIT OF PREMIUMS AND LOSSES (Statutory Page 14 Data)

NAIC Group Code **0000**

BUSINESS IN THE STATE OF

DURING THE YEAR 2002

NAIC Company Code **41246**

Line of Business	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies not Taken		3	4	5	6	7	8	9	10	11	12
	1 Direct Premiums Written	2 Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Unearned Premium Reserves	Direct Losses Paid (deducting salvage)	Direct Losses Incurred	Direct Losses Unpaid	Direct Defense and Cost Containment Expense Paid	Direct Defense and Cost Containment Expense Incurred	Direct Defense and Cost Containment Expense Unpaid	Commissions and Brokerage Expenses	Taxes, Licenses, and Fees
1. Fire												
2.1 Allied lines												
2.2 Multiple peril crop												
2.3 Federal flood												
3. Farmowners multiple peril												
4. Homeowners multiple peril												
5.1 Commercial multiple peril (non-liability portion)												
5.2 Commercial multiple peril (liability portion)												
6. Mortgage guaranty												
8. Ocean marine												
9. Inland marine												
10. Financial guaranty												
11. Medical malpractice												
12. Earthquake												
13. Group accident and health												
14. Credit A & H (group and individual)												
15.1 Collectively renewable A & H												
15.2 Non-cancellable A & H												
15.3 Guaranteed renewable A & H												
15.4 Non-renewable for stated reasons only												
15.5 Other accident only												
15.6 All other A & H												
15.7 Federal employees health benefits program premium												
16. Workers' compensation												
17. Other liability												
18. Products liability												
19.1 Private passenger auto no-fault (personal injury protection)												
19.2 Other private passenger auto liability												
19.3 Commercial auto no-fault (personal injury protection)												
19.4 Other commercial auto liability												
21.1 Private passenger auto physical damage												
21.2 Commercial auto physical damage												
22. Aircraft (all perils)												
23. Fidelity												
24. Surety												
26. Burglary and theft												
27. Boiler and machinery												
28. Credit												
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0	0	0	0	0
34. TOTALS (a)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
3301.												
3302.												
3303.												
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Finance and service charges not included in Line 1 to 34 \$

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SCHEDULE A VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value, December 31, prior year (prior year statement).....
2. Increase (decrease) by adjustment:
 - 2.1 Totals, Part 1, Column 10
 - 2.2 Totals, Part 3, Column 7
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances, Column 7) and net additions and permanent improvements (Column 9)
4. Cost of additions and permanent improvements:
 - 4.1 Totals, Part 1, Column 13.....
 - 4.2 Totals, Part 3, Column 9
5. Total profit (loss) on sales, Part 3, Column 14
6. Increase (decrease) by foreign exchange adjustment:
 - 6.1 Totals, Part 1, Column 11.....
 - 6.2 Totals, Part 3, Column 8
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 12
8. Book/adjusted carrying value at end of current period
9. Total valuation allowance
10. Subtotal (Lines 8 plus 9)
11. Total nonadmitted amounts
12. Statement value, current period (Page 2, real estate lines, current period)

NONE

SCHEDULE B VERIFICATION BETWEEN YEARS

1. Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year
2. Amount loaned during year:
 - 2.1 Actual cost at time of acquisitions
 - 2.2 Additional investment made after acquisitions
3. Accrual of discount and mortgage interest points and commitment fees
4. Increase (decrease) by adjustment
5. Total profit (loss) on sale
6. Amounts paid on account or in full during the year
7. Amortization of premium
8. Increase (decrease) by foreign exchange adjustment
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period
10. Total valuation allowance
11. Subtotal (Lines 9 plus 10)
12. Total nonadmitted amounts
13. Statement value of mortgages owned at end of current period

NONE

SCHEDULE BA VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year
2. Cost of acquisitions during year:
 - 2.1 Actual cost at time of acquisitions
 - 2.2 Additional investment made after acquisitions
3. Accrual of discount
4. Increase (decrease) by adjustment
5. Total profit (loss) on sale
6. Amounts paid on account or in full during the year
7. Amortization of premium
8. Increase (decrease) by foreign exchange adjustment
9. Book/adjusted carrying value of long-term invested assets at end of current period
10. Total valuation allowance
11. Subtotal (Lines 9 plus 10)
12. Total nonadmitted amounts
13. Statement value of long-term invested assets at end of current period

NONE

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SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 15,549,769 2. Canada 0 3. Other Countries 0 4. Totals 15,549,769	16,639,481 0 0 16,639,481	15,652,020 0 0 15,652,020	15,073,083 0 0 15,073,083
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 0 7. Other Countries 0 8. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States 0 10. Canada 0 11. Other Countries 0 12. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 47,054,964 14. Canada 0 15. Other Countries 0 16. Totals 47,054,964	48,685,821 0 0 48,685,821	46,916,734 0 0 46,916,734	46,897,027 0 0 46,897,027
Public Utilities (unaffiliated)	17. United States 7,919,393 18. Canada 0 19. Other Countries 0 20. Totals 7,919,393	8,240,671 0 0 8,240,671	8,172,943 0 0 8,172,943	8,225,000 0 0 8,225,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 47,949,620 22. Canada 0 23. Other Countries 0 24. Totals 47,949,620	49,792,225 0 0 49,792,225	48,700,864 0 0 48,700,864	47,727,261 0 0 47,727,261
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 118,473,747	0 123,358,199	0 119,442,561	0 117,922,372
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 0 28. Canada 0 29. Other Countries 0 30. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 0 50. Canada 0 51. Other Countries 0 52. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 0 54. Total Common Stocks 0 55. Total Stocks 0	0 0 0	0 0 0	0 0 0
	56. Total Bonds and Stocks 118,473,747	123,358,199	119,442,561	

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 119,553,654	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 55,523,900	6.1 Column 17, Part 1 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 0
3.1 Column 16, Part 1 (931,887)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 0	7. Book/adjusted carrying value at end of current period 118,473,747
3.4 Column 10, Part 4 (210,869) (1,142,756)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 (678,258)	9. Subtotal (Lines 7 plus 8) 118,473,747
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 54,782,793	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 118,473,747

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SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1	2,217,920	10,106,777	1,290,087	1,160,880	774,107	15,549,771	12.9	18,724,202	15.5	15,549,769	.0
1.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
1.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
1.7 Totals	2,217,920	10,106,777	1,290,087	1,160,880	774,107	15,549,771	12.9	18,724,202	15.5	15,549,769	0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
3.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
4.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1	3,813,452	32,974,984	5,611,736	2,485,189	2,169,603	47,054,964	39.1	40,995,326	34.0	47,054,964	.0
5.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.7 Totals	3,813,452	32,974,984	5,611,736	2,485,189	2,169,603	47,054,964	39.1	40,995,326	34.0	47,054,964	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1	497,108	3,478,792	.0	.0	.0	3,975,900	3.3	1,959,783	1.6	3,975,901	.0
6.2 Class 2	1,241,326	1,475,573	459,485	.0	.0	3,176,384	2.6	4,560,193	3.8	3,176,384	.0
6.3 Class 3	.0	257,500	509,608	.0	.0	767,108	0.6	941,844	0.8	767,108	.0
6.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
6.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	1,738,434	5,211,865	969,093	0	0	7,919,392	6.6	7,461,820	6.2	7,919,393	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1	4,296,502	24,862,031	960,720	.0	.0	30,119,253	25.1	29,723,966	24.7	30,119,253	.0
7.2 Class 2	2,276,058	11,038,257	.0	.0	.0	13,314,315	11.1	17,076,580	14.2	13,314,315	.0
7.3 Class 3	700,000	1,685,950	2,610,183	.0	.0	4,996,133	4.2	6,593,987	5.5	4,996,133	.0
7.4 Class 4	.0	796,800	482,500	.0	.0	1,279,300	1.1	.0	0.0	1,279,300	.0
7.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
7.7 Totals	7,272,560	38,383,038	4,053,403	0	0	49,709,001	41.3	53,394,533	44.3	49,709,001	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
8.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
9.6 Class 6	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	10,824,982	71,422,584	7,862,543	3,646,069	2,943,710	96,699,888	80.4	XXX	XXX	96,699,887	.0
10.2 Class 2	3,517,384	12,513,830	459,485	.0	.0	16,490,699	13.7	XXX	XXX	16,490,699	.0
10.3 Class 3	700,000	1,943,450	3,119,791	.0	.0	5,763,241	4.8	XXX	XXX	5,763,241	.0
10.4 Class 4	.0	796,800	482,500	.0	.0	1,279,300	1.1	XXX	XXX	1,279,300	.0
10.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	XXX	XXX	.0	.0
10.7 Totals	15,042,366	86,676,664	11,924,319	3,646,069	2,943,710	120,233,128	100.0	XXX	XXX	120,233,127	.0
10.8 Line 10.7 as a % of Col. 6	12.5	72.1	9.9	3.0	2.4	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Class 1	15,607,847	50,981,840	13,563,003	7,962,647	3,287,940	XXX	XXX	91,403,277	75.8	91,403,277	.0
11.2 Class 2	2,011,952	17,347,715	2,277,105	.0	.0	XXX	XXX	21,636,772	17.9	21,636,773	.0
11.3 Class 3	.0	2,525,761	5,010,071	.0	.0	XXX	XXX	7,535,832	6.2	7,535,831	.0
11.4 Class 4	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.5 Class 5	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.6 Class 6	.0	.0	.0	.0	.0	XXX	XXX	.0	0.0	.0	.0
11.7 Totals	17,619,799	70,855,316	20,850,179	7,962,647	3,287,940	XXX	XXX	120,575,881	100.0	120,575,881	.0
11.8 Line 11.7 as a % of Col. 8	14.6	58.8	17.3	6.6	2.7	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Class 1	10,824,982	71,422,584	7,862,543	3,646,068	2,943,710	96,699,887	80.4	91,403,277	75.8	96,699,887	XXX
12.2 Class 2	3,517,385	12,513,830	459,485	.0	.0	16,490,700	13.7	21,636,773	17.9	16,490,700	XXX
12.3 Class 3	700,000	1,943,450	3,119,791	.0	.0	5,763,241	4.8	7,535,831	6.2	5,763,241	XXX
12.4 Class 4	.0	796,800	482,500	.0	.0	1,279,300	1.1	.0	0.0	1,279,300	XXX
12.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	XXX
12.7 Totals	15,042,367	86,676,664	11,924,319	3,646,068	2,943,710	120,233,128	100.0	120,575,881	100.0	120,233,128	XXX
12.8 Line 12.7 as a % of Col. 6	12.5	72.1	9.9	3.0	2.4	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	12.5	72.1	9.9	3.0	2.4	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.2 Class 2	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.3 Class 3	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.4 Class 4	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.5 Class 5	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.6 Class 6	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	XXX	.0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

(a) Includes \$.0 freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$.0 current year, \$.0 prior year of bonds with Z designations and \$.0 current year, .0 prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.

