



QUARTERLY STATEMENT
AS OF MARCH 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

Provident American Life & Health Insurance Company

NAIC Group Code	1337 <small>(Current Period)</small>	1337 <small>(Prior Period)</small>	NAIC Company Code	67903	Employer's ID Number	23-1335885
Organized under the Laws of	Ohio			State of Domicile or Port of Entry	Ohio	
Country of Domicile	United States of America					
Incorporated	04/06/1949		Commenced Business	09/30/1949		
Statutory Home Office	17800 Royalton Road <small>(Street and Number)</small>			Strongsville, OH 44136-5197 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	17800 Royalton Road <small>(Street and Number)</small>			440-572-2400 <small>(Area Code) (Telephone Number)</small>		
Mail Address	17800 Royalton Road <small>(Street and Number or P.O. Box)</small>			Strongsville, OH 44136-5197 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	17800 Royalton Road <small>(Street and Number)</small>			440-572-8843 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	www.ceresgp.com					
Statement Contact	Richard Allan Kusnic <small>(Name)</small>			440-572-8843 <small>(Area Code) (Telephone Number) (Extension)</small>		
	rkusnic@centralreserve.com <small>(E-mail Address)</small>			440-572-8850 <small>(FAX Number)</small>		
Policyowner Relations Contact	17800 Royalton Road <small>(Street and Number)</small>			440-572-2400 <small>(Area Code) (Telephone Number) (Extension)</small>		
	Strongsville, OH 44136-5197 <small>(City or Town, State and Zip Code)</small>					

OFFICERS

President	Anthony John Pino	Secretary	Arthur Lewis Hastings
Treasurer	Larry Eugene Wharton	Actuary	Thomas Joseph Reich #

VICE PRESIDENTS

Arthur Lewis Hastings	Charles Edward Miller Jr.	David Alan Canzone
Larry Eugene Wharton		

DIRECTORS OR TRUSTEES

Robert James Lunn	Andrew Anthony Boemi	Michael Angelo Cavataio
Anthony John Pino	George Anthony Gerhinger	

State ofOhio..... }
County ofCuyahoga..... } ss

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

Anthony John Pino President	Arthur Lewis Hastings Secretary	Larry Eugene Wharton Treasurer
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Subscribed and sworn to before me this
_____ day of _____, 2002

STATEMENT AS OF MARCH 31, 2002 OF THE Provident American Life and Health Insurance Company				
ASSETS				
	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	4,288,829		4,288,829	4,289,136
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	0			
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Policy loans				
6. Premium notes, including \$ for first year premiums				
7. Cash (\$476,259) and short-term investments (\$)	476,259		476,259	(56,225)
8. Other invested assets				
9. Receivable for securities				
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	4,765,088		4,765,088	4,232,911
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers				
12.2 Commissions and expense allowances due				
12.3 Experience rating and other refunds due	19,426		19,426	37,150
12.4 Other amounts receivable under reinsurance contracts	6,016,103		6,016,103	3,925,079
13. Electronic data processing equipment and software				
14. Federal and foreign income tax recoverable and interest thereon (including \$9,552 net deferred tax asset)	1,009,659		1,009,659	897,552
15. Guaranty funds receivable or on deposit	15,606		15,606	15,606
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$ loading)	5,114		5,114	7,733
17. Accident and health premiums due and unpaid	28,710		28,710	38,691
18. Investment income due and accrued	74,569		74,569	82,403
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates				1,451,596
21. Amounts receivable relating to uninsured accident and health plans				
22. Amounts due from agents				
23. Other assets nonadmitted				
24. Aggregate write-ins for other than invested assets	11,145		11,145	29,205
25. Total assets excluding Separate Accounts business (Lines 11 to 24)	11,945,420		11,945,420	10,717,925
26. From Separate Accounts Statement				
27. Total (Lines 25 and 26)	11,945,420		11,945,420	10,717,925
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)				
2401. Accounts Receivable	11,145		11,145	29,205
2402.				
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page				
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	11,145		11,145	29,205

