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UNITRIN INC
Form 11-K
June 18, 2001

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 0-18298

UNITRIN, INC. 401(K) SAVINGS PLAN

A. (Full Title of Plan)

Unitrin, Inc.
One East Wacker Drive
Chicago, IL 60601

B. (Name and Address of Issuer of Securities Held Pursuant to Plan)

Required Information

Pursuant to the section of the General Instructions to Form 11-K entitled "Required Information," this Annual Report on Form 11-K for the fiscal year ended December 31, 2000, consists of the audited financial statements of the Unitrin, Inc. 401(k) Savings Plan for the year ended December 31, 2000, and the related schedule thereto. The Unitrin, Inc. 401(k) Savings Plan is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and in accordance with Item 4 of the section of the General Instructions to Form 11-K entitled "Required Information," the financial statements and schedule furnished herewith have been prepared in accordance with the financial reporting requirements of ERISA, in lieu of the requirements of Items 1-3 of that section of the General Instructions. Schedules I, II and III are not submitted because they are either not applicable, the required information is included in the financial statements or notes thereto, or are not required under ERISA.

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Independent Auditors' Report

The Plan Administrative Committee
Unitrin, Inc. 401(k) Savings Plan:

We have audited the accompanying statements of net assets available for plan benefits of the Unitrin, Inc. 401(k) Savings Plan (the "Plan") as of December 31, 2000 and 1999 and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2000. These financial statements are the responsibility of the Plan's administrative committee. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2000 and 1999, and the changes in net assets available for plan benefits for the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets held for investment purposes as of December 31, 2000 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's administrative committee. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Chicago, Illinois

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June 12, 2001

Unitrin, Inc. 401(k) Savings Plan
 Statements of Net Assets Available for Plan Benefits
 As of December 31, 2000 and 1999
 (Dollars in Thousands)

	2000	1999
	-----	-----
Assets		
Investments (See Note 3)	\$ 176,527	\$ 170,819
Other Assets	1,479	1,629
	-----	-----
Net Assets Available for Plan Benefits	\$ 178,006	\$ 172,448
	=====	=====

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

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Unitrin, Inc. 401(k) Savings Plan
 Statement of Changes in Net Assets Available for Plan Benefits
 For the Year Ended December 31, 2000
 (Dollars in Thousands)

Additions to Net Assets Attributed to:	
Investment Income (Loss):	
Net Depreciation	
in Fair Value	\$ (17,749)
Interest and Dividends	11,047
Investment Expenses	(304)

Net Investment Income (Loss)	(7,006)

Contributions:	
Employer	4,116
Participant	16,125

Total Contributions	20,241

Transfers from Other Funds	61,423

Transfers from Other Benefit Plans (see Note 2)	12,862

Total Additions to Net Assets	87,520

Deductions From Net Assets Attributed to:	
Benefits Paid to Participants	20,539
Transfers to Other Funds	61,423

Total Deductions from Net Assets	81,962

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Change in Net Assets Available for Plan Benefits	5,558
Net Assets Available for Plan Benefits, Beginning of the Year	172,448
Net Assets Available for Plan Benefits, End of the Year	\$ 178,006

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

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UNITRIN, INC. 401(k) SAVINGS PLAN
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000 and 1999

Note 1 - Basis of Presentation

The financial statements included herein have been prepared on the basis of accounting principles generally accepted in the United States of America.

Note 2 - Plan Description

The Plan is a defined contribution plan, which is available to employees of Unitrin, Inc. ("Unitrin") and certain of its subsidiaries (collectively the "Companies"). Employees of the Companies generally become eligible to participate in the Plan on the first day of the month following the employee's first full month of employment.

Subject to Internal Revenue Code limitations, participants are allowed to defer and contribute between 1% and 15% of their compensation to the Plan. Effective January 1, 1999 for certain plan participants, Unitrin began to provide a monthly matching contribution of 50% of the first 6% of compensation contributed by each participant. For all other plan participants, the Company provides an annual matching contribution of 100% of the first \$100 contributed by each participant and 50% of the next \$400 contributed by each participant. For participants hired after January 1, 1997, Company contributions will be 100% vested after 5 years of employment.

The Plan provides for 100% vesting of Company contributions in the event of a Change of Control as defined in the Plan. Subject to certain limitations, participants are permitted to invest in certain investment funds sponsored by the Invesco group of companies, The Dreyfus Corporation ("Dreyfus"), Fidelity Investments, the Unitrin Common Stock Trust and in the White Mountains Stock Trust. An individual account is maintained by Invesco Retirement Plan Services, the Plan's recordkeeper, for each participant and updated to reflect the participant's contributions, actual investment income, and withdrawals. Each participant may suspend, resume, or change the rate of contribution and withdraw all or a portion of his vested account balance at any time, subject to certain restrictions. While the Company has not expressed any intent to terminate the Plan or to discontinue contributions, it is free to do so at any time, subject to the provisions set forth in the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Should the Plan be terminated at some future date, all participants become 100% vested in benefits earned as of the Plan termination date.

A more detailed description of the Plan provisions is found in the formal Plan

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documents and in summary materials distributed to Plan participants.

Effective April 1, 2000, Valley Group Employees' 401(k) Savings Plan (the "Valley Plan") was merged into the Plan and, accordingly, its assets were transferred to the Plan. The Valley Plan was available for the eligible employees of Valley Insurance Company ("VIC"), Charter Indemnity Company ("Charter") and Mountain Valley Indemnity Company ("Mountain

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Note 2 - Plan Description (Continued)

Valley"), formerly a wholly-owned subsidiary of VIC. VIC and Charter are both wholly-owned subsidiaries of Valley Group, Inc., a wholly-owned subsidiary of Trinity Universal Insurance Company ("Trinity"), which is a wholly-owned subsidiary of Unitrin. On March 1, 2000, VIC completed the sale of Mountain Valley. All employees of Mountain Valley participating in the Valley Plan on the date of the sale maintained their investments in the Valley Plan, but they could not make additional contributions.