(c) Includes \$.0 current year, \$.0 prior year of bonds with 5* designations and .0 current year, .0 prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations	.0	6,639,083	.0	.0	.0	6,639,083	5.5	8,014,089	6.6	6,639,083	.0
1.2 Single Class Mortgage-Backed/Asset-Backed Securities	2,217,920	3,467,694	1,290,087	1,160,880	774,107	8,910,688	7.4	10,710,113	8.9	8,910,687	.0
1.7 Totals	2,217,920	10,106,777	1,290,087	1,160,880	774,107	15,549,771	12.9	18,724,202	15.5	15,549,770	.0
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.2 Single Class Mortgage-Backed/Asset-Backed Securities	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.4 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
2.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.2 Single Class Mortgage-Backed/Asset-Backed Securities	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.4 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
3.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.2 Single Class Mortgage-Backed/Asset-Backed Securities	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.4 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
4.7 Totals	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations	.0	20,725,158	.0	231,205	.0	20,956,363	17.4	4,444,284	3.7	20,956,364	.0
5.2 Single Class Mortgage-Backed/Asset-Backed Securities	2,710,760	7,053,664	5,124,365	2,167,839	166,834	17,223,462	14.3	24,558,886	20.4	17,223,463	.0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined	1,102,692	5,196,162	487,372	86,144	2,002,769	8,875,139	7.4	11,992,157	9.9	8,875,138	.0
5.4 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.6 Other	.0	.0	.0	.0	.0	.0	0.0	.0	0.0	.0	.0
5.7 Totals	3,813,452	32,974,984	5,611,737	2,485,188	2,169,603	47,054,964	39.1	40,995,327	34.0	47,054,965	.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations	1,738,435	5,211,866	969,093	0	0	7,919,394	6.6	7,461,821	6.2	7,919,393	0
6.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
6.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
6.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
6.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
6.7 Totals	1,738,435	5,211,866	969,093	0	0	7,919,394	6.6	7,461,821	6.2	7,919,393	0
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	6,735,424	38,035,998	4,053,403	0	0	48,824,825	40.6	51,699,138	42.9	48,824,825	0
7.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
7.3 Defined	0	0	0	0	0	0	0.0	695,455	0.6	0	0
7.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
7.5 Defined	537,137	347,039	0	0	0	884,176	0.7	999,939	0.8	884,176	0
7.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
7.7 Totals	7,272,561	38,383,037	4,053,403	0	0	49,709,001	41.3	53,394,532	44.3	49,709,001	0
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
8.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	0	0
9.2 Single Class Mortgage-Backed/Asset-Based Securities	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
9.3 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.4 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
9.5 Defined	0	0	0	0	0	0	0.0	0	0.0	0	0
9.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	0
9.7 Totals	0	0	0	0	0	0	0.0	0	0.0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	8,473,859	70,612,105	5,022,496	231,205	0	84,339,665	70.1	XXX	XXX	84,339,665	0
10.2 Single Class Mortgage-Backed/Asset-Backed Bonds MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	4,928,680	10,521,358	6,414,451	3,328,719	940,941	26,134,149	21.7	XXX	XXX	26,134,149	0
10.3 Defined	1,102,692	5,196,162	487,372	86,144	2,002,769	8,875,139	7.4	XXX	XXX	8,875,138	0
10.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.5 Defined	537,137	347,039	0	0	0	884,176	0.7	XXX	XXX	884,176	0
10.6 Other	0	0	0	0	0	0	0.0	XXX	XXX	0	0
10.7 Totals	15,042,368	86,676,664	11,924,319	3,646,068	2,943,710	120,233,129	100.0	XXX	XXX	120,233,128	0
10.8 Line 10.7 as a % of Col. 6	12.5	72.1	9.9	3.0	2.4	100.0	XXX	XXX	XXX	100.0	0.0
11. Total Bonds Prior Year											
11.1 Issuer Obligations	6,545,883	52,013,387	11,836,206	1,223,856	0	XXX	XXX	71,619,332	59.4	71,619,331	0
11.2 Single Class Mortgage-Backed/Asset-Backed Bonds MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	7,083,986	12,866,393	7,349,836	4,680,843	3,287,940	XXX	XXX	35,268,998	29.3	35,268,998	0
11.3 Defined	3,318,763	5,646,764	1,664,137	2,057,949	0	XXX	XXX	12,687,613	10.5	12,687,612	0
11.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.5 Defined	671,168	328,772	0	0	0	XXX	XXX	999,940	0.8	999,939	0
11.6 Other	0	0	0	0	0	XXX	XXX	0	0.0	0	0
11.7 Totals	17,619,800	70,855,316	20,850,179	7,962,648	3,287,940	XXX	XXX	120,575,883	100.0	120,575,880	0
11.8 Line 11.7 as a % of Col. 8	14.6	58.8	17.3	6.6	2.7	XXX	XXX	100.0	XXX	100.0	0.0
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	8,473,858	70,612,105	5,022,496	231,205	0	84,339,664	70.1	71,619,331	59.4	84,339,664	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Bonds MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	4,928,680	10,521,358	6,414,451	3,328,719	940,941	26,134,149	21.7	35,268,998	29.3	26,134,149	XXX
12.3 Defined	1,102,692	5,196,162	487,372	86,144	2,002,769	8,875,139	7.4	12,687,612	10.5	8,875,139	XXX
12.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.5 Defined	537,137	347,039	0	0	0	884,176	0.7	999,939	0.8	884,176	XXX
12.6 Other	0	0	0	0	0	0	0.0	0	0.0	0	XXX
12.7 Totals	15,042,367	86,676,664	11,924,319	3,646,068	2,943,710	120,233,128	100.0	120,575,880	100.0	120,233,128	XXX
12.8 Line 12.7 as a % of Col. 6	12.5	72.1	9.9	3.0	2.4	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	12.5	72.1	9.9	3.0	2.4	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.2 Single Class Mortgage-Backed/Asset-Backed Bonds MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.3 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.4 Other MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.5 Defined	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.6 Other	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.7 Totals	0	0	0	0	0	0	0.0	0	0.0	XXX	0
13.8 Line 13.7 as a % of Col. 6	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10	0.0	0.0	0.0	0.0	0.0	0.0	XXX	XXX	XXX	XXX	0.0

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SCHEDULE DA - PART 2 - VERIFICATION BETWEEN YEARS

Short-Term Investments

	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	1,022,227	1,022,227	0	0	0
2. Cost of short-term investments acquired	60,249,928	60,249,928	0	0	0
3. Increase (decrease) by adjustment	0	0	0	0	0
4. Increase (decrease) by foreign exchange adjustment	0	0	0	0	0
5. Total profit (loss) on disposal of short-term investments	0	0	0	0	0
6. Consideration received on disposal of short-term investments	59,512,774	59,512,774	0	0	0
7. Book/adjusted carrying value, current year	1,759,381	1,759,381	0	0	0
8. Total valuation allowance	0	0	0	0	0
9. Subtotal (Lines 7 plus 8)	1,759,381	1,759,381	0	0	0
10. Total nonadmitted amounts	0	0	0	0	0
11. Statement value (Lines 9 minus 10)	1,759,381	1,759,381	0	0	0
12. Income collected during year	6,011	6,011	0	0	0
13. Income earned during year	6,011	6,011	0	0	0

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment: +0

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Schedule DB - Part A - VBY

NONE

Schedule DB - Part B - VBY

NONE

Schedule DB - Part C - VBY

NONE

Schedule DB - Part D - VBY

NONE

Schedule DB - Part E - VBY

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule F - Part 1

NONE

Schedule F - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 3

Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Reinsurance Contracts Ceding 75% or More of Direct Premiums Written	6 Reinsurance Premiums Ceded	Reinsurance Recoverable On										Reinsurance Payable		18 Net Amount Recoverable From Reinsurers Cols. 15 - [16 + 17]	19 Funds Held By Company Under Reinsurance Treaties
						7 Paid Losses	8 Paid LAE	9 Known Case Loss Reserves	10 Known Case LAE Reserves	11 IBNR Loss Reserves	12 IBNR LAE Reserves	13 Unearned Premiums	14 Contingent Commis-sions	15 Cols. 7 thru 14 Totals	16 Ceded Balances Payable	17 Other Amounts Due to Reinsurers			
0199999 - Authorized - Affiliates - U.S. Intercompany Pooling						0	0	0		0	0			0			0	0	0
0399999 - Authorized - Affiliates - Other (Non-U.S.)						0	0							0				0	0
0499999 - Total - Authorized - Affiliates						0	0	0		0	0			0			0	0	0
13-4924125	10227	American Reinsurance Company	DE					1,156		33,519	7,964	761		43,400			43,400	39,980	
36-2661954	10103	American Agricultural Insurance Company	IN											0		2	(2)		
13-2919779	18333	Atlas Assurance Company of America	NY											0		2	(2)		
23-1502700	21970	OneBeacon Insurance Company	PA											0		2	(2)		
36-3347420	23876	Chatham Reinsurance Corporation	NJ			0	0							0		9	(9)		
13-3440360	29700	European Reinsurance Corp of America	NH			156	55							211		657	(446)		
AA-0040053	00000	New York Insurance Exchange				11	1							12			12		
13-2930109	22047	North Star Reinsurance Corp/Signet	DE			4	4							8		22	(14)		
23-2153760	39675	PMA Reinsurance Corporation	PA			37	12							49		19	30		
22-2005057	26921	Everest Reinsurance Company	DE											0		19	(19)		
23-0580680	24457	Reliance Insurance Corporation	PA			30	5							35		31	4		
75-1444207	30058	SCOR Reinsurance Company	NY			361	100							461		1,393	(932)		
13-3029255	39322	Sorema North American Reinsurance Co.	NY			42	13							55		175	(120)		
41-0406690	24767	St. Paul Marine & fire Insurance Co.	MN			76	16							92		228	(136)		
47-0698507	23680	TIG Reinsurance Co.	CT			25	8							33		35	(2)		
13-6108722	12904	Tokio Marine & Fire Insurance Company	NY											0		7	(7)		
0599998 - Other U.S. Unaffil Insurers (Under \$100,000)														0			0		
0599999 - Authorized - Other U.S. Unaffiliated Insurers						742	214	1,156		33,519	7,964	761		44,356		2,601	41,755	39,980	
AA-1122000	00000	Lloyd Underwriters	EN			68	6							74		6	68		
0899998 - Authorized - Other Non-U.S. Insurers (Under \$100,000)														0			0		
0899999 - Authorized - Other Non-U.S. Insurers						68	6							74		6	68		
0999999 - Total - Authorized						810	220	1,156		33,519	7,964	761		44,430		2,607	41,823	39,980	
1399999 - Total - Unauthorized - Affiliates														0			0		
22-3590451	40045	StarNet Insurance Company	DE											0		2	(2)		
1499998 - Unauthorized - Other U.S. Unaffiliated Insurers (Under \$100,000)														0			0		
1499999 - Unauthorized - Other U.S. Unaffiliated Insurers						0								0		2	(2)		
AA-1120440	00000	Copenhagen Reinsurance Company	EN			13	1							14		55	(41)		
AA-1340003	00000	Eisen Und Stahl Ruckversicherungs Akf	GW											0		4	(4)		
AA-1120580	00000	Excess Insurance Co., Ltd	EN			9	1							10			10		
AA-1560483	00000	Hannover Stahl Ruckversicherungs Akf	GW											0		33	(33)		
1799998 - Unauthorized - Other Non-U.S. Insurers (Under \$100,000)														0			0		
1799999 - Unauthorized - Other Non-U.S. Insurers						22	2							24		92	(68)		
1899999 - Total - Unauthorized						22	2							24		94	(70)		
1999999 - Total - Authorized and Unauthorized						0	832	222	1,156	0	33,519	7,964	761	0	44,454	0	2,701	41,753	39,980
2099999 - Total - Protected Cells														0			0		
9999999 Totals						0	832	222	1,156	0	33,519	7,964	761	0	44,454	0	2,701	41,753	39,980

NOTE: Report the five largest provisional commission rates included in the cedant's reinsurance treaties.

The commission rate to be reported is by contract with ceded premium in excess of \$50,000:

1 Name of Company	2 Commission Rate	3 Ceded Premium
1.		
2.		
3.		
4.		
5.		

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 4

Aging of Ceded Reinsurance as of December 31, Current Year (000 Omitted)

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Domiciliary Jurisdiction	Reinsurance Recoverable on Paid Losses and Paid Loss Adjustment Expenses						11 Total Due Cols. 5 + 10	12 Percentage Overdue Col. 10/Col. 11	13 Percentage more Than 120 Days Overdue Col. 9 / Col. 11
				5 Current	Overdue				10 Total Overdue Cols. 6 + 7 + 8 + 9			
					6 1 to 29 Days	7 30 - 90 Days	8 91 - 120 Days	9 Over 120 Days				
0199999 - Authorized - Affiliates - U.S. Intercompany Pooling											0.0	0.0
0299999 - Authorized - Affiliates - U.S. Non-Pool											0.0	0.0
0399999 - Authorized - Affiliates - Other (Non-U.S.)											0.0	0.0
0499999 - Total - Authorized - Affiliates											0	0.0
13-3440360	29700	European Reinsurance Corp of America	NH					211	211	211	100.0	100.0
00-0000000	00000	New York Insurance Exchange	NY					12	12	12	100.0	100.0
13-2930109	22047	North Star Reinsurance Corp/Signet	DE					8	8	8	100.0	100.0
23-2153760	39675	PMA Reinsurance Corporation	PA					49	49	49	100.0	100.0
23-0580680	24457	Reliance Insurance Corporation	PA					35	35	35	100.0	100.0
75-1444207	30058	SCOR Reinsurance Company	NY					461	461	461	100.0	100.0
13-3029255	39322	Sorema North American Reinsurance	NY					55	55	55	100.0	100.0
41-0406690	24767	St. Paul Marine & Fire Insurance	MN					92	92	92	100.0	100.0
47-0698507	23680	TIG Reinsurance Co	CT					33	33	33	100.0	100.0
0599999 - Authorized - Other U.S. Unaffiliated Insurers											0	0
0699999 - Authorized - Pools - Mandatory Pools											0	0.0
0799999 - Authorized - Pools - Voluntary Pools											0	0.0
AA-1122000	00000	Lloyds Underwriters	EN					74	74	74	100.0	100.0
0899999 - Authorized - Other Non-U.S. Insurers											74	100.0
0999999 - Total - Authorized											1,030	100.0
1099999 - Unauthorized - Affiliates - U.S. Intercompany Pooling											0	0.0
1199999 - Unauthorized - Affiliates - U.S. Non-Pool											0	0.0
1299999 - Unauthorized - Affiliates - Other (Non-U.S.)											0	0.0
1399999 - Total - Unauthorized - Affiliates											0	0.0
1499999 - Unauthorized - Other U.S. Unaffiliated Insurers											0	0.0
1599999 - Unauthorized - Pools - Mandatory Pools											0	0.0
1699999 - Unauthorized - Pools - Voluntary Pools											0	0.0
AA-1120440	00000	Copenhagen Reinsurance Company	EN					14	14	14	100.0	100.0
AA-1120580	00000	Excess Insurance Co., Ltd.	EN					10	10	10	100.0	100.0
1799999 - Unauthorized - Other Non-U.S. Insurers											24	100.0
1899999 - Total - Unauthorized											24	100.0
1999999 - Total - Authorized and Unauthorized											1,054	100.0
2099999 -											0	0.0
9999999 Totals											1,054	100.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 5