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for Life contracts \$ less \$ included in Line 6.3 (including \$ Modco Reserve)		
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)	81,009	83,812
3. Liability for deposit-type contracts (including \$ Modco Reserve)		
4. Contract claims:		
4.1 Life	51,250	73,750
4.2 Accident and health	3,476,541	5,653,168
5. Policyholders' dividends \$ and coupons \$ due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment to (including \$ Modco Reserve)		
6.2 Dividends not yet apportioned (including \$ Modco Reserve)		
6.3 Coupons and similar benefits (including \$ Modco Reserve)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ accident and health premiums	39,812	42,024
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance including \$ 39,118 assumed and \$ ceded	39,118	35,956
9.4 Interest Maintenance Reserve	57,626	62,588
10. Commissions to agents due or accrued—life and annuity contracts \$ accident and health \$ and deposit-type contract funds \$		
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued	0	
13. Transfers to Separate Accounts due or accrued (net) (Including \$ accrued for expense allowances recognized in reserves)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	1,548	147,971
15. Federal and foreign income taxes, including \$ 0 on realized capital gains (losses) (including \$ net deferred tax liability)	0	
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee	14,282	16,915
18. Amounts held for agents' account, including \$ agents' credit balances		
19. Remittances and items not allocated		
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve	1,500	1,500
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		
24.4 Payable to parent, subsidiaries and affiliates	4,172,579	
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured accident and health plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities		
24.9 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	271,561	653,449
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	8,206,826	6,771,133
27. From Separate Accounts Statement		
28. Total Liabilities (Lines 26 and 27)	8,206,826	6,771,133
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	13,120,806	13,120,806
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(11,882,213)	(11,674,013)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$)		
37. Surplus (total Lines 31 + 32 + 33 + 34 + 35 - 36) (Including \$ in Separate Accounts Statement)	1,238,593	1,446,793
38. Totals of Lines 29, 30 and 37	3,738,593	3,946,793
39. Totals of Lines 28 and 38	11,945,420	10,717,925
DETAILS OF WRITE-INS		
2501. Miscellaneous Accounts Payable	163,161	545,049
2502. Guaranty Fund - Codification	108,400	108,400
2503.		0
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	271,561	653,449
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)		

SUMMARY OF OPERATIONS

	(Excluding Unrealized Capital Gains and Losses)		
	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health policies and contracts	1,379,818	5,076,313	15,662,253
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	70,531	231,417	508,622
4. Amortization of Interest Maintenance Reserve (IMR)	4,962	4,350	20,249
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	821,038	2,635,744	7,025,136
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	(8,960)	181,755	228,129
9. Totals (Lines 1 to 8.3)	2,267,389	8,129,579	23,444,389
10. Death benefits	57,500	91,750	308,000
11. Matured endowments (excluding guaranteed annual pure endowments)			
12. Annuity benefits	0		
13. Disability benefits and benefits under accident and health contracts	786,249	5,078,146	17,034,861
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts			
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds			
18. Payments on supplementary contracts with life contingencies			
19. Increase in aggregate reserves for life and accident and health contracts	(2,803)	38,369	16,676
20. Totals (Lines 10 to 19)	840,946	5,208,265	17,359,537
21. Commissions on premiums, annuity considerations, and deposit-type contract funds(direct business only) ..	357,818	1,764,821	4,081,942
22. Commissions and expense allowances on reinsurance assumed	36,008	446,774	1,392,732
23. General insurance expenses	1,293,389	1,430,370	5,563,253
24. Insurance taxes, licenses and fees, excluding federal income taxes	59,534	241,047	1,033,184
25. Increase in loading on deferred and uncollected premiums			
26. Net transfers to or (from) Separate Accounts			
27. Aggregate write-ins for deductions			
28. Totals (Lines 20 to 27)	2,587,695	9,091,277	29,430,648
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(320,306)	(961,698)	(5,986,259)
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(320,306)	(961,698)	(5,986,259)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(112,107)		(901,319)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(208,199)	(961,698)	(5,084,940)
34. Net realized capital gains or (losses) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR)	0		
35. Net income (Line 33 plus Line 34)	(208,199)	(961,698)	(5,084,940)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	3,946,794	6,550,867	6,550,867
37. Net income (Line 35)	(208,199)	(961,698)	(5,084,940)
38. Change in net unrealized capital gains (losses)			
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax			
41. Change in non-admitted assets and related items			
42. Change in liability for reinsurance in unauthorized companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve			11,349
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles		(43,116)	(30,482)
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in			2,500,000
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance			
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus			
54. Net change in capital and surplus for the year (Lines 37 through 53)	(208,199)	(1,004,814)	(2,604,073)
55. Capital and surplus, as of statement date (Lines 36 + 54)	3,738,594	5,546,053	3,946,794
DETAILS OF WRITE-INS			
08.301. Miscellaneous Income.....	(8,960)	181,755	228,129
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. TOTALS (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	(8,960)	181,755	228,129
2701.			
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)			
5301.		0	0
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above)			

