



QUARTERLY STATEMENT

As of March 31, 2002
of the Condition and Affairs of the

Family Heritage Life Insurance Company of America

| | | |
|---|--|---|
| NAIC Group Code.....0000, 0000 (Current Period) (Prior Period) | NAIC Company Code..... 77968 | Employer's ID Number..... 34-1626521 |
| Organized under the Laws of Ohio | State of Domicile or Port of Entry Ohio | Country of Domicile US |
| Incorporated..... August 22, 1989 | Commenced Business..... November 17, 1989 | |
| Statutory Home Office (Street) | Three Summit Park Drive, Suite 400 .. Cleveland Oh 44131 (and Number) (City or Town, State and Zip Code) | |
| Main Administrative Office (Street) | Three Summit Park Drive, Suite 400 .. Cleveland Oh 44131 (and Number) (City or Town, State and Zip Code) (Area) | 216-520-2800 (Code) (Telephone Number) |
| Mail Address (Street) | PO BOX 31420 .. Cleveland Oh 44131-0420 (and Number or P. O. Box) (City or Town, State and Zip Code) | |
| Primary Location of Books and Records (Street) | Three Summit Park Drive, Suite 400 .. Cleveland Oh 44131 (and Number) (City or Town, State and Zip Code) (Area) | 216-520-2800 (Code) (Telephone Number) |
| Internet Website Address | FAMILYHERITAGELIFE.COM | |
| Statement Contact (Name) | John A. Wise (Area) | 216-520-2800 (Code) (Telephone Number) (Extension) |
| | ACCTDEPT@FAMILYHERITAGELIFE.COM (Address) (Fax) | 216-520-2801 |
| Policyowner Relations Contact (Street) | P.O BOX 31420 .. Cleveland Oh 44131-0420 (and Number) (City or Town, State and Zip Code) | (Area Code) (Telephone Number) (Extension) |

OFFICERS

| | | |
|-----------------------------------|---------------------|----------------------|
| President Howard L. Lewis | Treasurer | Jerome E. Grabowski. |
| Secretary Edward J. Rocheck | Actuary | Jeffrey S. Morris |
| Edward J. Rocheck | Jerome E. Grabowski | Jeffrey S. Morris |

VICE PRESIDENTS

| | | | |
|-------------------|---------------------|-----------------|-----------------|
| Henry E. Bedford | Jerome E. Grabowski | Howard L. Lewis | Ralph W. Mosley |
| Edward J. Rocheck | | | |

DIRECTORS OR TRUSTEES

State of..... Ohio
County of.... Cuyahoga

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

(Signature)
Howard L. Lewis
(Printed Name)
President
Chief Executive Office

(Signature)
Edward J. Rocheck
(Printed Name)
Secretary
Chief Marketing Officer

(Signature)
Jerome E. Grabowski
(Printed Name)
Treasurer
Chief Financial Officer

Subscribed and sworn to before me this
7th...day of May....., 2002

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..... | 75,745,242 | | 75,745,242 | 68,245,738 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks..... | | | 0 | |
| 2.2 Common stocks..... | | | 0 | |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens..... | | | 0 | |
| 3.2 Other than first liens..... | | | 0 | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances)..... | | | 0 | |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances)..... | | | 0 | |
| 4.3 Properties held for sale (less \$.....0 encumbrances)..... | | | 0 | |
| 5. Policy loans..... | | | 0 | |
| 6. Premium notes, including \$.....0 for first year premiums..... | | | 0 | |
| 7. Cash (\$.....4,107,593) and short-term investments (\$.....0)..... | 4,107,593 | | 4,107,593 | 6,102,413 |
| 8. Other invested assets..... | | | 0 | |
| 9. Receivable for securities..... | | | 0 | |
| 10. Aggregate write-ins for invested assets..... | 0 | 0 | 0 | 0 |
| 11. Subtotals, cash and invested assets (Lines 1 to 10)..... | 79,852,835 | 0 | 79,852,835 | 74,348,151 |
| 12. Reinsurance ceded: | | | | |
| 12.1 Amounts recoverable from reinsurers..... | | | 0 | |
| 12.2 Commissions and expense allowances due..... | | | 0 | |
| 12.3 Experience rating and other refunds due..... | | | 0 | |
| 12.4 Other amounts receivable under reinsurance contracts..... | | | 0 | |
| 13. Electronic data processing equipment and software..... | 61,997 | | 61,997 | 68,786 |
| 14. Federal and foreign income tax recoverable and interest thereon (including \$.....523,315 net deferred tax asset)..... | 3,663,915 | | 3,663,915 | 2,620,625 |
| 15. Guaranty funds receivable or on deposit..... | | | 0 | |
| 16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$.....0 loading)..... | | | 0 | |
| 17. Accident and health premiums due and unpaid..... | 412,658 | | 412,658 | 405,027 |
| 18. Investment income due and accrued..... | 712,900 | | 712,900 | 425,865 |
| 19. Net adjustment in assets and liabilities due to foreign exchange rates..... | | | 0 | |
| 20. Receivable from parent, subsidiaries and affiliates..... | | | 0 | |
| 21. Amounts receivable relating to uninsured accident and health plans..... | | | 0 | |
| 22. Amounts due from agents..... | 4,218,989 | 4,218,989 | 0 | |
| 23. Other assets nonadmitted..... | 302,584 | 302,584 | 0 | |
| 24. Aggregate write-ins for other than invested assets..... | 0 | 0 | 0 | 0 |
| 25. Total assets excluding Separate Accounts business (Lines 11 to 24)..... | 89,225,878 | 4,521,573 | 84,704,305 | 77,868,454 |
| 26. From Separate Accounts Statement..... | | | 0 | |
| 27. Total (Lines 25 and 26)..... | 89,225,878 | 4,521,573 | 84,704,305 | 77,868,454 |