Provision for Unauthorized Reinsurance as of December 31, Current Year (000 Omitted)

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Federal ID Number	NAIC Company Code	Name of Reinsurer	Domiciliary Jurisdiction	Reinsurance Recoverable all Items Schedule F Part 3, Col. 15	Funds Held By Company Under Reinsurance Treaties	Letters of Credit	Ceded Balances Payable	Miscellaneous Balances	Other Allowed Offset Items	Sum of Cols. 6 thru 10 but not in excess of Col. 5	Subtotal Col. 5 minus Col. 11	Recoverable Paid Losses & LAE Expenses Over 90 Days Past Due not in Dispute	20% of Amount in Col. 13	Smaller of Col. 11 or Col. 14	Smaller of Col. 11 or 20% of Amount in Dispute Included in Col. 5	Total Provision for Unauthorized Reinsurance Smaller of Col.5 or Cols. 12 +15 + 16
0499999 - Total - Affiliates																
22-3590451	40045	StarNet Insurance Company	DE					2		0	0		0	0	0	0
0599999 - Other U.S. Unaffiliated Insurers																
AA-1120440	00000	Copenhagen Reinsurance Company	EN	14				55		14	0		0	0	0	0
AA-1340003	00000	Eisen Und Stahl Ruckversicherungs Akf	GW					4		0	0		0	0	0	0
AA-1120580	00000	Excess Insurance Company	EN	10				0		0	10		0	0	0	10
AA-1560483	00000	Hannover Stahl Ruckversicherungs Akf	GW					33		0	0		0	0	0	0
0899999 - Other Non-U.S. Insurers																
				24				92		14	10		0	0	0	10
0999999 - Total - Affiliates and Others				24	0	0	0	94	0	14	10	0	0	0	0	10
1099999 - Total - Protected Cells																
										0	0		0	0	0	0
9999999 Totals				34				94		14	10		0	0	0	10

1. Amounts in dispute totaling \$are included in Column 5.
2. Amounts in dispute totaling \$are excluded from Column 13.
3. Column 5 excludes \$recoverables on ceded IBNR on contracts in force prior to July 1, 1984 and not subsequently renewed.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 6

Provision for Overdue Authorized Reinsurance as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11
Federal ID Number	NAIC Company Code	Name of Reinsurer	Reinsurance Recoverable on Paid Losses and LAE More Than 90 Days Overdue (a)	Total Reinsurance Recoverable on Paid Losses and Paid LAE (b)	Amounts Received Prior 90 Days	Col. 4 divided by (Cols. 5 + 6)	Amounts in Col. 4 for Companies Reporting less than 20% in Col. 7	Amounts in Dispute Excluded from Col. 4 for Companies Reporting less than 20% in Col. 7	20% of Amount in Col. 9	Amount Reported in Col. 8 x 20% + Col. 10
13-3440360	29700	European Reinsurance Corp. of America	211,152	211,152		1.000	0	0	0	0
AA-1122000	00000	Lloyd Underwriters	74,457	74,457		1.000	0	0	0	0
AA-0040053	00000	New York Insurance Exchange	11,768	11,768		1.000	0	0	0	0
13-2930109	22047	North Star Reinsurance Corp/Signet	7,971	7,971		1.000	0	0	0	0
23-2153760	39675	PMA Reinsurance Corporation	49,375	49,375		1.000	0	0	0	0
23-0580680	24457	Reliance Insurance Corporation	34,664	34,664		1.000	0	0	0	0
75-1444207	30058	SCOR Reinsurance Company	460,439	460,439		1.000	0	0	0	0
13-3029255	39322	Sorema North America	54,409	54,409		1.000	0	0	0	0
41-0406690	24767	St. Paul Marine & Fire Insurance Co	92,356	92,356		1.000	0	0	0	0
47-0698507	23680	TIG Reinsurance Company	32,917	32,917		1.000	0	0	0	0
9999999 Totals			1,029,508	1,029,508		1.000	0	0	0	0

(a) From Schedule F - Part 4 Columns 8 + 9, total authorized, less \$ in dispute.
 (b) From Schedule F - Part 3 Columns 7 + 8, total authorized, less \$ in dispute.

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE F - PART 7

Provision for Overdue Reinsurance as of December 31, Current Year

1 Federal ID Number	2 NAIC Company Code	3 Name of Reinsurer	4 Reinsurance Recoverable All Items	5 Funds Held By Company Under Reinsurance Treaties	6 Letters of Credit	7 Ceded Balances Payable	8 Other Miscellaneous Balances	9 Other Allowed Offset Items	10 Sum of Cols. 5 thru 9 but not in excess of Col. 4	11 Col. 4 minus Col. 10	12 Greater of Col. 11 or Schedule F - Part 4 Cols. 8 + 9
AA-1122000	00000	Lloyds Underwriters	74,457				6,212		6,212	68,245	68,245
AA-0040053	00000	New York Insurance Exchange	11,768						0	11,768	11,768
23-2153760	39675	PMA Reinsurance Corporation	49,375				18,636		18,636	30,739	30,739
23-0580680	24457	Reliance Insurance Corporation	34,664				31,293		31,293	3,371	3,371
9999999 Totals			170,264				56,141		56,141	114,123	114,123

1. Total	114,123
2. Line 1 x .2	22,825
3. Schedule F - Part 6 Col. 11	0
4. Provision for Overdue Authorized Reinsurance (Lines 2 + 3)	22,825
5. Provision for Unauthorized Reinsurance (Schedule F - Part 5 Col. 17 x 1000)	10,000
6. Provision for Reinsurance (sum Lines 4 + 5) [Enter this amount on Page 3, Line 16]	32,825

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**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE F - PART 8

Restatement of Balance Sheet to Identify Net Credit for Reinsurance

	1 As Reported (Net of Ceded)	2 Restatement Adjustments	3 Restated (Gross of Ceded)
<u>ASSETS</u> (Page 2, Col. 3)			
1. Cash and invested assets (Line 9)	121,129,383		121,129,383
2. Agents' balances or uncollected premiums (Line 10)	0		0
3. Funds held by or deposited with reinsured companies (Line 11)	0		0
4. Reinsurance recoverable on loss and loss adjustment expense payments (Line 14)	1,054,015	(1,054,015)	0
5. Other assets (Lines 12 and 13 and 15 through 25)	2,089,705		2,089,705
6. Net amount recoverable from reinsurers		4,440,958	4,440,958
7. Totals (Line 28)	124,273,103	3,386,943	127,660,046
<u>LIABILITIES</u> (Page 3)			
8. Losses and loss adjustment expenses (Lines 1 through 3)	58,926,068	42,638,962	101,565,030
9. Taxes, expenses, and other obligations (Lines 4 through 8)	51,511		51,511
10. Unearned premiums (Line 9)	236,000	761,000	997,000
11. Advance Premiums (Line 10)	0		0
12. Dividends declared and unpaid (Line 11.1 and 11.2)	0		0
13. Ceded reinsurance premiums payable (net of ceded commissions) (Line 12)	0		0
14. Funds held by company under reinsurance treaties (Line 13)	39,980,194	(39,980,194)	0
15. Amounts withheld or retained by company for account of others (Line 14)	0		0
16. Provision for reinsurance (Line 16)	32,825	(32,825)	0
17. Other liabilities (Lines 15 and 17 through 23)	12,398,827		12,398,827
18. Total liabilities (Line 26 minus Line 25)	111,625,425	3,386,943	115,012,368
19. Surplus as regards policyholders (Line 35)	12,647,675	X X X	12,647,675
20. Totals (Line 36)	124,273,100	3,386,943	127,660,043

NOTE: Is the restatement of this exhibit the result of grossing up balances ceded to affiliates under 100 percent reinsurance or pooling arrangements? Yes [] No [X]

If yes, give full explanation:

Schedule H - Part 1

NONE

Schedule H - Part 2

NONE

Schedule H - Part 3

NONE

Schedule H - Part 4

NONE

Schedule H - Part 5

NONE

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES
SCHEDULE P - PART 1 - SUMMARY**

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	316	0	3	0	120	0	23	439	XXX
2. 1993	23,496	7,466	16,030	21,742	4,572	6,749	280	4,751	0	3,767	28,390	XXX
3. 1994	22,967	7,731	15,236	10,131	3,608	2,791	221	12,390	0	1,467	21,483	XXX
4. 1995	18,920	5,042	13,878	7,953	238	401	114	1,914	0	688	9,916	XXX
5. 1996	18,502	3,413	15,089	5,005	335	749	33	7,576	0	2,140	12,962	XXX
6. 1997	17,937	4,071	13,866	3,623	636	594	32	4,085	0	793	7,634	XXX
7. 1998	13,588	2,596	10,992	3,165	646	412	38	2,911	0	801	5,804	XXX
8. 1999	11,105	2,296	8,809	3,369	957	405	41	3,340	0	583	6,116	XXX
9. 2000	7,234	2,127	5,107	2,998	931	373	46	3,270	0	589	5,664	XXX
10. 2001	1,157	(117)	1,274	2,407	998	347	58	3,753	0	441	5,451	XXX
11. 2002	5,204	2,648	2,556	700	292	96	18	1,022	0	94	1,508	XXX
12. Totals	XXX	XXX	XXX	61,409	13,213	12,920	881	45,132	0	11,386	105,367	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	25,553	0	0	0	3	0	0	0	0	0	25,556	XXX	
2.	3,600	0	0	0	0	0	0	0	0	0	3,600	XXX	
3.	2,100	0	43,928	33,519	0	0	10,438	7,964	10,885	0	25,868	XXX	
4.	309	1	0	0	0	0	0	0	0	0	308	XXX	
5.	18	0	0	0	1	0	0	0	0	0	19	XXX	
6.	139	17	0	0	0	0	0	0	0	0	122	XXX	
7.	232	65	0	0	2	0	0	0	0	0	169	XXX	
8.	999	31	0	0	14	0	0	0	0	0	982	XXX	
9.	599	146	0	0	26	0	0	0	0	0	479	XXX	
10.	728	232	0	0	49	0	0	0	0	0	545	XXX	
11.	1,796	663	0	0	146	0	0	0	0	0	1,279	XXX	
12. Totals	36,073	1,155	43,928	33,519	241	0	10,438	7,964	10,885	0	58,927	XXX	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount											
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid										
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	25,553	3										
2.	36,842	4,852	31,990	156.8	65.0	199.6	0	0		3,600	0										
3.	92,663	45,312	47,351	403.5	586.1	310.8	0	0		12,509	13,359										
4.	10,577	353	10,224	55.9	7.0	73.7	0	0		308	0										
5.	13,349	368	12,981	72.1	10.8	86.0	0	0		18	1										
6.	8,441	685	7,756	47.1	16.8	55.9	0	0		122	0										
7.	6,722	749	5,973	49.5	28.9	54.3	0	0		167	2										
8.	8,127	1,029	7,098	73.2	44.8	80.6	0	0		968	14										
9.	7,266	1,123	6,143	100.4	52.8	120.3	0	0		453	26										
10.	7,284	1,288	5,996	629.6	(1,100.9)	470.6	0	0		496	49										
11.	3,760	973	2,787	72.3	36.7	109.0	0	0		1,133	146										
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	45,327	13,600										