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums and annuity considerations for life and accident and health contracts	1,407,931	15,562,275
2. Charges and fees for deposit-type contracts		
3. Considerations for supplementary contracts with life contingencies		
4. Net investment income	78,365	552,796
5. Commissions and expense allowances on reinsurance ceded	766,847	7,025,136
6. Fees associated with investment management, administration and contract guarantees from Separate Accounts		
7. Aggregate write-ins for miscellaneous income	(27,462)	110,771
8. Total (Lines 1 to 7)	2,225,681	23,250,978
9. Death Benefits		308,000
10. Matured endowments		
11. Annuity Benefits		
12. Disability benefits and benefits under accident and health contracts	3,164,815	16,815,293
13. Coupons, guaranteed annual pure endowments and similar benefits		
14. Surrender benefits and withdrawals for life contracts		
15. Group conversions		
16. Interest and adjustments on contract or deposit-type contract funds		
17. Payments on supplementary contracts with life contingencies		
18. Total (Lines 9 to 17)	3,164,815	17,123,293
19. Commissions on premiums, annuity considerations and deposit-type contract funds	371,830	4,072,609
20. Commissions and expense allowances on reinsurance assumed	(18,183)	1,392,732
21. General insurance expenses	1,435,315	5,284,118
22. Insurance taxes, licenses and fees, excluding federal income taxes	205,958	963,781
23. Net transfers to or (from) Separate Accounts		
24. Aggregate write-ins for deductions		
25. Total (Lines 18 to 24)	5,159,735	28,836,533
26. Dividends paid to policyholders		
27. Federal income taxes (excluding tax on capital gains)		
28. Total (Lines 25 to 27)	5,159,735	28,836,533
29. Net cash from operations (Line 8 minus Line 28)	(2,934,055)	(5,585,555)
Cash from Investments		
30. Proceeds from investments sold, matured or repaid:		
30.1 Bonds		2,033,953
30.2 Stocks		
30.3 Mortgage loans		
30.4 Real estate		
30.5 Other invested assets		
30.6 Net gains or (losses) on cash and short-term investments		
30.7 Miscellaneous proceeds		
30.8 Total investment proceeds (Lines 30.1 to 30.7)		2,033,953
31. Net tax on capital gains (losses)		
32. Total (Line 30.8 minus Line 31)		2,033,953
33. Cost of investments acquired (long-term only):		
33.1 Bonds		500,000
33.2 Stocks		
33.3 Mortgage loans		
33.4 Real estate		
33.5 Other invested assets		
33.6 Miscellaneous applications		
33.7 Total investments acquired (Lines 33.1 to 33.6)		500,000
34. Net increase (or decrease) in policy loans and premium notes		
35. Net cash from investments (Line 32 minus Line 33.7 minus Line 34)		1,533,953
Cash from Financing and Miscellaneous Sources		
36. Cash provided:		
36.1 Surplus notes, capital and surplus paid in		
36.2 Borrowed money \$less amounts repaid \$		
36.3 Capital notes \$less amounts repaid \$		
36.4 Deposits on deposit-type contract funds and other liabilities without life or disability contingencies		
36.5 Other cash provided	3,466,539	
36.6 Total (Lines 36.1 to 36.5)	3,466,539	
37. Cash applied:		
37.1 Dividends to stockholders paid		
37.2 Interest on indebtedness		
37.3 Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies		668,408
37.4 Other applications (net)		
37.5 Total (Lines 37.1 to 37.4)	0	668,408
38. Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5)	3,466,539	(668,408)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
39. Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38)	532,485	(4,720,010)
40. Cash and short-term investments:		
40.1 Beginning of year	(56,225)	4,663,785
40.2 End of period (Line 39 plus Line 40.1)	476,260	(56,225)
DETAILS OF WRITE-INS		
0701. Miscellaneous income	(27,462)	110,771
0702.		
0703.		
0798. Summary of remaining write-ins for Line 7 from overflow page		
0799. TOTALS (Lines 0701 thru 0703 plus 0798) (Line 7 above)	(27,462)	110,771
2401.		
2402.		
2403.		
2498. Summary of remaining write-ins for Line 24 from overflow page		
2499. TOTALS (Lines 2401 thru 2403 plus 2498) (Line 24 above)		