DETAILS OF WRITE-INS

| | | | | |
|--|---|---|---|---|
| 1001..... | | | 0 | |
| 1002..... | | | 0 | |
| 1003..... | | | 0 | |
| 1098. Summary of remaining write-ins for Line 10 from overflow page..... | 0 | 0 | 0 | 0 |
| 1099. Totals (Lines 1001 thru 1003 plus 1098) (Line 10 above)..... | 0 | 0 | 0 | 0 |
| 2401..... | | | 0 | |
| 2402..... | | | 0 | |
| 2403..... | | | 0 | |
| 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)..... | 0 | 0 | 0 | 0 |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Statement Date | 2 December 31 Prior Year |
|--|--------------------------------|--------------------------------|
| 1. Aggregate reserve for life contracts \$.....0 less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve)..... | 18,010 | 18,010 |
| 2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve)..... | 63,569,590 | 60,099,919 |
| 3. Liability for deposit-type contracts (including \$.....0 Modco Reserve)..... | | |
| 4. Contract claims: | | |
| 4.1 Life..... | | |
| 4.2 Accident and health..... | 3,820,000 | 3,146,606 |
| 5. Policyholders' dividends \$.....0 and coupons \$.....0 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 \$.....0 Modco Reserve)..... | | |
| 6.2 Dividends not yet apportioned (including \$.....0 Modco Reserve)..... | | |
| 6.3 Coupons and similar benefits (including \$.....0 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 \$.....0 discount; including \$.....0 accident and health premiums..... | | |
| 9. Contract liabilities not included elsewhere: | | |
| 9.1 Surrender values on canceled contracts..... | | |
| 9.2 Provision for experience rating refunds, including \$.....0 accident and health experience rating refunds..... | | |
| 9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded..... | | |
| 9.4 Interest Maintenance Reserve..... | | |
| 10. Commissions to agents due or accrued-life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0..... | 123,444 | 123,444 |
| 11. Commissions and expense allowances payable on reinsurance assumed..... | | |
| 12. General expenses due or accrued..... | 2,506,273 | 1,869,974 |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves)..... | | |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes..... | 533,870 | 506,970 |
| 15. Federal and foreign income taxes, including \$.....0 on realized capital gains (losses) (including \$.....0 net deferred tax liability)..... | 3,982,394 | 2,239,104 |
| 16. Unearned investment income..... | | |
| 17. Amounts withheld or retained by company as agent or trustee..... | | |
| 18. Amounts held for agents' account, including \$.....0 agents' credit balances..... | 144,267 | 142,617 |
| 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 \$.....0 and interest thereon \$.....0..... | | |
| 23. Dividends to stockholders declared and unpaid..... | | |
| 24. Miscellaneous liabilities: | | |
| 24.1 Asset valuation reserve..... | 100,000 | 100,000 |
| 24.2 Reinsurance in unauthorized companies..... | | |
| 24.3 Funds held under reinsurance treaties with unauthorized reinsurers..... | | |
| 24.4 Payable to parent, subsidiaries and affiliates..... | | |
| 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 \$.....0 and interest thereon \$.....0..... | | |
| 25. Aggregate write-ins for liabilities..... | 14,643 | 15,425 |
| 26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)..... | 74,812,491 | 68,262,069 |
| 27. From Separate Accounts Statement..... | | |
| 28. Total Liabilities (Line 26 and 27)..... | 74,812,491 | 68,262,069 |
| 29. Common capital stock..... | 2,520,000 | 2,520,000 |
| 30. Preferred capital stock..... | | |
| 31. Aggregate write-ins for other than special surplus funds..... | 0 | 0 |
| 32. Surplus notes..... | | |
| 33. Gross paid in and contributed surplus..... | 2,483,000 | 2,483,000 |
| 34. Aggregate write-ins for special surplus funds..... | 0 | 0 |
| 35. Unassigned funds (surplus)..... | 4,888,814 | 4,603,385 |
| 36. Less treasury stock, at cost: | | |
| 36.1 .....0.000 shares common (value included in Line 29 \$.....0)..... | | |
| 36.2 .....0.000 shares preferred (value included in Line 30 \$.....0)..... | | |
| 37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement)..... | 7,371,814 | 7,086,385 |
| 38. Totals of Lines 29, 30 and 37..... | 9,891,814 | 9,606,385 |
| 39. Totals of Lines 28 and 38..... | 84,704,305 | 77,868,454 |