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT		
	1	2	3	4	5	6	7	8	9	10	11	12	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year	
1. Prior	10,293	12,784	12,783	14,282	15,700	15,407	15,983	41,324	40,524	40,526	2	(798)	
2. 1993	28,701	28,117	23,887	23,902	23,991	23,756	23,734	27,282	27,238	27,239	1	(43)	
3. 1994	XXX	132,928	66,247	73,982	83,133	78,893	66,512	58,920	42,059	24,076	(17,983)	(34,844)	
4. 1995	XXX	XXX	6,376	4,852	8,743	7,543	8,119	8,360	8,325	8,310	(15)	(50)	
5. 1996	XXX	XXX	XXX	7,140	6,866	5,460	5,403	5,401	5,412	5,405	(7)	4	
6. 1997	XXX	XXX	XXX	XXX	3,677	3,467	3,272	3,628	3,642	3,671	29	43	
7. 1998	XXX	XXX	XXX	XXX	XXX	3,062	3,120	3,001	3,061	3,062	1	61	
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	3,154	4,251	3,741	3,758	17	(493)	
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,460	2,667	2,873	206	413	
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,016	2,243	227	XXX	
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,765	XXX	XXX	
											12. Totals	(17,522)	(35,707)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	.000	4,996	9,608	11,485	13,270	13,995	14,581	14,632	14,651	14,970	XXX	XXX
2. 1993	11,809	21,544	22,438	22,960	23,322	23,448	23,446	23,647	23,638	23,639	XXX	XXX
3. 1994	XXX	(982)	6,235	7,795	7,871	8,197	8,597	8,564	9,118	9,093	XXX	XXX
4. 1995	XXX	XXX	1,034	3,381	4,332	7,204	8,030	8,049	8,019	8,002	XXX	XXX
5. 1996	XXX	XXX	XXX	2,165	4,592	5,180	5,273	5,271	5,387	5,386	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	1,392	2,905	2,952	3,457	3,496	3,549	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	1,230	2,621	2,794	2,876	2,893	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	1,031	2,263	2,650	2,776	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,094	2,136	2,394	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	672	1,698	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	486	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior	4,054	4,365	.0	.0	.0	.0	.0	.0	.0	.0
2. 1993	4,018	2,369	.0	.0	.0	.0	.0	.0	.0	.0
3. 1994	XXX	119,883	56,034	64,516	73,342	69,825	57,587	47,275	30,839	12,883
4. 1995	XXX	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5. 1996	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0	.0
6. 1997	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0	.0
7. 1998	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0	.0
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0	.0
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0	.0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0	.0
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

Schedule P - Part 1A - Home/Farm

NONE

Schedule P - Part 1B - Private Passenger

NONE

Schedule P - Part 1C - Comm Auto/Truck

NONE

Schedule P - Part 1D - Workers' Comp

NONE

Schedule P - Part 1E - Comm Multi Peril

NONE

Schedule P - Part 1F - Medical Mal Occur

NONE

Schedule P - Part 1F - Medical Mal Claim

NONE

Schedule P - Part 1G - Special Liability

NONE

Schedule P - Part 1H - Other Liab Occur

NONE

Schedule P - Part 1H - Other Liab Claims

NONE

Schedule P - Part 1I - Special Property

NONE

Schedule P - Part 1J - Auto Physical

NONE

Schedule P - Part 1K - Fidelity/Surety

NONE

Schedule P - Part 1L - Other

NONE

Schedule P - Part 1M - International

NONE

Schedule P - Part 1N - Reinsurance A

NONE

Schedule P - Part 1O - Reinsurance B

NONE

Schedule P - Part 1P - Reinsurance C

NONE

**SCHEDULE P - PART 1R - SECTION 1 - PRODUCTS LIABILITY -
OCCURRENCE**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments						12 Number of Claims Reported - Direct and Assumed		
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments			10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	316	0	3	0	120	0	23	439	XXX
2. 1993	23,496	7,466	16,030	21,742	4,572	6,749	280	4,751	0	3,767	28,390	0
3. 1994	22,967	7,731	15,236	10,131	3,608	2,791	221	12,390	0	1,467	21,483	12,955
4. 1995	18,920	5,042	13,878	7,953	238	401	114	1,914	0	688	9,916	3,696
5. 1996	18,502	3,413	15,089	5,005	335	749	33	7,576	0	2,140	12,962	4,287
6. 1997	17,937	4,071	13,866	3,623	636	594	32	4,085	0	793	7,634	2,767
7. 1998	13,588	2,596	10,992	3,165	646	412	38	2,911	0	801	5,804	2,007
8. 1999	11,105	2,296	8,809	3,369	957	405	41	3,340	0	583	6,116	1,895
9. 2000	7,234	2,127	5,107	2,998	931	373	46	3,270	0	589	5,664	1,113
10. 2001	1,157	(117)	1,274	2,407	998	347	58	3,753	0	441	5,451	1,113
11. 2002	5,204	2,648	2,556	700	292	96	18	1,022	0	94	1,508	645
12. Totals	XXX	XXX	XXX	61,409	13,213	12,920	881	45,132	0	11,386	105,367	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	25,553	0	0	0	3	0	0	0	0	0	0	25,556	1,035
2.	3,600	0	0	0	0	0	0	0	0	0	0	3,600	16
3.	2,100	0	43,928	33,519	0	0	10,438	7,964	10,885	0	0	25,868	9
4.	309	1	0	0	0	0	0	0	0	0	0	308	4
5.	18	0	0	0	1	0	0	0	0	0	0	19	5
6.	139	17	0	0	0	0	0	0	0	0	0	122	25
7.	232	65	0	0	2	0	0	0	0	0	0	169	115
8.	999	31	0	0	14	0	0	0	0	0	0	982	91
9.	599	146	0	0	26	0	0	0	0	0	0	479	116
10.	728	232	0	0	49	0	0	0	0	0	0	545	110
11.	1,796	663	0	0	146	0	0	0	0	0	0	1,279	273
12.	36,073	1,155	43,928	33,519	241	0	10,438	7,964	10,885	0	0	58,927	1,799

	Total Losses and Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	25,553	3
2.	36,842	4,852	31,990	156.8	65.0	199.6	0	0	0.0	3,600	0
3.	92,663	45,312	47,351	403.5	586.1	310.8	0	0	0.0	12,509	13,359
4.	10,577	353	10,224	55.9	7.0	73.7	0	0	0.0	308	0
5.	13,349	368	12,981	72.1	10.8	86.0	0	0	0.0	18	1
6.	8,441	685	7,756	47.1	16.8	55.9	0	0	0.0	122	0
7.	6,722	749	5,973	49.5	28.9	54.3	0	0	0.0	167	2
8.	8,127	1,029	7,098	73.2	44.8	80.6	0	0	0.0	968	14
9.	7,266	1,123	6,143	100.4	52.8	120.3	0	0	0.0	453	26
10.	7,284	1,288	5,996	629.6	(1,100.9)	470.6	0	0	0.0	496	49
11.	3,760	973	2,787	72.3	36.7	109.0	0	0	0.0	1,133	146
12.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	45,327	13,600

Schedule P - Part 1R - Prod Liab Claims

NONE

Schedule P - Part 1S-Fin./Mtg. Guaranty

NONE

Schedule P - Part 2A

NONE

Schedule P - Part 2B

NONE

Schedule P - Part 2C

NONE

Schedule P - Part 2D

NONE

Schedule P - Part 2E

NONE

Schedule P - Part 2F - Medical Mal Occur

NONE

Schedule P - Part 2F - Medical Mal Claim

NONE

Schedule P - Part 2G

NONE

Schedule P - Part 2H - Other Liab Occur

NONE

Schedule P - Part 2H - Other Liab Claim

NONE

Schedule P - Part 2I

NONE

Schedule P - Part 2J

NONE

Schedule P - Part 2K

NONE

Schedule P - Part 2L

NONE

Schedule P - Part 2M

NONE

Schedule P - Part 2N

NONE

Schedule P - Part 2O

NONE

Schedule P - Part 2P

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 2R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	11 One Year	12 Two Year
1. Prior	10,293	12,784	12,783	14,282	15,700	15,407	15,983	41,324	40,524	40,526	2	(798)
2. 1993	28,701	28,117	23,887	23,902	23,991	23,756	23,734	27,282	27,238	27,239	1	(43)
3. 1994	XXX	132,928	66,247	73,982	83,133	78,893	66,512	58,920	42,059	24,076	(17,983)	(34,844)
4. 1995	XXX	XXX	6,376	4,852	8,743	7,543	8,119	8,360	8,325	8,310	(15)	(50)
5. 1996	XXX	XXX	XXX	7,140	6,866	5,460	5,403	5,401	5,412	5,405	(7)	4
6. 1997	XXX	XXX	XXX	XXX	3,677	3,467	3,272	3,628	3,642	3,671	29	43
7. 1998	XXX	XXX	XXX	XXX	XXX	3,062	3,120	3,001	3,061	3,062	1	61
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	3,154	4,251	3,741	3,758	17	(493)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,460	2,667	2,873	206	413
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,016	2,243	227	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,765	XXX	XXX
12. Totals											(17,522)	(35,707)

SCHEDULE P - PART 2R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior												
2. 1993												
3. 1994	XXX											
4. 1995	XXX	XXX										
5. 1996	XXX	XXX	XXX									
6. 1997	XXX	XXX	XXX	XXX								
7. 1998	XXX	XXX	XXX	XXX	XXX							
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX
12. Totals												

SCHEDULE P - PART 2S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4. Totals												

Schedule P - Part 3A

NONE

Schedule P - Part 3B

NONE

Schedule P - Part 3C

NONE

Schedule P - Part 3D

NONE

Schedule P - Part 3E

NONE

Schedule P - Part 3F - Medical Mal Occur

NONE

Schedule P - Part 3F - Medical Mal Claim

NONE

Schedule P - Part 3G

NONE

Schedule P - Part 3H - Other Liab Occur

NONE

Schedule P - Part 3H - Other Liab Claims

NONE

Schedule P - Part 3I

NONE

Schedule P - Part 3J

NONE

Schedule P - Part 3K

NONE

Schedule P - Part 3L

NONE

Schedule P - Part 3M

NONE

Schedule P - Part 3N

NONE

Schedule P - Part 3O

NONE

Schedule P - Part 3P

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 3R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	.000	4,996	9,608	11,485	13,270	13,995	14,581	14,632	14,651	14,970	14,285	38,014
2. 1993	11,809	21,544	22,438	22,960	23,322	23,448	23,446	23,647	23,638	23,639	3,003	11,068
3. 1994	XXX	(982)	6,235	7,795	7,871	8,197	8,597	8,564	9,118	9,093	1,903	11,043
4. 1995	XXX	XXX	1,034	3,381	4,332	7,204	8,030	8,049	8,019	8,002	761	2,931
5. 1996	XXX	XXX	XXX	2,165	4,592	5,180	5,273	5,271	5,387	5,386	1,038	3,244
6. 1997	XXX	XXX	XXX	XXX	1,392	2,905	2,952	3,457	3,496	3,549	482	2,260
7. 1998	XXX	XXX	XXX	XXX	XXX	1,230	2,621	2,794	2,876	2,893	429	1,463
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	1,031	2,263	2,650	2,776	412	1,392
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,094	2,136	2,394	330	667
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	672	1,698	322	681
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	486	110	262

SCHEDULE P - PART 3R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior	.000											
2. 1993												
3. 1994	XXX											
4. 1995	XXX	XXX										
5. 1996	XXX	XXX	XXX									
6. 1997	XXX	XXX	XXX	XXX								
7. 1998	XXX	XXX	XXX	XXX	XXX							
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX						
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX					
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			

NONE

SCHEDULE P - PART 3S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.000			XXX	XXX
2. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
3. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		XXX	XXX

NONE

Schedule P - Part 4A

NONE

Schedule P - Part 4B

NONE

Schedule P - Part 4C

NONE

Schedule P - Part 4D

NONE

Schedule P - Part 4E

NONE

Schedule P - Part 4F - Medical Mal Occur

NONE

Schedule P - Part 4F - Medical Mal Claim

NONE

Schedule P - Part 4G

NONE

Schedule P - Part 4H - Other Liab Occur

NONE

Schedule P - Part 4H - Other Liab Claims

NONE

Schedule P - Part 4I - Special Property

NONE

Schedule P - Part 4J

NONE

Schedule P - Part 4K

NONE

Schedule P - Part 4L

NONE

Schedule P - Part 4M

NONE

Schedule P - Part 4N

NONE

Schedule P - Part 4O

NONE

Schedule P - Part 4P

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 4R - SECTION 1 - PRODUCTS LIABILITY - OCCURRENCE

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior	4,054	4,365	0	0	0	0	0	0	0	0
2. 1993	4,018	2,369	0	0	0	0	0	0	0	0
3. 1994	XXX	119,883	56,034	64,516	73,342	69,825	57,587	47,275	30,839	12,883
4. 1995	XXX	XXX	0	0	0	0	0	0	0	0
5. 1996	XXX	XXX	XXX	0	0	0	0	0	0	0
6. 1997	XXX	XXX	XXX	XXX	0	0	0	0	0	0
7. 1998	XXX	XXX	XXX	XXX	XXX	0	0	0	0	0
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0	0
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0	0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	0
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0

SCHEDULE P - PART 4R - SECTION 2 - PRODUCTS LIABILITY - CLAIMS-MADE

1. Prior										
2. 1993										
3. 1994	XXX									
4. 1995	XXX	XXX								
5. 1996	XXX	XXX	XXX							
6. 1997	XXX	XXX	XXX	XXX						
7. 1998	XXX	XXX	XXX	XXX	XXX					
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX				
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

SCHEDULE P - PART 4S - FINANCIAL GUARANTY/MORTGAGE GUARANTY

1. Prior	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
2. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
3. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	