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS			
	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Industrial Life			
2. Ordinary Life Insurance	0	160,657	340,085
3. Ordinary Individual Annuities	0	3,321	8,710
4. Credit Life (Group & Individual)			
5. Group Life Insurance	217,699	259,742	935,124
6. Group Annuities			
7. A & H - Group	7,492,154	12,199,314	39,278,914
8. A & H - Credit (Group & Individual)			
9. A & H - Other			
10. Aggregate of All Other Lines of Business			
11. Subtotal	7,709,853	12,623,034	40,562,833
12. Deposit-Type Contracts			
13. Total	7,709,853	12,623,034	40,562,833
DETAILS OF WRITE-INS			
1001.			
1002.			
1003.			
1098. Summary of remaining write-ins for Line 10 from overflow page			
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)			

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

	2000	2001
1. Total of all deferred tax assets (admitted and nonadmitted)	\$ 0	\$ 42,000
2. Total of all deferred tax liabilities.	\$ 0	\$ 2,000
3. Total deferred tax assets nonadmitted in accordance With SSAP No. 10, Income Taxes	\$ 0	\$30,000
4. Increase (decrease) in deferred tax assets nonadmitted	\$ 0	\$30,000

The components of incurred income tax expense and the change in deferred tax assets and deferred tax liabilities for the year ended December 31, 2001 are as follows:

	2000	2001
Current income tax expense (benefit)	\$ 0	\$ 901,000
Change (decrease) \ increase in net deferred tax assets	\$ 0	\$ 12,000
Change decrease \ (increase) in net deferred tax liabilities	\$ 0	\$ (2,000)
Net change (decrease) \ increase in deferred taxes	\$ 0	\$ 10,000

B. Deferred tax liabilities are not recognized for the following amounts:

- 1. As of December 31, the Company has no balance in its Policyholder surplus account under the provisions of the Internal revenue Code. At this time there is no future phase 3 considerations expected.
- 2. As of December 31, the Company has no investments in foreign subsidiaries.

C. The Company is currently under a loss condition.

D. At December 31, the Company has no loss carry forwards.

E. The Company has no income tax incurred available to recoup future losses.

F.