DETAILS OF WRITE-INS

| | | |
|--|--------|--------|
| 2501. Unclaimed Property..... | 14,643 | 15,425 |
| 2502. | | |
| 2503. | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)..... | 14,643 | 15,425 |
| 3101. | | |
| 3102. | | |
| 3103. | | |
| 3198. Summary of remaining write-ins for Line 31 from overflow page..... | 0 | 0 |
| 3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above)..... | 0 | 0 |
| 3401. | | |
| 3402. | | |
| 3403. | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page..... | 0 | 0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)..... | 0 | 0 |

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

| | 1 Current Year to Date | 2 Prior Year to Date | 3 Prior Year Ended December 31 |
|---|------------------------------|----------------------------|--------------------------------------|
| 1. Premiums and annuity considerations for life and accident and health contracts..... | 11,075,884 | 8,927,479 | 38,813,672 |
| 2. Considerations for supplementary contracts with life contingencies..... | 1,366,279 | 1,158,344 | 4,830,166 |
| 3. Net investment income..... | | | |
| 4. Amortization of Interest Maintenance Reserve (IMR)..... | | | |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses..... | | | |
| 6. Commissions and expense allowances on reinsurance ceded..... | | | |
| 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..... | 0 | 0 | 0 |
| 9. Totals (Lines 1 to 8.3)..... | 12,442,163 | 10,085,823 | 43,643,838 |
| 10. Death benefits..... | | | |
| 11. Matured endowments (excluding guaranteed annual pure endowments)..... | | | |
| 12. Annuity benefits..... | | | |
| 13. Disability benefits and benefits under accident and health contracts..... | 2,207,096 | 1,794,251 | 6,241,831 |
| 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..... | 3,886,915 | 3,142,430 | 14,404,457 |
| 20. Totals (Lines 10 to 19)..... | 6,094,011 | 4,936,681 | 20,646,288 |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)..... | 3,306,014 | 2,668,270 | 11,557,582 |
| 22. Commissions and expense allowances on reinsurance assumed..... | | | |
| 23. General insurance expenses..... | 1,429,657 | 1,316,983 | 6,775,820 |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes..... | 235,811 | 217,176 | 942,034 |
| 25. Increase in loading on deferred and uncollected premiums..... | | | |
| 26. Net transfers to or (from) Separate Accounts..... | | | |
| 27. Aggregate write-ins for deductions..... | 0 | 0 | 0 |
| 28. Totals (Lines 20 to 27)..... | 11,065,493 | 9,139,110 | 39,921,724 |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)..... | 1,376,670 | 946,713 | 3,722,114 |
| 30. Dividends to policyholders..... | | | |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)..... | 1,376,670 | 946,713 | 3,722,114 |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains)..... | 700,000 | 420,000 | 1,991,376 |
| 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)..... | 676,670 | 526,713 | 1,730,738 |
| 34. Net realized capital gains or (losses) less capital gains tax of \$.....0 (excluding taxes of \$.....0 and transferred to the IMR)..... | | | |
| 35. Net income (Line 33 plus Line 34)..... | 676,670 | 526,713 | 1,730,738 |
| CAPITAL AND SURPLUS ACCOUNT | | | |
| 36. Capital and surplus, December 31, prior year..... | 9,606,385 | 8,150,109 | 8,150,109 |
| 37. Net income (Line 35)..... | 676,670 | 526,713 | 1,730,738 |
| 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 nonadmitted 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..... | | | |
| 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..... | | 513,000 | 581,228 |
| 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..... | | | |
| 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..... | | | (900,000) |
| 53. Aggregate write-ins for gains and losses in surplus..... | 0 | 0 | 0 |
| 54. Net change in capital and surplus (Lines 37 through 53)..... | 285,429 | 1,109,291 | 1,456,276 |
| 55. Capital and surplus as of statement date (Lines 36 + 54)..... | 9,891,814 | 9,259,400 | 9,606,385 |