NONE

Schedule P - Part 5A- SN1

NONE

Schedule P - Part 5A- SN2

NONE

Schedule P - Part 5A- SN3

NONE

Schedule P - Part 5B- SN1

NONE

Schedule P - Part 5B- SN2

NONE

Schedule P - Part 5B- SN3

NONE

Schedule P - Part 5C- SN1

NONE

Schedule P - Part 5C- SN2

NONE

Schedule P - Part 5C- SN3

NONE

Schedule P - Part 5D- SN1

NONE

Schedule P - Part 5D- SN2

NONE

Schedule P - Part 5D- SN3

NONE

Schedule P - Part 5E- SN1

NONE

Schedule P - Part 5E- SN2

NONE

Schedule P - Part 5E- SN3

NONE

Schedule P - Part 5F- SN1A

NONE

Schedule P - Part 5F- SN2A

NONE

Schedule P - Part 5F- SN3A

NONE

Schedule P - Part 5F- SN1B

NONE

Schedule P - Part 5F- SN2B

NONE

Schedule P - Part 5F- SN3B

NONE

Schedule P - Part 5H- SN1A

NONE

Schedule P - Part 5H- SN2A

NONE

Schedule P - Part 5H- SN3A

NONE

Schedule P - Part 5H- SN1B

NONE

Schedule P - Part 5H- SN2B

NONE

Schedule P - Part 5H- SN3B

NONE

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE P - PART 5R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS CLOSED WITH LOSS PAYMENT DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	972	145	(131)	(22)	16	9	25	2	1	0
2. 1993	2,125	3,020	2,974	2,973	2,987	2,992	2,994	3,002	3,003	3,003
3. 1994	XXX	1,181	1,541	1,638	1,650	1,701	1,833	1,839	1,903	1,903
4. 1995	XXX	XXX	331	639	688	747	756	759	761	761
5. 1996	XXX	XXX	XXX	383	721	984	1,025	1,032	1,035	1,038
6. 1997	XXX	XXX	XXX	XXX	219	427	464	477	480	482
7. 1998	XXX	XXX	XXX	XXX	XXX	216	388	409	424	429
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	191	357	406	412
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	186	308	330
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	154	322
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	110

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	NUMBER OF CLAIMS OUTSTANDING DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	302	144	159	132	142	178	120	117	365	1,035
2. 1993	1,748	284	156	102	108	35	30	20	16	16
3. 1994	XXX	1,663	314	147	199	219	83	76	10	9
4. 1995	XXX	XXX	1,358	251	101	24	11	6	3	4
5. 1996	XXX	XXX	XXX	1,763	336	81	30	9	7	5
6. 1997	XXX	XXX	XXX	XXX	709	128	59	31	27	25
7. 1998	XXX	XXX	XXX	XXX	XXX	592	203	142	121	115
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	613	224	100	91
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	400	143	116
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	370	110
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	273

SECTION 3A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE NUMBER OF CLAIMS REPORTED DIRECT AND ASSUMED AT YEAR END									
	1	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	44	1	(642)	0	12	42	0	0	291	0
2. 1993	14,355	14,473	14,036	14,036	14,081	14,086	14,087	14,087	14,087	0
3. 1994	XXX	13,146	12,784	12,785	12,891	12,955	12,955	12,955	12,955	12,955
4. 1995	XXX	XXX	3,693	3,695	3,696	3,696	3,696	3,696	3,696	3,696
5. 1996	XXX	XXX	XXX	4,328	4,246	4,287	4,287	4,287	4,287	4,287
6. 1997	XXX	XXX	XXX	XXX	2,765	2,766	2,766	2,766	2,766	2,767
7. 1998	XXX	XXX	XXX	XXX	XXX	2,003	2,007	2,007	2,007	2,007
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	1,874	1,895	1,895	1,895
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,110	1,113	1,113
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,110	1,113
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	645

Schedule P - Part 5R- SN1B

NONE

Schedule P - Part 5R- SN2B

NONE

Schedule P - Part 5R- SN3B

NONE

Schedule P - Part 6C - SN1

NONE

Schedule P - Part 6C - SN2

NONE

Schedule P - Part 6D - SN1

NONE

Schedule P - Part 6D - SN2

NONE

Schedule P - Part 6E - SN1

NONE

Schedule P - Part 6E - SN2

NONE

Schedule P - Part 6H - SN1A

NONE

Schedule P - Part 6H - SN2A

NONE

Schedule P - Part 6H - SN1B

NONE

Schedule P - Part 6H - SN2B

NONE

Schedule P - Part 6M - SN1

NONE

Schedule P - Part 6M - SN2

NONE

Schedule P - Part 6N - SN1

NONE

Schedule P - Part 6N - SN2

NONE

Schedule P - Part 6O - SN1

NONE

Schedule P - Part 6O - SN2

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - OCCURRENCE

SECTION 1A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1993	23,484	23,602	23,496	23,496	23,496	23,496	23,496	23,496	23,496	23,496	.0
3. 1994	XXX	23,703	22,967	22,967	22,967	22,967	22,967	22,967	22,967	22,967	.0
4. 1995	XXX	XXX	18,920	18,920	18,920	18,920	18,920	18,920	18,920	18,920	.0
5. 1996	XXX	XXX	XXX	18,502	18,502	18,502	18,502	18,502	18,502	18,502	.0
6. 1997	XXX	XXX	XXX	XXX	17,937	17,937	17,937	17,937	17,937	17,937	.0
7. 1998	XXX	XXX	XXX	XXX	XXX	13,588	13,588	13,588	13,588	13,588	.0
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	10,946	10,946	10,946	10,946	.0
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	7,234	7,234	7,234	.0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,157	1,157	.0
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,204	5,204
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,204
13. Earned Premiums (Sch P, Part 1)	23,496	22,967	18,920	18,502	17,937	13,588	11,105	7,234	1,157	5,204	XXX

SECTION 2A

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	
1. Prior	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 1993	5,269	5,269	7,466	7,466	7,466	7,466	7,466	7,466	7,466	7,466	.0
3. 1994	XXX	6,047	7,731	7,731	7,731	7,731	7,731	7,731	7,731	7,731	.0
4. 1995	XXX	XXX	5,042	5,042	5,042	5,042	5,042	5,042	5,042	5,042	.0
5. 1996	XXX	XXX	XXX	3,413	3,413	3,413	3,413	3,413	3,413	3,413	.0
6. 1997	XXX	XXX	XXX	XXX	4,071	4,071	4,071	4,071	4,071	4,071	.0
7. 1998	XXX	XXX	XXX	XXX	XXX	2,596	2,596	2,596	2,596	2,596	.0
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	2,137	2,137	2,137	2,137	.0
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,127	2,127	2,127	.0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	(117)	(117)	.0
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,648	2,648
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,648
13. Earned Premiums (Sch P, Part 1)	7,466	7,731	5,042	3,413	4,071	2,596	2,296	2,127	(117)	2,648	XXX

SCHEDULE P - PART 6R - PRODUCTS LIABILITY - CLAIMS-MADE

SECTION 1B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	
1. Prior											
2. 1993											
3. 1994	XXX										
4. 1995	XXX	XXX									
5. 1996	XXX	XXX	XXX								
6. 1997	XXX	XXX	XXX	XXX							
7. 1998	XXX	XXX	XXX	XXX	XXX						
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX					
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
13. Earned Premiums (Sch P, Part 1)											XXX

SECTION 2B

Years in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED CEDED AT YEAR END (\$000 OMITTED)										11 Current Year Premiums Earned
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	
1. Prior											
2. 1993											
3. 1994	XXX										
4. 1995	XXX	XXX									
5. 1996	XXX	XXX	XXX								
6. 1997	XXX	XXX	XXX	XXX							
7. 1998	XXX	XXX	XXX	XXX	XXX						
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX					
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
12. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
13. Earned Premiums (Sch P, Part 1)											XXX

Schedule P - Part 7A - Section 1

NONE

Schedule P - Part 7A - Section 2

NONE

Schedule P - Part 7A - Section 3

NONE

Schedule P - Part 7A - Section 4

NONE

Schedule P - Part 7A - Section 5

NONE

Schedule P - Part 7B - Section 1

NONE

Schedule P - Part 7B - Section 2

NONE

Schedule P - Part 7B - Section 3

NONE

Schedule P - Part 7B - Section 4

NONE

Schedule P - Part 7B - Section 5

NONE

Schedule P - Part 7B - Section 6

NONE

Schedule P - Part 7B - Section 7

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE P INTERROGATORIES

1. What is the extended loss and expense reserve - direct and assumed - for the following classes? An example of an extended loss and expense reserve is the actuarial reserve for the free-tail coverage arising upon death, disability or retirement in most medical malpractice policies. Such a liability is to be reported here even if it was not reported elsewhere in Schedule P, but otherwise reported as a liability item on Page 3. Show the full reserve amount, not just the change during the current year.

Years in which premiums were earned and losses were incurred		1 Medical Malpractice	2 Other Liability	3 Products Liability
1.01	Prior			
1.02	1993			
1.03	1994			
1.04	1995			
1.05	1996			
1.06	1997			
1.07	1998			
1.08	1999			
1.09	2000			
1.10	2001			
1.11	2002			
1.12	Totals	0	0	0

2. The definition of allocated loss adjustment expenses (ALAE) and, therefore, unallocated loss adjustment expenses (ULAE) was changed effective January 1, 1998. This change in definition applies to both paid and unpaid expenses. Are these expenses (now reported as "Defense and Cost Containment" and "Adjusting and Other") reported in compliance with these definitions in this statement? Answer: Yes [X] No []

3. The Adjusting and Other expense payments and reserves should be allocated to the years in which the losses were incurred based on the number of claims reported, closed and outstanding in those years. When allocating Adjusting and Other expense between companies in a group or a pool, the Adjusting and Other expense should be allocated in the same percentage used for the loss amounts and the claim counts. For reinsurers, Adjusting and Other expense assumed should be reported according to the reinsurance contract. For Adjusting and Other expense incurred by reinsurers, or in those situations where suitable claim count information is not available, Adjusting and Other expense should be allocated by a reasonable method determined by the company and described in Interrogatory 7, below. Are they so reported in this Statement? Answer: Yes [X] No []

4. Do any lines in Schedule P include reserves which are reported gross of any discount to present value of future payments, but are reported net of such discounts on Page 11? Yes [] No [X]

If Yes, proper reporting must be made in the Notes to Financial Statements, as specified in the Instructions. Also, the discounts must be reported in Schedule P - Part 1, Columns 32 and 33.

Schedule P must be completed gross of non-tabular discounting. Work papers relating to discount calculations must be available for examination upon request.

Discounting is allowed only if expressly permitted by the state insurance department to which this Annual Statement is being filed.

5. What were the net premiums in force at the end of the year for: (in thousands of dollars)

5.1 Fidelity0

5.2 Surety0

6. Claim count information is reported Per Claim

7.1 The information provided in Schedule P will be used by many persons to estimate the adequacy of the current loss and expense reserves, among other things. Are there any especially significant events, coverage, retention or accounting changes which have occurred which must be considered when making such analyses? Yes [X] No []

7.2 An extended statement may be attached. ULAE and IBNR reserves are allocated to 1994 (see Notes to Financial Statement).....