- 1. The Company's Federal Income Tax is consolidated with the following entities:

Central Reserve Life Insurance Company
Ceres Financial Services, Inc.
Ceres Group, Inc.
Ceres Health Care, Inc.
Ceres Net, Inc.
Ceres Savers Plan, Inc.
Continental Agency Services, Inc.
Continental Association Management Corporation
Continental General Corporation
Continental Print and Photo Company
Provident American Life and Health Insurance Company
QQAAgency, Inc.
QQLink.Com, Inc.
United Benefit Life Insurance Company
Western Reserve Administrative Services, Inc.
QQAAgency Insurance Agency of Massachusetts, Inc.
QQAAgency of Texas, Inc.
QQBiz.com, Inc.

- 2. The method of allocation between the companies is subject to written agreement, approved by the Board of Directors. Allocation is based upon separate return calculations. Inter-company tax balances are then settled annually.

10. Information Concerning Parent, Subsidiaries and Affiliates

A, B

& C. All outstanding shares of The Company are owned by Ceres Group, Inc., an insurance holding company domiciled in the State of Delaware.

D. The Company paid rent to the Parent in the amount of \$18,271 in 2002. The Company paid salary and benefit expense to Ceres Administrators, an affiliate, in the amount of \$580,425. The Company paid marketing expenses to Ceres Sales, an affiliate, in the amount of \$0. The Company paid Managed Care and PPO expenses to Ceres Health, an affiliate, in the amount of \$213,784.

C. At March 31, The Company reports amounts due to affiliates in the amount of \$4,172,579

F. The Company has agreements with several non-life affiliates who provide certain services to the Company and are reimbursed as described in 10-d. The Company also has cost sharing agreements with its parent, Central Reserve Life Insurance Company, as well as with affiliates, United Benefit Life Insurance Company, Continental General Life and Pyramid Life for reimbursement and sharing of costs for services provided by the Company.

G. All outstanding shares of the Company are owned by the Parent Company, Central Reserve Life Insurance Company, an insurance company domiciled in the State of Ohio.

H. Not applicable

I. Not applicable

J. Not applicable

17. The company currently does not have any wash sales.

NOTES TO FINANCIAL STATEMENTS

19. Direct Premium Written by Third Party Administrators.
- Health Plan Services, 3501 Frontage Road, Tampa, Florida 33607, is a third party administrator (EIN 13-3787901) that holds a contract to underwrite, pay claims, adjust claims, and collect premium for the Health Quest group medical Business. They collected \$492,105 in premium in 2002.
- Antares, 24650 Center Ridge Rd., Westlake, Ohio 44145, holds a contract to underwrite, pay claims, adjust claims, and collect premium for another block of termed and replaced business. They collected \$7,217,748 in premium in 2002.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [] No [X]

1.2 If yes, explain:
.....

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

2.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

3.1 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 [X]

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

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, attach an organizational chart.

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

5.2 If yes, provide the name of 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. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] NA []
If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 06/01/2000

7.2 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. 12/31/1999

7.3 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). 01/30/2001

7.4 By what department or departments?
Ohio Department of Insurance.....

8.1 Has this 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 [X] No []

8.2 If yes, give full information:
During the first quarter of 2002, the state of Washington suspended the license to transact new business.....

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

INVESTMENT

9.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

9.2 If yes, explain:
.....

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

10.2 If yes, give full and complete information relating thereto:
.....

11. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$0

12. Amount of real estate and mortgages held in short-term investments:\$0

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

13.2 If yes, please complete the following:

	1	2
	Prior Year-End Statement Value	Current Quarter Statement Value
13.21 Bonds	\$	\$
13.22 Preferred Stock	\$	\$
13.23 Common Stock	\$	\$
13.24 Short-term Investments	\$	\$
13.25 Mortgages, Loans or Real Estate	\$	\$
13.26 All Other	\$	\$
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26).....	\$	\$
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above	\$	\$
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above	\$	\$

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

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

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

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

1	2
Name of Custodian(s)	Custodian Address
State Department of Insurance.....	Various.....