DETAILS OF WRITE-INS

| | | | |
|---|---|---|---|
| 08.301. | | | |
| 08.302. | | | |
| 08.303. | | | |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page..... | 0 | 0 | 0 |
| 08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)..... | 0 | 0 | 0 |
| 2701. | | | |
| 2702. | | | |
| 2703. | | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page..... | 0 | 0 | 0 |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)..... | 0 | 0 | 0 |
| 5301. | | | |
| 5302. | | | |
| 5303. | | | |
| 5398. Summary of remaining write-ins for Line 53 from overflow page..... | 0 | 0 | 0 |
| 5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above)..... | 0 | 0 | 0 |

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..... | 11,068,253 | 38,735,331 |
| 2. Charges and fees for deposit-type contracts..... | ..... | ..... |
| 3. Considerations for supplementary contracts with life contingencies..... | ..... | ..... |
| 4. Net investment income..... | 475,440 | 2,646,690 |
| 5. Commissions and expense allowances on reinsurance ceded..... | ..... | ..... |
| 6. Fees associated with investment management, administration and contract guarantees from Separate Accounts..... | ..... | ..... |
| 7. Aggregate write-ins for miscellaneous income..... | 12,232 | 128,597 |
| 8. Total (Lines 1 to 7)..... | 11,555,925 | 41,510,618 |
| 9. Death benefits..... | ..... | ..... |
| 10. Matured endowments..... | ..... | ..... |
| 11. Annuity benefits..... | ..... | ..... |
| 12. Disability benefits and benefits under accident and health contracts..... | 1,951,201 | 6,031,023 |
| 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)..... | 1,951,201 | 6,031,023 |
| 19. Commissions on premiums, annuity considerations and deposit-type contract funds..... | 3,306,014 | 11,533,453 |
| 20. Commissions and expense allowances on reinsurance assumed..... | ..... | ..... |
| 21. General insurance expenses..... | 793,378 | 6,504,842 |
| 22. Insurance taxes, licenses and fees, excluding federal income taxes..... | 208,911 | 839,534 |
| 23. Net transfers to or (from) Separate Accounts..... | 391,241 | 500,000 |
| 24. Aggregate write-ins for deductions..... | 6,650,745 | 25,408,852 |
| 25. Total (Lines 18 to 24)..... | ..... | 2,000,000 |
| 26. Dividends paid to policyholders..... | 6,650,745 | 27,408,852 |
| 27. Federal income taxes (excluding tax on capital gains)..... | ..... | ..... |
| 28. Total (Lines 25 to 27)..... | 4,905,180 | 14,101,766 |
| Cash from Investments | | |
| 30. Proceeds from investments sold, matured or repaid: | | |
| 30.1 Bonds..... | 1,100,000 | 24,000,000 |
| 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)..... | 1,100,000 | 24,000,000 |
| 31. Net tax on capital gains (losses)..... | ..... | ..... |
| 32. Total (Line 30.8 minus Line 31)..... | 1,100,000 | 24,000,000 |
| 33. Cost of investments acquired (long-term only): | | |
| 33.1 Bonds..... | 8,000,000 | 39,193,649 |
| 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)..... | 8,000,000 | 39,193,649 |
| 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)..... | (6,900,000) | (15,193,649) |
| Cash from Financing and Miscellaneous Sources | | |
| 36. Cash provided: | | |
| 36.1 Surplus notes, capital and surplus paid in..... | ..... | ..... |
| 36.2 Borrowed money \$.....0 less amounts repaid \$.....0..... | ..... | ..... |
| 36.3 Capital notes \$.....0 less amounts repaid \$.....0..... | ..... | ..... |
| 36.4 Deposits on deposit-type contracts funds and other liabilities without life or disability contingencies..... | ..... | ..... |
| 36.5 Other cash provided..... | ..... | ..... |
| 36.6 Total (Lines 36.1 to 36.5)..... | 0 | 0 |
| 37. Cash applied: | | |
| 37.1 Dividends to stockholders paid..... | ..... | 900,000 |
| 37.2 Interest on indebtedness..... | ..... | ..... |
| 37.3 Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies..... | ..... | ..... |
| 37.4 Other applications (net)..... | ..... | ..... |
| 37.5 Total (Lines 37.1 to 37.4)..... | 0 | 900,000 |
| 38. Net cash from financing and miscellaneous sources (Lines 36.6 minus Line 37.5)..... | 0 | (900,000) |
| RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS | | |
| 39. Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38)..... | (1,994,820) | (1,991,883) |
| 40. Cash and short-term investments: | | |
| 40.1 Beginning of year..... | 6,102,413 | 8,094,296 |
| 40.2 End of period (Line 39 plus Line 40.1)..... | 4,107,593 | 6,102,413 |