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

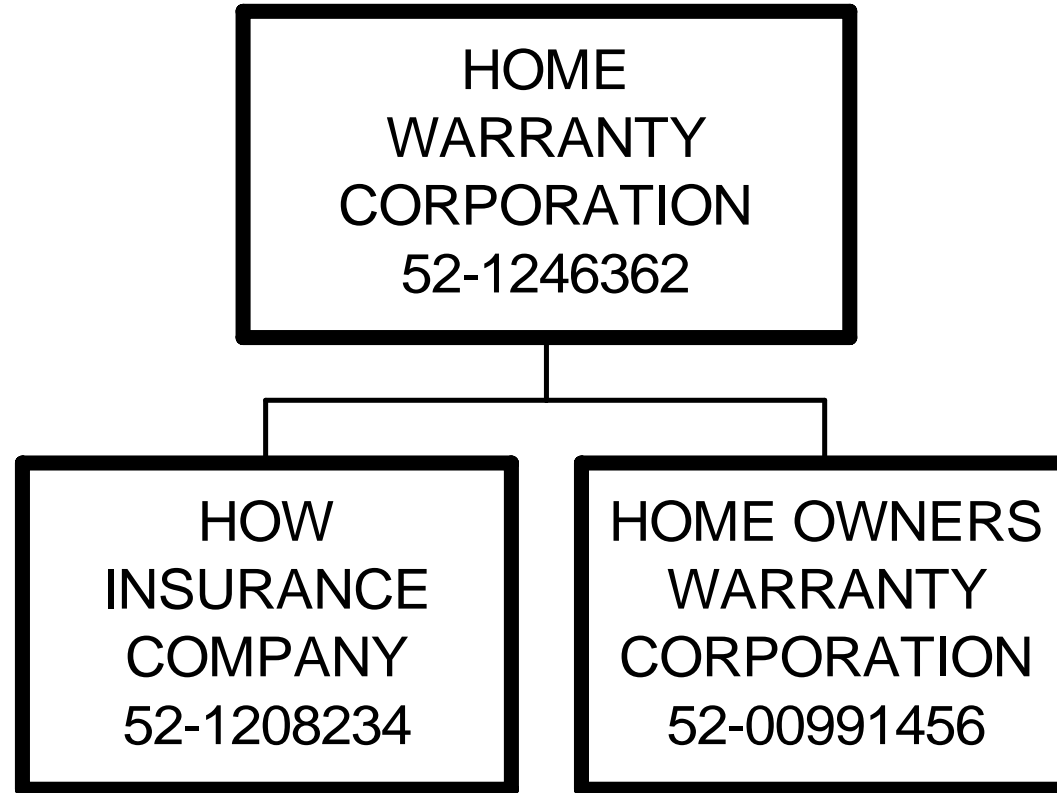
States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)	
		2 Direct Premiums Written	3 Direct Premiums Earned							
1. Alabama	AL	No	.0	.0	11,980	20,660	6,653	.0	.0	
2. Alaska	AK	No	.0	.0	.0	.0	.0	.0	.0	
3. Arizona	AZ	No	.0	.0	.0	50,635	38,811	.0	.0	
4. Arkansas	AR	No	.0	.0	28,699	(24,380)	.0	.0	.0	
5. California	CA	No	.0	.0	(12,750)	(72,927)	281,211	.0	.0	
6. Colorado	CO	No	.0	.0	778,061	1,651,378	3,176,002	.0	.0	
7. Connecticut	CT	No	.0	.0	.0	.0	.0	.0	.0	
8. Delaware	DE	No	.0	.0	54	(21,178)	.0	.0	.0	
9. District of Columbia	DC	No	.0	.0	.0	.0	.0	.0	.0	
10. Florida	FL	No	.0	.0	103,026	(2,386,063)	40,215,663	.0	.0	
11. Georgia	GA	No	.0	.0	279,925	(76,712)	284,982	.0	.0	
12. Hawaii	HI	No	.0	.0	.0	(10,616)	.0	.0	.0	
13. Idaho	ID	No	.0	.0	.0	10,127	7,762	.0	.0	
14. Illinois	IL	No	.0	.0	(34,005)	(78,788)	36,815	.0	.0	
15. Indiana	IN	No	.0	.0	302,718	29,190	160,925	.0	.0	
16. Iowa	IA	No	.0	.0	.0	10,127	7,762	.0	.0	
17. Kansas	KS	No	.0	.0	1,572	1,572	.0	.0	.0	
18. Kentucky	KY	No	.0	.0	25,709	65,242	46,575	.0	.0	
19. Louisiana	LA	No	.0	.0	52,417	(25,417)	7,762	.0	.0	
20. Maine	ME	No	.0	.0	.0	.0	.0	.0	.0	
21. Maryland	MD	No	.0	.0	7,559	17,366	229,538	.0	.0	
22. Massachusetts	MA	No	.0	.0	.0	(978)	15,524	.0	.0	
23. Michigan	MI	No	.0	.0	31,005	(9,404)	15,524	.0	.0	
24. Minnesota	MN	No	.0	.0	76,064	76,960	72,640	.0	.0	
25. Mississippi	MS	No	.0	.0	33,168	42,897	14,083	.0	.0	
26. Missouri	MO	No	.0	.0	42,771	(56,407)	54,335	.0	.0	
27. Montana	MT	No	.0	.0	.0	.0	.0	.0	.0	
28. Nebraska	NE	No	.0	.0	21,381	10,276	7,762	.0	.0	
29. Nevada	NV	No	.0	.0	9,588	33,885	62,097	.0	.0	
30. New Hampshire	NH	No	.0	.0	(1,711)	(1,711)	.0	.0	.0	
31. New Jersey	NJ	No	.0	.0	114,871	(1,965,798)	30,379,919	.0	.0	
32. New Mexico	NM	No	.0	.0	49,580	(96,839)	85,384	.0	.0	
33. New York	NY	No	.0	.0	364	364	.0	.0	.0	
34. North Carolina	NC	No	.0	.0	65,795	65,172	241,072	.0	.0	
35. North Dakota	ND	No	.0	.0	.0	10,127	7,762	.0	.0	
36. Ohio	OH	No	.0	.0	840	132,452	149,698	.0	.0	
37. Oklahoma	OK	No	.0	.0	161,442	(102,341)	46,573	.0	.0	
38. Oregon	OR	No	.0	.0	.0	9,638	15,524	.0	.0	
39. Pennsylvania	PA	No	.0	.0	9,274	(84,548)	15,524	.0	.0	
40. Rhode Island	RI	No	.0	.0	.0	.0	.0	.0	.0	
41. South Carolina	SC	No	.0	.0	60,859	15,311	145,265	.0	.0	
42. South Dakota	SD	No	.0	.0	.0	.0	.0	.0	.0	
43. Tennessee	TN	No	.0	.0	16,297	78,865	114,214	.0	.0	
44. Texas	TX	No	.0	.0	723,035	29,472	3,198,103	.0	.0	
45. Utah	UT	No	.0	.0	(19,680)	(32,625)	38,899	.0	.0	
46. Vermont	VT	No	.0	.0	.0	.0	.0	.0	.0	
47. Virginia	VA	Yes	.0	.0	83,993	254,694	732,968	.0	.0	
48. Washington	WA	No	.0	.0	64,354	9,808	23,286	.0	.0	
49. West Virginia	WV	No	.0	.0	.0	.0	.0	.0	.0	
50. Wisconsin	WI	No	.0	.0	(15,318)	47,360	64,315	.0	.0	
51. Wyoming	WY	No	.0	.0	.0	.0	.0	.0	.0	
52. American Samoa	AS	No	.0	.0	.0	.0	.0	.0	.0	
53. Guam	GU	No	.0	.0	.0	.0	.0	.0	.0	
54. Puerto Rico	PR	No	.0	.0	.0	.0	.0	.0	.0	
55. U.S. Virgin Islands	VI	No	.0	.0	.0	.0	.0	.0	.0	
56. Canada	CN	No	.0	.0	.0	.0	.0	.0	.0	
57. Aggregate Other Aliens	OT	XXX	.0	.0	.0	.0	.0	.0	.0	
58. Totals	(a) 1		0	0	3,072,936	(2,373,152)	80,000,934	0	0	
DETAILS OF WRITE-INS										
5701.	XXX									
5702.	XXX									
5703.	XXX									
5798.	Summary of remaining write-ins for Line 57 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	
5799.	Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	

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

Explanation of basis of allocation of premiums by states, etc.

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

PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/ (Disbursements) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity Not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/(Liability)
NONE												
9999999 Control Totals												XXX

110

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING	RESPONSES
1. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed by March 1?	.....No.....
2. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	.....No.....
3. Will the Financial Guaranty Insurance Exhibit be filed March 1?	.....No.....
4. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	.....No.....
5. Will an actuarial opinion be filed by March 1?	.....See Explanat ion.....
6. Will the SVO Compliance Certification be filed by March 1?	.....See Explanat ion.....
7. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	.....No.....
8. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	.....See Explanat ion.....
9. Will the Risk-based Capital Report be filed with the NAIC by March 1?	.....See Explanat ion.....
10. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	.....See Explanat ion.....
11. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	.....No.....
APRIL FILING	
12. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?	.....See Explanat ion.....
13. Will Management's Discussion and Analysis be filed by April 1?	.....See Explanat ion.....
14. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?	.....No.....
15. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	.....No.....
16. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	.....No.....
17. Will the Investment Risk Interrogatories be filed by April 1?	.....See Explanat ion.....
MAY FILING	
18. Will this company be included in a combined annual statement which is filed with the NAIC by May 1?	.....No.....
JUNE FILING	
19. Will an audited financial report be filed by June 1?	.....Yes.....

Explanations:

- 1.
- 2.
- 3.
- 4.
5. An extension to file was obtained from the state of domicile.
6. An extension to file was obtained from the state of domicile.
- 7.
8. Not required.
9. An extension to file was obtained from the state of domicile.

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

10. An extension to file was obtained from the state of domicile.

11.

12. The Company is in receivership and is not required to file the Insurance Expense Exhibit.

13. An extension to file was obtained from the state of domicile.

14.

15.

16.

17. An extension to file was obtained from the state of domicile.

18.

Bar Codes:

1. 
4 1 2 4 6 2 0 0 2 4 5 0 0 0 0 0 0

2. 
4 1 2 4 6 2 0 0 2 4 2 0 0 0 0 0 0

3. 
4 1 2 4 6 2 0 0 2 2 4 0 0 0 0 0 0

4. 
4 1 2 4 6 2 0 0 2 3 6 0 5 8 0 0 0

7. 
4 1 2 4 6 2 0 0 2 4 9 0 0 0 0 0 0

11. 
4 1 2 4 6 2 0 0 2 3 8 5 0 0 0 0 0

14. 
4 1 2 4 6 2 0 0 2 2 3 0 5 8 0 0 0

15. 
4 1 2 4 6 2 0 0 2 3 3 0 5 8 0 0 0

16. 
4 1 2 4 6 2 0 0 2 2 1 0 0 0 0 0 0

18. 
4 1 2 4 6 2 0 0 2 2 0 1 0 0 0 0 0

OVERFLOW PAGE FOR WRITE-INS

P003 Additional Aggregate Lines for Page 3 Line 23.

*LIAB

2304. Reinsurance liability adjustment.....	1,140,636	1,140,636
2305. Unclaimed property drafts.....	7,088	127,695
2306. Lease liability.....	0	500,000
2307. Notices of claim determination.....	1,345,909	1,345,909
2308. Ceded reinsurance - Amounts due reinsurers.....	1,562,267	1,523,649
2309. Accrued interest on deferred loss payments.....	5,207,317	4,863,338
2310. Suspense.....	1,392	0
2397. Summary of remaining write-ins for Line 23 from page 3	9,264,609	9,501,227

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 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 1