15.2 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	2	3
Name(s)	Location(s)	Complete Explanation(s)

15.3 Have there been any changes, including name changes in the custodian(s) identified in 15.1 during the current year? Yes [] No [X]

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

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

15.5 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	2	3
Central Registration Depository	Name(s)	Address

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 2 - LIFE & HEALTH

1.			1
	Report the statement value of mortgage loans at the end of this reporting period for the following categories:		Amount
1.1	Long-Term Mortgages In Good Standing		
1.11	Farm Mortgages	\$	0
1.12	Residential Mortgages	\$	0
1.13	Commercial Mortgages	\$	0
1.14	Total Mortgages in Good Standing	\$	
1.2	Long-Term Mortgages In Good Standing with Restructured Terms		
1.21	Total Mortgages in Good Standing	\$	0
1.3	Long-Term Mortgages Loans Upon which Interest is Overdue more than Three Months		
1.31	Farm Mortgages	\$	0
1.32	Residential Mortgages	\$	0
1.33	Commercial Mortgages	\$	0
1.34	Total Mortgages with Interest Overdue more than Three Months.....	\$	
1.4	Long-Term Mortgages Loans in Process of Foreclosure		
1.41	Farm Mortgages	\$	0
1.42	Residential Mortgages	\$	0
1.43	Commercial Mortgages	\$	0
1.44	Total Mortgages in Process of Foreclosure.....	\$	
1.5	Total Mortgage Loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Col. 3, Lines 3.1 plus 3.2).....	\$	
1.6	Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter		
1.61	Farm Mortgages	\$	0
1.62	Residential Mortgages	\$	0
1.63	Commercial Mortgages	\$	0
1.64	Total Mortgages Foreclosed and Transferred to Real Estate	\$	

SCHEDULE A - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period	NONE			
2. Increase (decrease) by adjustment				
3. Cost of acquired				
4. Cost of additions to and permanent improvements				
5. Total profit (loss) on sales				
6. Increase (decrease) by foreign exchange adjustment				
7. Amount received on sales				
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)				

SCHEDULE B - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period	NONE			
2. Amount loaned during period:				
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 period				
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				

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period	NONE			
2. Cost of acquisitions during period:				
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 period				
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				

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
BONDS								
1. Class 1	4,289,137			(307)	4,288,830			4,289,137
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	4,289,137			(307)	4,288,830			4,289,137
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	4,289,137			(307)	4,288,830			4,289,137

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999 Totals	0	XXX	0	0	0

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned				
	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period				6,751,060
2. Cost of short-term investments acquired				
3. Increase (decrease) by adjustment				(6,751,060)
4. Increase (decrease) by foreign exchange adjustment				
5. Total profit (loss) on disposal of short-term investments				
6. Consideration received on disposal of short-term investments				
7. Book/adjusted carrying value, current period				
8. Total valuation allowance				
9. Subtotal (Lines 7 plus 8)				
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)				
12. Income collected during period				
13. Income earned during period				