DETAILS OF WRITE-INS

| | | |
|--|---------|---------|
| 0701. Increase in items not allocated / unclaimed funds lother..... | 12,232 | 29,287 |
| 0702. Increase in amount due parent..... | ..... | ..... |
| 0703. Decrease in non-admitted assets..... | ..... | 99,310 |
| 0798. Summary of remaining write-ins for Line 7 from overflow page..... | 0 | 0 |
| 0799. Total (Lines 0701 thru 0703 plus 0798) (Line 7 above)..... | 12,232 | 128,597 |
| 2401. Increase in non-admitted assets..... | 391,241 | ..... |
| 2402. Decrease in amount due parent..... | ..... | 500,000 |
| 2403. .... | ..... | ..... |
| 2498. Summary of remaining write-ins for Line 24 from overflow page..... | 0 | 0 |
| 2499. Total (Lines 2401 thru 2403 plus 2498) (Line 24 above)..... | 391,241 | 500,000 |

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..... | | | 20,100 |
| 3. Ordinary individual annuities..... | | | |
| 4. Credit life (group & individual)..... | | | |
| 5. Group life insurance..... | | | |
| 6. Group annuities..... | | | |
| 7. A&H - group..... | | | |
| 8. A&H - credit (group & individual)..... | | | |
| 9. A&H - other..... | 11,075,884 | 8,927,479 | 38,793,572 |
| 10. Aggregate of all other lines of business..... | 0 | 0 | 0 |
| 11. Subtotal..... | 11,075,884 | 8,927,479 | 38,813,672 |
| 12. Deposit-type contracts..... | | | |
| 13. Total..... | 11,075,884 | 8,927,479 | 38,813,672 |

DETAILS OF WRITE-INS

| | | | |
|--|---|---|---|
| 1001..... | | | |
| 1002..... | | | |
| 1003..... | | | |
| 1098. Summary of remaining write-ins for Line 10 from overflow page..... | 0 | 0 | 0 |
| 1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above)..... | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

This is a statement of the accounting principles and methods applied in preparing these statutory financial statements.

A. Accounting Practices

The company presents these financial statements on the basis of accounting principles prescribed or permitted by the Ohio Insurance Department. The National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual, version effective January 1, 2001, (NAIC SAP) has been adopted by Ohio.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Life premiums are recognized as income over the premium paying period of the related policies. Health premiums are earned ratably over the terms of the related insurance policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the constant yield method.
3. Liabilities for losses and loss/claim adjustment expenses for accident and health contracts are estimated by the Company's valuation actuary using statistical claim development models and tabular reserves employing mortality/morbidity tables.

2. Accounting Changes and Correction of Errors

A. Correction of Errors: None

B. Cumulative Effect of Changes in Accounting Principles: None

3. Business Combinations and Goodwill - not applicable

4. Discontinued Operations - not applicable

5. Investments

- A. Mortgage Loans - not applicable
- B. Debt Restructuring - not applicable
- C. Reverse Mortgages - not applicable
- D. Loan-Backed Securities - not applicable
- E. Repurchase Agreements - not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies - not applicable

7. Investment Income - No investment income due or accrued was nonadmitted at March 31, 2002.

8. Derivative Instruments - not applicable

9. Income Taxes

The components of deferred tax assets as of March 31, 2002 are as follows:

A. Deferred Tax Asset (DTA):

| | |
|-------------------------------------|------------|
| Proxy DAC | \$ 523,315 |
| Net Change During 2002 in the DTA's | \$ 0 |

B. Components of total income tax for the year as follows:

| | |
|---------------------------------------|-------------------|
| Current Paid and Payable | |
| Federal | \$ 700,000 |
| Deferred Tax Change | -0- |
| Total Income Tax Current and Deferred | <u>\$ 700,000</u> |

C. A reconciliation between the standard Federal income tax rate and the effective tax rate for 2001, follows:

| | |
|----------------------------------|--------|
| Standard Federal Income Tax Rate | 34.0% |
| Small Company Deduction | (10.9) |
| Proxy DAC | 10.4 |
| Reserves | 17.0 |

| | |
|--------------------|--------------|
| Other | <u>3.1</u> |
| Effective Tax Rate | <u>53.6%</u> |

- D. The Company does not have any operating loss or tax credit carryforwards available for tax purposes.
- E. The Company's tax return is not consolidated with any other entity.

10. Information concerning Parent

Subsidiaries and Affiliates

- A. The Company is the wholly-owned subsidiary of Southwestern American Financial Corporation ("SAFC").
- B. & C. The Company and SAFC operate under a cost-sharing agreement approved by the State of Ohio. Costs incurred by the Company under this agreement were \$3,650,815 and \$3,753,855 for the years 2001 and 2000, respectively. The Company owed SAFC \$375,668 and \$303,594 at year end 2001 and 2000, respectively. These amounts are generally paid within 45 days of the period's end.
- D. None.
- E. There are no guarantees or undertakings for the benefit of affiliated party, other than that disclosed in these Notes.
- F. There are no material management or service contacts and cost-sharing arrangements involving the Company and any related party other than disclosed in these Notes.
- G. SAFC is 87% owned by Southwestern/Great American, Inc., a Nashville, TN company.