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

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21		
			4	5									14	15								
CUSIP Identification	Description	*	Rate of	How Paid	Maturity Date	Option Date	Option Call Price	Book/Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost	Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current Year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest		
45974V-YB-8	INTL LEASE FINANCE CORP		.5 500	AO	06/07/2004			1,132,550	1,100,000		1,136,872	1,139,274	12,772	30,250	(6,724)	0	0	1	10/04/2002	3.399		
493267-AA-6	KEYCORP		.6 750	MS	03/15/2006			537,098	500,000		547,970	541,380	9,938	16,875	(4,282)	0	0	1	08/07/2002	4.296		
50075N-AA-2	KRAFT FOODS		.4 625	MN	11/01/2006			981,639	1,000,000		1,054,050	978,650	7,708	46,122	2,989	0	0	1	04/18/2002	5.225		
521865-AE-5	LEAR CORP		.8 110	MN	05/15/2009			226,891	225,000		237,938	227,250	2,332	18,248	618	0	0	3	04/30/2001	8.097		
526055-AA-6	LENFEST SENIOR NOTE		.8 375	MN	11/01/2005			533,998	500,000		548,015	534,880	6,979	0	(882)	0	0	2	12/02/2002	5.824		
5525V0-AE-6	M & I MARSHALL & ILSLEY BANK		.4 125	MS	09/04/2007			363,951	365,000		376,906	363,879	5,395	0	.72	0	0	1	08/19/2002	4.237		
55262L-AA-8	MBNA CORPORATION		.6 875	JD	06/01/2005			496,736	500,000		523,575	491,250	2,865	34,375	1,198	0	0	2PE	09/04/1997	7.303		
57978X-AA-3	MCCORMICK & CO		.6 400	FA	02/01/2006			749,026	750,000		804,578	748,508	20,000	48,000	277	0	0	1	01/26/2001	6.551		
637432-CR-4	NATL RURAL UTILITIES COOP FINANCE		.5 250	JJ	07/15/2004			719,615	700,000		732,179	723,772	16,946	0	(4,157)	0	0	1	08/30/2002	3.395		
638585-AF-6	BTNATIONS BANK SUB NOTE		.6 500	FA	08/15/2003			1,000,000	1,000,000		1,030,090	1,000,000	24,556	65,000	0	0	0	1PE	08/17/1993	6.606		
676255-AJ-1	OFFSHORE LOGISTICS INC 144A		.7 875	JJ	01/15/2008			624,000	650,000		624,000	648,200	23,603	51,188	6,500	0	0	3	01/22/1998	8.072		
679833-AB-9	OLD KENT FINANCIAL CORP		.6 625	MN	11/15/2005			1,005,745	1,000,000		1,102,240	1,016,150	8,465	66,250	(1,770)	0	0	1PE	12/05/1995	6.505		
69332H-GX-8	PHH CORP MTN		.8 125	FA	02/03/2003			999,985	1,000,000		999,990	999,680	33,403	81,250	164	0	0	1	01/26/2001	8.308		
695629-AR-6	PAINE WEBBER		.8 875	MS	03/15/2005			1,041,463	1,000,000		1,121,330	1,139,600	26,132	88,750	(16,876)	0	0	1PE	12/05/1995	6.936		
700690-AB-6	PARK PLACE ENTM		.7 875	JD	12/15/2006			502,332	500,000		508,750	503,125	1,750	39,375	2,332	0	0	3	04/30/2001	7.886		
74005P-AB-0	PRAXAIR INC		.6 850	JD	06/15/2005			763,024	750,000		827,213	770,985	2,283	51,375	(4,794)	0	0	2PE	04/19/2001	6.171		
751025-AA-5	RALCORP		.8 750	MS	09/15/2004			1,071,725	1,000,000		1,108,150	1,106,700	25,764	87,500	(34,975)	0	0	2	02/14/2002	4.392		
77531Q-AB-4	ROGERS WIRELESS		.9 625	MN	05/01/2011			303,875	325,000		303,875	328,250	5,214	31,281	(24,239)	0	0	3	04/30/2001	9.692		
792860-AF-5	ST PAUL COMPANIES INC		.5 750	MS	03/15/2007			463,626	465,000		482,591	463,400	7,873	13,592	226	0	0	2	03/07/2002	5.915		
879385-AB-8	TELEFONICA EUROP		.7 350	MS	09/15/2005			500,473	500,000		550,600	500,798	10,821	36,750	(153)	0	0	1	10/06/2000	7.444		
902118-AL-2	TYCO INTERNATIONAL GRP		.5 875	MN	11/01/2004			675,500	700,000		675,500	678,314	6,854	41,125	(8,181)	0	0	3	12/07/2000	6.908		
908068-AD-1	UNION PLANTERS CORP SUB		.6 250	MN	11/01/2003			998,055	1,000,000		1,036,320	985,150	10,417	62,500	2,200	0	0	2PE	12/05/1995	6.599		
908584-DJ-1	UNION TANK CAR		.7 125	FA	02/01/2007			499,736	500,000		551,570	499,465	14,844	35,625	54	0	0	1PE	01/22/1997	7.268		
912920-AU-9	US WEST COMMUNICATIONS INC		.7 200	MN	11/01/2004			796,800	830,000		796,800	850,653	9,960	59,760	(49,641)	0	0	4	03/06/2001	6.528		
939322-AG-8	WASHINGTON MUTUAL		.5 625	JJ	01/15/2007			531,231	500,000		535,835	531,610	12,969	0	(379)	0	0	1	12/12/2002	3.976		
962166-AX-2	WEYERHAEUSER CO		.6 000	FA	08/01/2006			523,117	525,000		558,117	522,480	13,125	31,325	458	0	0	2	08/03/2001	6.206		
COUNTRY TOTAL - U.S.								47,065,444	46,855,000	XXX	48,909,767	47,814,363	831,602	2,600,116	(540,323)	0	0	0	XXX	XXX	XXX	
3999999 - Total Bonds - Industrial, Misc. - Issuer Obligations								47,065,444	46,855,000	XXX	48,909,767	47,814,363	831,602	2,600,116	(540,323)	0	0	0	0	XXX	XXX	XXX
DEFINED MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES																						
68338S-BA-5	ONYX ACCEPTANCE AUTO TRUST		.6 760	MTLY	05/15/2004	06/15/2003	100.000	356,073	356,080		358,829	356,004	1,070	24,071	14	0	0	1PE	08/25/1999	6.981		
866165-AF-0	SUMT 2002-1 A1		.6 340	MTLY	06/28/2016	11/28/2005	100.000	528,103	516,181		523,629	530,497	2,727	16,255	(2,394)	0	0	1	05/28/2002	4.532		
COUNTRY TOTAL - U.S.								884,176	872,261	XXX	882,458	886,501	3,797	40,326	(2,380)	0	0	0	XXX	XXX	XXX	
4399999 - Total Bonds - Industrial, Misc. - Defined Multi-Class Commercial Mortgage-Backed Securities								884,176	872,261	XXX	882,458	886,501	3,797	40,326	(2,380)	0	0	0	0	XXX	XXX	XXX
4599996 - Bonds - Industrial and Misc - United States										XXX			0					0	0	XXX	XXX	XXX
4599999 - Total - Industrial and Miscellaneous Bonds								47,949,620	47,727,261	XXX	49,792,225	48,700,864	835,399	2,640,442	(542,703)	0	0	0	0	XXX	XXX	XXX
5499999 - Total - Issuer Obligations								82,580,284	82,600,000	XXX	86,109,824	83,713,332	1,271,239	3,976,092	(919,124)	0	0	0	0	XXX	XXX	XXX
5599999 - Total - Single Class Mortgage-Backed/Asset-Backed Securities								26,134,149	25,718,357	XXX	27,306,684	26,189,086	147,590	1,571,332	(14,389)	0	0	0	0	XXX	XXX	XXX
5699999 - Total - Defined Multi-Class Residential Mortgage-Backed Securities								8,875,138	8,731,754	XXX	9,059,232	8,653,642	49,370	475,095	4,005	0	0	0	0	XXX	XXX	XXX
5899999 - Total - Defined Multi-Class Commercial Mortgage-Backed Securities								884,176	872,261	XXX	882,458	886,501	3,797	40,326	(2,380)	0	0	0	0	XXX	XXX	XXX
6099999 Totals								118,473,747	117,922,372	XXX	123,358,199	119,442,561	1,471,996	6,062,845	(931,887)	0	0	0	0	XXX	XXX	XXX

E08.4

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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
US GOVERNMENT OBLIGATIONS - U.S.							
36200K-ZE-0	GNMA POOL #603841	12/06/2002	Undefined		507,266	500,000	1,375
36201N-LV-0	GNMA POOL #588140	12/06/2002	Undefined		507,316	500,050	1,375
36201S-LU-1	GNMA POOL #591739	12/06/2002	Undefined		507,215	499,950	1,375
912827-6N-7	US TREASURY NT/BD	06/28/2002	Undefined		1,068,516	1,000,000	7,344
COUNTRY TOTAL - U.S.					2,590,313	2,500,000	11,469
0399999 - Total - Bonds - U.S. Government					2,590,313	2,500,000	11,469
SPECIAL REVENUE AND ASSESSMENTS - U.S.							
U.S. GOVERNMENT							
312911-Z6-0	FHLMC 1360Z	09/15/2002	PAR ACCRETION		0	57,589	0
3134A4-LX-0	FEDERAL HOME LOAN MORTGAGE	11/27/2002	Undefined		1,018,906	1,000,000	1,264
3134A4-RA-4	FHLMC	10/18/2002	Undefined		2,506,153	2,500,000	12,378
31359M-DW-0	FNMA	01/24/2002	BEAR STERNS		1,574,355	1,500,000	9,583
31359M-ES-8	FNMA	01/16/2002	GOLDMAN SACHS & CO.		2,627,225	2,500,000	26,172
31359M-FV-0	BTFNMA	06/17/2002	MERRILL LYNCH		545,725	500,000	14,875
31359M-LH-4	FNMA	05/24/2002	Undefined		989,336	1,000,000	5,226
31359M-NF-6	FANNIE MAE	08/21/2002	Undefined		2,557,500	2,500,000	21,111
31359M-PT-4	FANNIE MAE	11/18/2002	Undefined		5,039,844	5,000,000	8,385
31389P-LB-4	FNMA POOL #631322	09/18/2002	Undefined		2,070,562	2,025,000	5,569
31390K-WT-1	FNMA POOL #648758	07/25/2002	Undefined		1,013,281	1,000,000	2,750
31392K-2U-9	FHR 2435 CD	07/09/2002	Undefined		1,047,500	1,000,000	1,986
74155Q-AJ-9	PCMT 2000-1 A	03/01/2002	MORGAN STANLEY		1,066,641	1,000,000	3,908
76110Y-AZ-5	RFMSI 1999-S3 A1	02/15/2002	SALOMON BROTHERS INC.		970,751	951,316	3,435
STATE TOTAL					23,027,779	22,533,905	116,643
COUNTRY TOTAL - U.S.					23,027,779	22,533,905	116,643
3199999 - Total - Bonds - Special Revenue					23,027,779	22,533,905	116,643
PUBLIC UTILITIES - U.S.							
172474-AG-3	CINERGY CORP	12/10/2002	Undefined		511,350	500,000	8,854
190441-BE-4	COASTAL CORP	05/09/2002	Undefined		304,059	300,000	5,625
29364L-AD-4	ENTERGY GULF STATES 144A	11/01/2002	Undefined		499,755	500,000	0
60467P-AG-9	MIRANT AMERICAS GENERATION	04/24/2002	Undefined		480,000	500,000	18,851
65474N-AA-7	NISOURCE FINANCE CORP	03/21/2002	Undefined		489,705	500,000	12,858
69362B-AC-6	PSEG POWER	10/28/2002	Undefined		360,500	415,000	1,199
723484-AB-7	PINNACLE WEST CAPITAL CORP	11/21/2002	Undefined		489,300	500,000	4,889
92344G-AR-7	VERIZON GLOBAL FDG CORP	06/18/2002	Undefined		748,395	750,000	0
COUNTRY TOTAL - U.S.					3,883,064	3,965,000	52,276
3899999 - Total - Bonds - Public Utilities					3,883,064	3,965,000	52,276
INDUSTRIAL & MISCELLANEOUS - U.S.							
00184A-AD-7	AOL TIME WARNER INC	05/02/2002	Undefined		490,200	500,000	2,266
05565U-AA-7	BP CANADA FINANCE BV	09/18/2002	Undefined		898,722	900,000	0
125569-9B-1	CIT GROUP	11/21/2002	Undefined		249,355	250,000	0
125577-AD-8	CIT Group Hldgs	10/30/2002	Undefined		507,650	500,000	1,880
172967-BF-7	CITIGROUP INC	04/18/2002	Undefined		1,331,746	1,300,000	33,845
20825C-AA-2	CONOCOPHILLIPS 144A	10/03/2002	Undefined		999,508	1,000,000	0
210518-BN-5	CONSUMERS ENERGY CO	03/18/2002	Undefined		344,921	345,000	0
22237L-LQ-3	COUNTRYWIDE HOME LOANS	09/27/2002	Undefined		523,163	500,000	4,660
224044-AF-4	COX COMMUNICATION	05/22/2002	Undefined		1,016,360	1,000,000	31,128
22541L-AD-5	CREDIT SUISSE FIRST BOSTON	11/08/2002	Undefined		525,858	500,000	2,316
239753-CY-0	DAYTON HUDSON	03/05/2002	Undefined		547,285	500,000	5,521
26816L-AC-6	DYNEGY HOLDINGS	04/25/2002	Undefined		409,404	400,000	4,063
26882P-AB-8	ERAC USA FIN 144A	09/20/2002	Undefined		527,025	500,000	3,681
302570-AH-9	FPL GROUP CAPITAL INC	08/30/2002	Undefined		845,480	800,000	14,361
36962G-VM-3	GENERAL ELECTRIC CAPITAL CORP	08/20/2002	Undefined		1,101,550	1,000,000	21,156
370425-RS-1	GENERAL MOTORS ACCEPTANCE CORP	08/23/2002	Undefined		526,970	500,000	4,479
375766-AK-8	GILLETTE COMPANY	09/24/2002	Undefined		998,290	1,000,000	0
459056-OG-5	INTL BANK RECON & DEV	06/17/2002	Undefined		1,031,758	1,000,000	11,111
45974V-YB-8	INTL LEASE FINANCE CORP	10/04/2002	Undefined		1,139,274	1,100,000	25,483
493267-AA-6	KEYCORP	08/07/2002	Undefined		541,380	500,000	13,781
50075N-AA-2	KRAFT FOODS	04/18/2002	Undefined		978,650	1,000,000	21,969
526055-AA-6	LENFEST SENIOR NOTE	12/02/2002	Undefined		534,880	500,000	3,955
5525V0-AE-6	M & I MARSHALL & ILSLEY BANK	08/19/2002	Undefined		363,879	365,000	0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 4