Schedule DB - Part F - Section 1
NONE

Schedule DB - Part F - Section 2
NONE

Schedule S
NONE

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

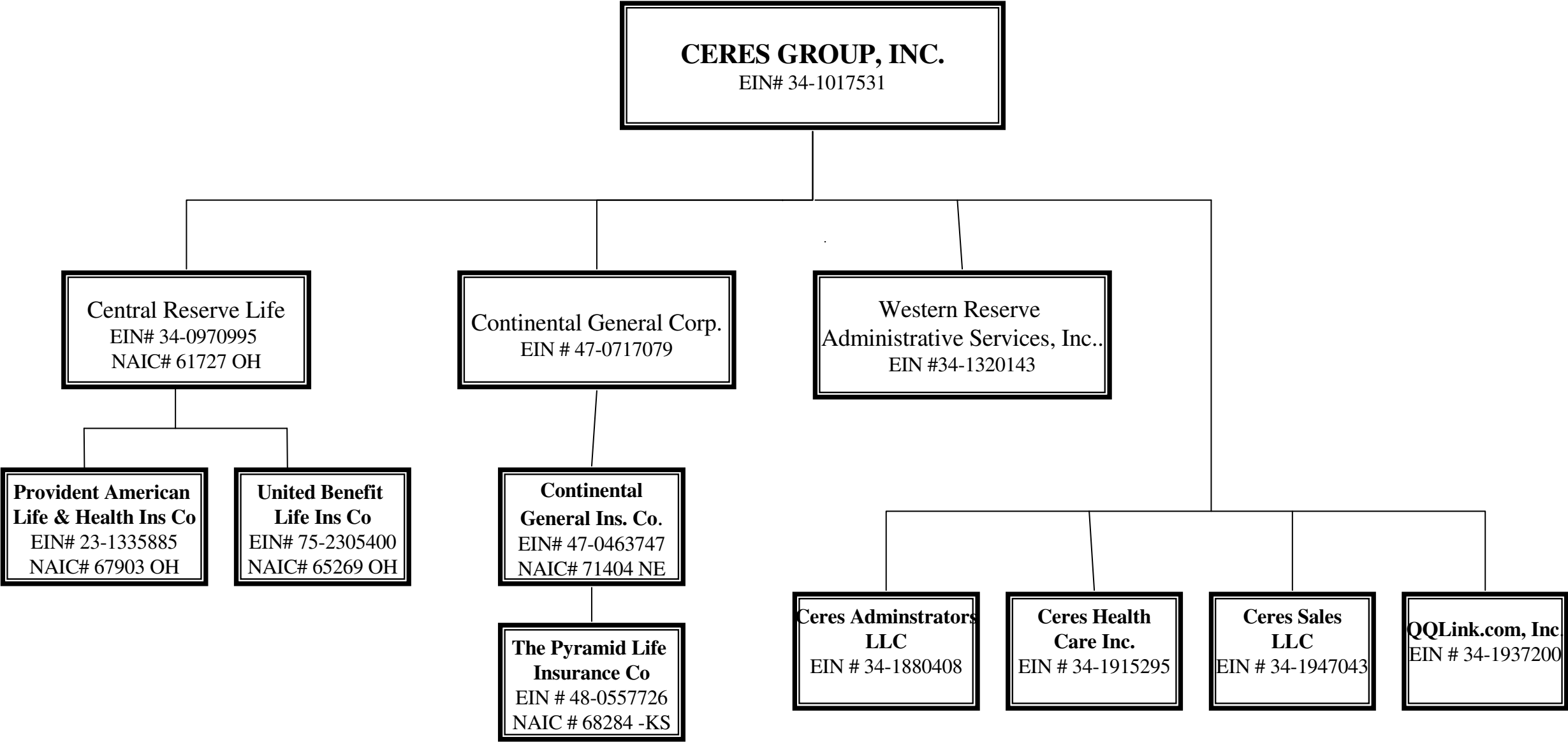
During Current Year to Date - Allocated by States and Territories