H., I. and J. - Not applicable

11. Debt - None

12. Retirement Plans, Deferred compensation, Postemployment Benefits, Compensated Absences and Other Postretirement Benefit Plans

- A., B. and C. Defined Benefit Plan - not applicable
- D. Consolidated/Holding Company Plans

The Company's employees participate in its ultimate controlling entity's profit-sharing plan. The plan is funded currently and can be cancelled at any time. Funds are self-directed by all employees.

- E. Compensated absences/vacation pay is recorded as an accrued liability in salaries and wages general expense.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1. The Company's capital is common stock, 750 shares authorized, 210 issued and outstanding, \$12,000 per share par value. There are no other classes of capital stock.
- 2. The Company has no preferred stock.
- 3. 4. and 5. Dividends on company stock are paid as declared by its Board of Directors and are subject to regulations of the State of Ohio. A \$900,000 dividend was paid in 2001. No dividend was paid in 2000.
- 6. 7. and 8. Not applicable
- 9. The portion of unassigned funds surplus represented or (reduced) by each item below is as follows:

| | |
|---------------------------------------|-------------|
| Unrealized gains and losses | -0- |
| Nonadmitted asset values | (4,521,573) |
| Separate account business | None |
| Asset/valuation reserve | (100,000) |
| Reinsurance in unauthorized companies | -0- |

10. 11. and 12. - Not applicable

14. Contingencies

- A. Contingent Commitments - None
- B. Assessments
- C. Gain Contingencies - None
- D. All Other Contingencies

The Company estimates that insolvencies will result in future guaranty fund assessments against the Company of \$78,000. This amount has been recorded as a liability on March 31, 2002.

Various liabilities arise in the normal course of the Company's business and have been recorded. We believe that any ultimate contingent losses will not have a material adverse effect on the Company's future results of operations and financial position.

15. Leases

- A. Lessee Leasing Arrangements

The Company leases office, furniture and equipment under various noncancelable operating leases that expire through 2005. Rental expense for 2001 and 2000 was

approximately \$302,000 and \$286,000, respectively.

At December 31, 2001, the minimum aggregate rental commitments are as follows for the five succeeding years:

| <u>Year Ended December 31</u> | <u>Operating Leases</u> |
|-------------------------------|-------------------------|
| 2002 | \$348,000 |
| 2003 | 268,000 |
| 2004 | 9,000 |
| 2005 | 5,000 |
| 2006 | -0- |

The Company has no sublease or sale-leaseback transactions.

B. Lessor Leases - Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk - None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured A & H Plans and the Uninsured Portion of Partially Insured Plans - Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - Not applicable

20. Other Items

A. Extraordinary Items - Not applicable

B. Troubled Debt Restructuring - Not applicable

C. Other Disclosures

Assets in the amount of \$8,925,000 at March 31, 2002, and December 31, 2001 and 2000, respectively, were on deposit with government authorities or trustees as required by law.

D. Balance That is Reasonably Possible to be Uncollectible

No admitted assets are considered as reasonably possible to be uncollectible.

21. Events Subsequent

Type 1 - Not applicable.

Type 11 - Not applicable.

22. Reinsurance - none

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not applicable

24. Change in incurred Losses and Loss Adjustment Expenses

Reserves on accident and health contracts for incurred losses and loss adjustment expenses attributable to insured events or prior years developed as anticipated during 2001. See Schedule H - Part 3 and the Five Year Historical Data. Original estimates are increased or decreased as additional information becomes known regarding individual claims. However, no significant trends or unanticipated events were noted in 2001 or since. None of the Company's accident and health contracts are subject to retrospective rating or experience refunds.

25. Intercompany Pooling Arrangements - Not applicable

26. Reserves for Life Contracts and Deposit-Type Contracts

1. The Company's only life product is single premium whole life product, and there are no deferred fractional premiums. The Company does not return the portion of the final premium for periods beyond the date of death.
2. The Company does not currently issue substandard policies, and does not have any substandard policies in force.
3. There are no policies where the gross premiums are less than the net premiums.
4. Tabular Interest and Tabular Cost shown on Page 7 have been determined by formulas as described in the instructions for Page 7.
5. None
6. None

27. Variable Annuities with Guaranteed Living Benefits - not applicable

28. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics - Not applicable

29. Premium and Annuity Considerations Deferred and Uncollected - Not applicable

30. Separate Accounts - none

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since 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 name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that 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] N/A []

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.12/31/1996.....

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.12/31/1996.....

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).08/15/1997.....

7.4 By what department or departments? _____ Ohio _____

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 [] No [X]

8.2 If yes, give full information:

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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: \$.....