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	
79549B-CF-2	BTSALOMON SMITH BARNEY HLDGS NOTE	11/06/2002	Undefined		1,092,180	1,000,000	1,028,860	1,009,712	(2,827)	0	0	82,468	82,468	62,448		
81238X-KR-1	BTSEARS ROEBUCK & CO MED TERM NT	01/16/2002	GOLDMAN SACHS & CO		1,528,695	1,500,000	1,721,580	1,510,630	(1,437)	0	0	18,065	18,065	39,405		
866165-AF-0	SUMT 2002-1 A1	12/28/2002	PRINCIPAL RECEIPT		108,819	108,819	111,837	108,819	(3,018)	0	0	0	0	2,569		
879385-AB-8	TELEFONICA EUROP	12/04/2002	GOLDMAN SACHS & CO		535,198	500,000	500,708	500,428	(128)	0	0	34,769	34,769	42,926		
902118-AL-2	TYCO INTERNATIONAL GRP	12/04/2002	Barclay Investments		581,500	650,000	629,863	639,033	4,187	0	0	(57,533)	(57,533)	38,824		
912920-AU-9	US WEST COMMUNICATIONS INC	10/17/2002	SALOMON BROTHERS INC		243,000	270,000	276,585	273,862	(1,380)	0	0	(30,862)	(30,862)	18,954		
931142-AS-2	BTWALMART STORES INC	04/18/2002	INTERSTATE/JOHNSON LANE		1,088,330	1,000,000	991,970	994,205	100	0	0	94,125	94,125	28,597		
962166-AX-2	WEYERHAEUSER CO	08/23/2002	J P MORGAN		754,152	725,000	722,683	723,116	268	0	0	31,036	31,036	46,521		
98155K-AA-0	WORLDCOM INC	06/26/2002	SALOMON BROTHERS INC		115,000	1,000,000	1,041,150	1,027,988	(7,251)	0	0	(912,988)	(912,988)	37,750		
COUNTRY TOTAL - U.S.					23,161,933	23,543,096	24,236,127	23,743,516	(37,591)	0	0	(581,582)	(581,582)	1,246,359	XXX	
4599999 - Bonds - Industrial and Miscellaneous					23,161,933	23,543,096	24,236,127	23,743,516	(37,591)	0	0	(581,582)	(581,582)	1,246,359	XXX	
6099997 - Bonds - Part 4					48,692,383	49,314,399	49,819,772	49,344,778	(205,521)	0	0	(652,395)	(652,395)	2,313,659	XXX	
6099998 - Bonds - Part 5					6,090,411	5,957,000	6,121,622	6,116,273	(5,349)	0	0	(25,863)	(25,863)	194,462	XXX	
6099999 - Total - Bonds					54,782,793	55,271,399	55,941,394	55,461,052	(210,869)	0	0	(678,258)	(678,258)	2,508,121	XXX	
6599998 - Preferred Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	XXX	0
6599999 - Total - Preferred Stocks					0	XXX	0	0	0	0	0	0	0	0	XXX	0
7099998 - Common Stocks - Part 5					0	XXX	0	0	0	0	0	0	0	0	XXX	0
7099999 - Total - Common Stocks					0	XXX	0	0	0	0	0	0	0	0	XXX	0
7199999 - Total - Preferred and Common Stocks					0	XXX	0	0	0	0	0	0	0	0	XXX	0
7299999 Totals					54,782,793	XXX	55,941,394	55,461,052	(210,869)	0	0	(678,258)	(678,258)	2,508,121	0	

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE D - PART 5

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

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) or Number of Shares (Stock)	Actual Cost	Consideration	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
SPECIAL REVENUE AND ASSESSMENTS - U.S. GOVERNMENT																
31359M-DW-0...	FNMA	12/05/2002	BEAR STERNS	12/06/2002	BEAR STERNS	1,250,000	1,350,088	1,353,613	1,349,980	(107)	0	0	3,633	3,633	34,141	34,141
STATE TOTAL						1,250,000	1,350,088	1,353,613	1,349,980	(107)	0	0	3,633	3,633	34,141	34,141
COUNTRY TOTAL - U.S.						1,250,000	1,350,088	1,353,613	1,349,980	(107)	0	0	3,633	3,633	34,141	34,141
3199999 - Bonds - Special Revenue PUBLIC UTILITIES - U.S.						1,250,000	1,350,088	1,353,613	1,349,980	(107)	0	0	3,633	3,633	34,141	34,141
190441-AY-1...	COASTAL CORP	02/07/2002	Undefined	09/24/2002	Undefined	200,000	197,996	132,000	198,257	261	0	0	(66,257)	(66,257)	11,267	3,142
482620-AU-5...	KINDER MORGAN	06/20/2002	Undefined	08/01/2002	Undefined	1,800,000	1,893,213	1,890,162	1,891,075	(2,138)	0	0	(913)	(913)	44,721	36,575
COUNTRY TOTAL - U.S.						2,000,000	2,091,209	2,022,162	2,089,332	(1,877)	0	0	(67,170)	(67,170)	55,988	39,717
3899999 - Bonds - Public Utilities INDUSTRIAL & MISCELLANEOUS - U.S.						2,000,000	2,091,209	2,022,162	2,089,332	(1,877)	0	0	(67,170)	(67,170)	55,988	39,717
184502-AG-7...	CLEAR CHANNEL	02/12/2002	LEGG MASON	05/22/2002	MERRILL LYNCH	907,000	971,153	957,135	967,043	(4,109)	0	0	(9,908)	(9,908)	28,780	11,904
339030-AD-0...	FLEETBOSTON FINANCIAL CORP	04/18/2002	J P MORGAN	12/12/2002	J P MORGAN	1,000,000	981,330	1,019,750	983,056	1,726	0	0	36,694	36,694	44,078	20,854
786514-AK-5...	SAFEWAY INC SR NT	09/27/2002	Undefined	11/01/2002	MATURITY	500,000	502,093	500,000	500,000	(2,093)	0	0	0	0	25,000	20,972
98157D-AB-2...	WORLDCOM INC	05/09/2002	Undefined	05/10/2002	Undefined	150,000	118,500	127,500	118,579	79	0	0	8,921	8,921	0	5,873
98157D-AH-9...	WORLDCOM INC	05/10/2002	Undefined	06/03/2002	Undefined	150,000	107,250	110,250	108,283	1,033	0	0	1,967	1,967	6,475	0
COUNTRY TOTAL - U.S.						2,707,000	2,680,325	2,714,635	2,676,961	(3,365)	0	0	37,675	37,675	104,333	59,604
4599999 - Bonds - Industrial and Miscellaneous						2,707,000	2,680,325	2,714,635	2,676,961	(3,365)	0	0	37,675	37,675	104,333	59,604
6099998 - Total - Bonds						5,957,000	6,121,622	6,090,411	6,116,273	(5,349)	0	0	(25,863)	(25,863)	194,462	133,462
7199999 - Total - Preferred and Common Stocks								0	0	0	0	0	0	0	0	0
7299999 Totals							6,121,622	6,090,411	6,116,273	(5,349)	0	0	(25,863)	(25,863)	194,462	133,462

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SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1 CUSIP Identification	2 Description Name of Subsidiary, Controlled or Affiliated Company	3 NAIC Company Code or Alien Insurer Identification Number	4 NAIC Valuation Method (See SVO Purposes and Procedures manual)	5 Do Insurer's Assets Include Intangible Assets Connected with Holding of Such Company's Stock?	6 Total Amount of Such Intangible Assets	7 Book/Adjusted Carrying Value	Stock of Such Company Owned by Insurer on Statement Date	
							8 Number of Shares	9 % of Outstanding
NONE								
1799999 Totals							XXX	XXX

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

SCHEDULE D - PART 6 - SECTION 2

1 CUSIP Identification	2 Name of Lower-tier Company	3 Name of Company Listed in Section 1 Which Controls Lower-tier Company	4 Total Amount of Intangible Assets Included in Amount Shown in Column 6, Section 1	Stock in Lower-tier Company Owned Indirectly by Insurer on Statement Date	
				5 Number of Shares	6 % of Outstanding
NONE					
0399999 Total				XXX	XXX

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

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 Designation	17 Effective Rate of Interest		
				5 Rate of	6 How Paid							13 Amount Due and Accrued Dec. 31 of Current Year on Bonds Not in Default	14 Gross Amount Received					
161990-22-1	CHASE MANHATTAN	12/01/2002	Undefined	0.000	MATR	01/01/2003	1,759,381			1,759,381	1,759,381	0	0	0	1	0.000		
3999999 - Industrial and Miscellaneous - Issuer Obligations							1,759,381			1,759,381	1,759,381					XXX	XXX	
4599999 - Total - Industrial and Miscellaneous Bonds							1,759,381			1,759,381	1,759,381						XXX	XXX
5499999 - Total - Issuer Obligations							1,759,381			1,759,381	1,759,381						XXX	XXX
6099999 - Total - Bonds							1,759,381			1,759,381	1,759,381						XXX	XXX
8099999 Totals							1,759,381			XXX	1,759,381						XXX	XXX

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

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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 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In
Receivership**

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	2	3
	Statement (Admitted) Value	Fair Value (a)	Excess of Statement over Fair Value(-), or Fair Value over Statement (+)
1. Bonds	120,233,128	125,117,580	4,884,452
2. Preferred Stocks	0		0
3. Totals	120,233,128	125,117,580	4,884,452

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

Market values were obtained from the SVO where available. The market value of bonds not valued by the SVO were obtained from T. Rowe Price Associates, Inc.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE HOW INSURANCE COMPANY, A RISK RETENTION GROUP, In Receivership

SCHEDULE E - PART 2 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
00001	B	Federal Natl Mtg Assn 5.75% Due 06/15/2005	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,500,000	1,554,857	1,634,700
00002	B	Federal Natl Mtg Assn 5.625% Due 05/14/2004	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	2,500,000	2,576,045	2,638,550
00003	B	Federal Natl Mtg Assn 7.00% Due 07/15/2005	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	4,300,000	4,487,974	4,820,988
00004	B	Federal Natl Mtg Assn 4.375% Due 10/15/2006	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	990,674	1,060,080
00005	B	Federal Natl Mtg Assn 4.75% Due 6/18/2007	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	2,450,000	2,553,578	2,592,050
00006	B	INTL BANK RECON & DEV 5.00% Due 03/28/2006	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	1,027,524	1,078,590
00007	B	US TREASURY NOTES 5.875% Due 11/15/05	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,500,000	1,503,504	1,663,500
00008	B	US TREASURY NOTES 6.50% Due 10/15/06	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	3,000,000	3,046,593	3,446,640
00009	B	US TREASURY NOTES 5.875% Due 11/15/04	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	1,030,290	1,080,140
00010	B	Abbott Labs NT 5.625% Due 07/01/2006	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	500,000	498,799	545,175
00011	B	BANKAMERICA CORP SUB NOTE 7.20% Due 04/15/2006	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	954,846	1,123,300
00012	B	Boeing Cap Corp 7.100% Due 09/27/2005	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	1,002,290	1,092,250
00013	B	Caterpillar, Inc 6.00% Due 05/01/2007	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	500,000	486,107	504,635
00014	B	CITIGROUP Inc 5.75% Due 05/10/2006	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,300,000	1,326,710	1,410,227
00015	B	Credit Suisse First Boston USA Inc DTD 5.750% Due 04/15/2007	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	500,000	525,082	531,775
00016	B	DaimlerChrysler SNR NTS 6.90% 09/01/2004	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,300,000	1,299,281	1,389,388
00017	B	Deutsche Telekom Finance GRP 7.75% Due 06/15/2005	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	750,000	749,290	820,088
00018	B	Dow Chem NT 99 8.55% Due 10/15/2009	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	950,000	960,720	1,090,790
00019	B	Farmers Ins Exchange 144A 8.50% Due 08/01/04	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	1,024,029	910,000
00020	B	First Union Corp 7.550% Due 08/18/2005	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	1,026,378	1,126,880
00021	B	Intl Lease Finance Corp 5.50% Due 06/07/2004	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,100,000	1,132,550	1,136,872
00022	B	Keycorp 6.750% Due 03/15/2006	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	500,000	537,098	547,970
00023	B	Kraft Foods 4.625% Due 11/01/2006	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	981,639	1,054,050
00024	B	M & I Marshall & Ilsley Bank 4.125% Due 09/04/2007	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	365,000	363,951	376,906
00025	B	McCormick & Co. 6.40% Due 02/01/2006	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	750,000	749,026	804,578
00026	B	Natl Rural Utilities Coop Finance 5.25% Due 07/15/2004	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	700,000	719,615	732,179
00027	B	BNationsbank Corp DTD 6.50% Due 08/15/03	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	1,000,000	1,030,090
00028	B	Old Kent Financial Corp 6.625% Due 11/15/2005	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	1,005,745	1,102,240
00029	B	Paine Webber 8.875% Due 03/15/2005	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	1,041,463	1,121,330
00030	B	Public Serv Elect & Gas 6.25% Due 01/01/2007	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	1,000,000	966,875	1,092,460
00031	B	Telefonica Europe 7.350% Due 09/15/2005	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	500,000	500,473	550,600
00032	B	Union Tank Car 7.125% Due 02/01/2007	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	500,000	499,736	551,570
00033	B	Washington Mutual 5.625% Due 01/15/2007	Deutsche Bank: Reinsurance Trust Agreement w/AmericanRE	500,000	531,231	535,835
ZZ99999 - Total - All Policyholders				37,965,000	38,653,973	41,196,426
9999999 Totals				37,965,000	38,653,973	41,196,426

(a) Including \$ cash and short-term investments as defined in SSAP No. 2 of the NAIC Accounting Practices and Procedures Manual.

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