On July 26, 2000, United Insurance Company of America, a wholly-owned subsidiary of Unitrin completed the sale of its wholly-owned subsidiary, The Pyramid Life Insurance Company ("Pyramid"). All employees of Pyramid participating in the Plan on the date of the sale became fully vested.

Note 3 - Investments

All investments are directed by participants and held by the Plan's Trustee, Institutional Trust Company. Investments are carried at fair value based on the reported unit or share value of each investment. The number of shares comprising the participant-directed investments at December 31, 2000 was:

Investment -----	Investment Advisor -----
Invesco Dynamics Fund	Invesco Funds Group
Invesco Total Return	Invesco Capital Management
IRT 500 Index	Institutional Trust Company
IRT Stable Value	Institutional Trust Company
AIM Value	AIM Advisors, Inc.
Berger Small Cap Value	Berger Funds
PIMCO Total Return Fund	Pacific Investment Management Co.
Janus Overseas Fund	Janus Mutual Funds
Fidelity Advisor Growth Fund	Fidelity Management & Research Co.
Dreyfus Appreciation Fund, Inc.	Dreyfus
Unitrin, Inc.	N/A
White Mountains	N/A

Fayez Sarofim & Co. is a sub-investment adviser of the Dreyfus Appreciation Fund, Inc. Fayez S. Sarofim, the majority shareholder of Fayez Sarofim & Co., is also a director of Unitrin. Additional information concerning the above listed investments is contained in the prospectuses and financial statements of the funds.

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Note 3 - Investments (Continued)

The following presents investments that represent 5 percent or more of the Plan's net assets:

(Dollars in Thousands)

Investment	2000
Invesco Total Return	\$ 10,353
IRT 500 Index	13,390
IRT Stable Value	46,450
AIM Value	25,870
Fidelity Advisor Growth Fund	8,280
Dreyfus Appreciation Fund, Inc.	25,383
Unitrin, Inc.	13,806
Invesco Dynamics Fund	13,703

Note 4 - Federal Income Tax Status

The Plan is exempt from income taxes under Section 401(a) of the Internal Revenue Code. In January 1996, the Plan obtained a favorable determination letter from the Internal Revenue Service. Subsequent to the receipt of the determination letter, the Plan was amended and is in process of seeking a determination letter for the amended plan. The Plan anticipates receiving a favorable determination.

Under Federal income tax statutes, regulations and interpretations, income taxes on amounts that a participant accumulates in the Plan are deferred and therefore not included in the participant's taxable income until those amounts are actually distributed. Except for certain contributions made prior to April 1, 1993, contributions are considered pre-tax deposits and are not subject to Federal income taxes at the time of contribution. Prior to April 1, 1993 certain contributions were made on an after-tax basis and are not subject to income tax when they are distributed to the participant because they have already been taxed. A participant's account balance, except for after-tax contributions made prior to April 1, 1993, is taxable income and generally is taxed at ordinary income tax rates when distributed. However, favorable tax treatment through special averaging provisions may apply to participants of a certain age. An additional 10 percent Federal income tax penalty may be imposed on all taxable income distributed to a participant unless the distribution meets certain requirements contained within Section 72 of the Internal Revenue Code.

Taxable distributions from the Plan generally are subject to a 20% Federal income tax withholding unless directly rolled over into another qualified plan or Individual Retirement Account. Distributions of Unitrin common stock and White Mountains common stock generally are not subject to the 20% withholding, and special tax rules may apply to the calculation of "net unrealized appreciation" on such stock.

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Note 4 - Federal Income Tax Status (Continued)

If the Plan's requirements concerning loans to participants are satisfied, the

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amount of the loan will not be treated as a taxable distribution. If, however, the loan requirements are not satisfied and a default occurs, the loan will be treated as a distribution from the Plan for Federal income tax purposes, and the tax consequences discussed above for distributions may apply. Interest paid on the loan is generally not tax deductible.

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Unitrin, Inc. 401(k) Savings Plan
 Schedule of Assets Held for Investment Purposes
 As of December 31, 2000
 (Dollars in Thousands)

EIN #: 95-4255452
 PLAN #: 003

Party-in- interest	Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment	-----
*	Invesco Dyanamics Fund	Mutual Fund Shares	\$
*	Invesco Total Return	Mutual Fund Shares	
*	IRT 500 Index	Collective Trust	
*	IRT Stable Value	Collective Trust	
*	AIM Value	Mutual Fund Shares	
	Berger Small Cap Value	Mutual Fund Shares	
	PIMCO Total Return Fund	Mutual Fund Shares	
	Janus Overseas Fund	Mutual Fund Shares	
	Fidelity Advisor Growth Fund	Mutual Fund Shares	
*	Dreyfus Appreciation Fund, Inc.	Mutual Fund Shares	
*	Unitrin, Inc.	Common Stock	
	White Mountains Ins. Group. Ltd.	Common Stock	
*	Invesco Cash Reserve	Mutual Fund Shares	
	Participants	Participant Loans (6.5% - 10.5%)	
			----- \$ =====

* This party involved is known to be a party-in-interest to the Plan.

See Accompanying Independent Auditors' Report.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrative Committee of the Unitrin, Inc. 401(k) Savings Plan has duly caused this annual report to be signed on its behalf by Unitrin, Inc., which is hereunto duly authorized.

UNITRIN 401K SAVINGS PLAN

By: Unitrin, Inc.

/s/ RICHARD ROESKE

Richard Roeske
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

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