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

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 Prior Year-End Statement Value | 2 Current Quarter Statement Value |
|--|--|---|
| 13.21 Bonds..... | \$.....0 | \$.....0 |
| 13.22 Preferred Stock..... | \$.....0 | \$.....0 |
| 13.23 Common Stock..... | \$.....0 | \$.....0 |
| 13.24 Short-Term Investments..... | \$.....0 | \$.....0 |
| 13.25 Mortgages, Loans or Real Estate..... | \$.....0 | \$.....0 |
| 13.26 All Other..... | \$.....0 | \$.....0 |
| 13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26)..... | \$.....0 | \$.....0 |
| 13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above..... | \$.....0 | \$.....0 |
| 13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above..... | \$.....0 | \$.....0 |

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? 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 Name of Custodian(s) | 2 Custodian Address |
|---------------------------|--|
| National City Bank | P.O. Box 5756, Cleveland OH 44101-0756 |

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 Name(s) | 2 Location(s) | 3 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 Old Custodian | 2 New Custodian | 3 Date of Change | 4 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 Central Registration Depository | 2 Name(s) | 3 Address |
|--------------------------------------|--------------|--------------|
| | | |

General Interrogatories-Part 2
NONE

Sch. A-Verification
NONE

Sch. B-Verification
NONE

Sch. BA-Verification
NONE

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..... |68,245,738 |9,000,000 |2,100,000 |599,504 |75,745,242 | ..... | ..... | .....68,245,738 |
| 2. Class 2..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 3. Class 3..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 4. Class 4..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 5. Class 5..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 6. Class 6..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 7. Total Bonds..... | 68,245,738 | 9,000,000 | 2,100,000 | 599,504 | 75,745,242 | 0 | 0 | 68,245,738 |
| PREFERRED STOCK | | | | | | | | |
| 8. Class 1..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 9. Class 2..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 10. Class 3..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 11. Class 4..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 12. Class 5..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 13. Class 6..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 14. Total Preferred Stock..... | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 15. Total Bonds and Preferred Stock..... | 68,245,738 | 9,000,000 | 2,100,000 | 599,504 | 75,745,242 | 0 | 0 | 68,245,738 |

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

| | 1 Book/Adjusted Carrying Value | 2 Pur. Val. | 3 Actual Cost | 4 Amount of Interest Received Current Quarter | 5 Paid for Accrued Interest |
|----------------------|--------------------------------------|----------------|---------------------|---|-----------------------------------|
| 8099999. Totals..... | |XXX..... | ..... | ..... | ..... |

NONE**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..... |4,498,923 |0 |0 |4,999,266 |
| 2. Cost of short-term investments acquired..... | ..... | ..... | ..... | .....4,498,923 |
| 3. Increase (decrease) by adjustment..... | ..... | ..... | ..... | ..... |
| 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..... |4,498,923 | ..... | ..... | .....4,999,266 |
| 7. Book/adjusted carrying value, current period..... |0 |0 |0 |4,498,923 |
| 8. Total valuation allowance..... | ..... | ..... | ..... | ..... |
| 9. Subtotal (Lines 7 plus 8)..... |0 |0 |0 |4,498,923 |
| 10. Total nonadmitted amounts..... | ..... | ..... | ..... | ..... |
| 11. Statement value (Lines 9 minus 10)..... |0 |0 |0 |4,498,923 |
| 12. Income collected during period..... |1,077 | ..... | ..... | .....15,734 |
| 13. Income earned during period..... |1,077 | ..... | ..... | .....14,334 |