States, Etc.		1	Direct Business Only				
			Life Contracts		4	5	6
			2	3			
		Is Insurer Licensed? (Yes or No)	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Deposit-Type Contract Funds	Other Considerations
1. Alabama	AL	No	.0		.0		
2. Alaska	AK	Yes	344		4,638		
3. Arizona	AZ	Yes	8,755		187,868		
4. Arkansas	AR	Yes	2,536		58,190		
5. California	CA	Yes	30,699		646,772		
6. Colorado	CO	Yes	1,175		57,504		
7. Connecticut	CT	No	.0		.0		
8. Delaware	DE	Yes	167		3,808		
9. District of Columbia	DC	Yes	.0		.0		
10. Florida	FL	Yes	2,002		2,267,068		
11. Georgia	GA	Yes	28,718		672,947		
12. Hawaii	HI	Yes	167		3,569		
13. Idaho	ID	Yes	.0		.0		
14. Illinois	IL	Yes	22,626		511,233		
15. Indiana	IN	Yes	5,385		134,570		
16. Iowa	IA	Yes	.0		.0		
17. Kansas	KS	Yes	.0		.0		
18. Kentucky	KY	Yes	.0		.0		
19. Louisiana	LA	Yes	5,008		96,539		
20. Maine	ME	No	.0		.0		
21. Maryland	MD	Yes	133		2,153		
22. Massachusetts	MA	Yes	24		757		
23. Michigan	MI	No	.0		.0		
24. Minnesota	MN	No	.0		.0		
25. Mississippi	MS	Yes	9,178		154,730		
26. Missouri	MO	Yes	5,192		95,366		
27. Montana	MT	Yes	.0		.0		
28. Nebraska	NE	Yes	305		3,706		
29. Nevada	NV	Yes	3,368		61,548		
30. New Hampshire	NH	No	.0		.0		
31. New Jersey	NJ	No	.0		.0		
32. New Mexico	NM	Yes	.0		.0		
33. New York	NY	No	.0		.0		
34. North Carolina	NC	Yes	1,347		36,591		
35. North Dakota	ND	Yes	.0		.0		
36. Ohio	OH	Yes	18,110		400,597		
37. Oklahoma	OK	Yes	231		375,064		
38. Oregon	OR	Yes	.0		.0		
39. Pennsylvania	PA	Yes	951		19,607		
40. Rhode Island	RI	No	.0		.0		
41. South Carolina	SC	Yes	12,023		334,740		
42. South Dakota	SD	Yes	.0		.0		
43. Tennessee	TN	Yes	11,280		275,622		
44. Texas	TX	Yes	39,917		933,371		
45. Utah	UT	Yes	.0		.0		
46. Vermont	VT	Yes	.0		.0		
47. Virginia	VA	No	.0		.0		
48. Washington	WA	Yes	.0		.0		
49. West Virginia	WV	Yes	1,456		30,800		
50. Wisconsin	WI	Yes	6,591		122,404		
51. Wyoming	WY	Yes	10		392		
52. American Samoa	AS	No					
53. Guam	GU	No					
54. Puerto Rico	PR	No					
55. US Virgin Islands	VI	No					
56. Canada	CN	No					
57. Aggregate Other Alien	OT	XXX					
58. Subtotal	(a)	41	217,699		7,492,154		
90. Reporting entity contributions for employee benefit plans		XXX					
91. Dividends or refunds applied to purchase paid-up additions and annuities		XXX					
92. Dividends or refunds applied to shorten endowment or premium paying period		XXX					
93. Premium or annuity considerations waived under disability or other contract provisions		XXX					
94. Aggregate of other amounts not allocable by State		XXX					
95. Totals (Direct Business)		XXX	217,699		7,492,154		
96. Plus Reinsurance Assumed		XXX	27,847		(13,864)		
97. Totals (All Business)		XXX	245,546		7,478,290		
98. Less Reinsurance Ceded		XXX			6,315,905		
99. Totals (All Business) less Reinsurance Ceded		XXX	245,546		1,162,385		
DETAILS OF WRITE-INS							
5701.		XXX					
5702.		XXX					
5703.		XXX					
5798. Summary of remaining write-ins for Line 57 from overflow page		XXX					
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)		XXX					
9401.		XXX					
9402.		XXX					
9403.		XXX					
9498. Summary of remaining write-ins for Line 94 from overflow page		XXX					
9499. Totals (Lines 9401 thru 9403 plus 9498)(Line 94 above)		XXX					

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

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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 supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSES

1.

Will the SVO Compliance Certification be filed with this statement?

.....Yes.....
2.

Will the Trusteed Surplus Statement be filed with the State of Domicile and the NAIC with this statement?

.....No.....

Explanations:

Bar Codes:

Trusteed Surplus Statement (Document Identifier 490) here:



OVERFLOW PAGE FOR WRITE-INS

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

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