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. S
NONE

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

| States, Etc. | Is Insurer Licensed? (Yes or No) | 1 | Direct Business Only | | | |
|---|--|----------------|----------------------|--|-----------------------------------|-------------------------|
| | | Life Contracts | | 4 | 5 | 6 |
| | | 2 | 3 | Accident and Health Insurance Premiums, Including Policy, Mem- bership and Other Fees | Deposit-Type Contract Funds | Other Considerations |
| 1. Alabama..... | .AL | YES..... | | | 265,369 | |
| 2. Alaska..... | .AK | NO..... | | | | |
| 3. Arizona..... | .AZ | YES..... | | | 74,471 | |
| 4. Arkansas..... | .AR | YES..... | | | 307,008 | |
| 5. California..... | .CA | YES..... | | | 77,038 | |
| 6. Colorado..... | .CO | YES..... | | | 61,343 | |
| 7. Connecticut..... | .CT | NO..... | | | | |
| 8. Delaware..... | .DE | YES..... | | | 119 | |
| 9. District of Columbia..... | .DC | YES..... | | | 280 | |
| 10. Florida..... | .FL | YES..... | | | 151,166 | |
| 11. Georgia..... | .GA | YES..... | | | 356,477 | |
| 12. Hawaii..... | .HI | NO..... | | | | |
| 13. Idaho..... | .ID | YES..... | | | 3,989 | |
| 14. Illinois..... | .IL | YES..... | | | 1,033,360 | |
| 15. Indiana..... | .IN | YES..... | | | 1,061,561 | |
| 16. Iowa..... | .IA | YES..... | | | 14,280 | |
| 17. Kansas..... | .KS | YES..... | | | 278,046 | |
| 18. Kentucky..... | .KY | YES..... | | | 30,884 | |
| 19. Louisiana..... | .LA | YES..... | | | 75,275 | |
| 20. Maine..... | .ME | YES..... | | | 51,817 | |
| 21. Maryland..... | .MD | YES..... | | | 29,791 | |
| 22. Massachusetts..... | .MA | NO..... | | | | |
| 23. Michigan..... | .MI | YES..... | | | 4,761 | |
| 24. Minnesota..... | .MN | NO..... | | | | |
| 25. Mississippi..... | .MS | YES..... | | | 45,200 | |
| 26. Missouri..... | .MO | YES..... | | | 167,974 | |
| 27. Montana..... | .MT | YES..... | | | 57,541 | |
| 28. Nebraska..... | .NE | YES..... | | | 581,157 | |
| 29. Nevada..... | .NV | YES..... | | | 5,718 | |
| 30. New Hampshire..... | .NH | NO..... | | | | |
| 31. New Jersey..... | .NJ | NO..... | | | | |
| 32. New Mexico..... | .NM | YES..... | | | 51,760 | |
| 33. New York..... | .NY | NO..... | | | | |
| 34. North Carolina..... | .NC | YES..... | | | 556,823 | |
| 35. North Dakota..... | .ND | YES..... | | | 4,754 | |
| 36. Ohio..... | .OH | YES..... | | | 2,984,532 | |
| 37. Oklahoma..... | .OK | YES..... | | | 30,454 | |
| 38. Oregon..... | .OR | YES..... | | | 25,127 | |
| 39. Pennsylvania..... | .PA | YES..... | | | 65,499 | |
| 40. Rhode Island..... | .RI | YES..... | | | 123 | |
| 41. South Carolina..... | .SC | YES..... | | | 71,514 | |
| 42. South Dakota..... | .SD | YES..... | | | 454,009 | |
| 43. Tennessee..... | .TN | YES..... | | | 468,693 | |
| 44. Texas..... | .TX | YES..... | | | 1,192,738 | |
| 45. Utah..... | .UT | YES..... | | | 603 | |
| 46. Vermont..... | .VT | NO..... | | | | |
| 47. Virginia..... | .VA | YES..... | | | 401,826 | |
| 48. Washington..... | .WA | YES..... | | | 14,451 | |
| 49. West Virginia..... | .WV | YES..... | | | 4,161 | |
| 50. Wisconsin..... | .WI | NO..... | | | | |
| 51. Wyoming..... | .WY | YES..... | | | 6,561 | |
| 52. American Samoa..... | .AS | NO..... | | | | |
| 53. Guam..... | .GU | NO..... | | | | |
| 54. Puerto Rico..... | .PR | YES..... | | | | |
| 55. US Virgin Islands..... | .VI | NO..... | | | | |
| 56. Canada..... | .CN | NO..... | | | | |
| 57. Aggregate Other Alien..... | OT | XXX..... | 0 | .0 | .0 | .0 |
| 58. Subtotal..... | | (a).....42 | 0 | 0 | 11,068,253 | .0 |
| 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 other amounts not allocable by State..... | | XXX..... | 0 | .0 | .0 | .0 |
| 95. Totals (Direct Business)..... | | XXX..... | 0 | .0 | 11,068,253 | .0 |
| 96. Plus Reinsurance Assumed..... | | XXX..... | | | | |
| 97. Totals (All Business)..... | | XXX..... | 0 | .0 | 11,068,253 | .0 |
| 98. Less Reinsurance Ceded..... | | XXX..... | 0 | .0 | | |
| 99. Totals (All Business) less Reinsurance Ceded..... | | XXX..... | 0 | .0 | 11,068,253 | .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 |
| 5799. Total (Lines 5701 thru 5703 plus 5798) (Line 57 above)..... | | XXX..... | 0 | .0 | .0 | .0 |
| 9401..... | | XXX..... | | | | |
| 9402..... | | XXX..... | | | | |
| 9403..... | | XXX..... | | | | |
| 9498. Summary of remaining write-ins for line 94 from overflow page..... | | XXX..... | 0 | .0 | .0 | .0 |
| 9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above)..... | | XXX..... | 0 | .0 | .0 | .0 |

(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

None

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.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

YES

2. Will the Trusted Surplus Statement be filed with the State of Domicile and the NAIC with this statement?

NO

EXPLANATIONS:

BAR CODE:



Overflow Page
NONE

Sch. A-Part 2
NONE

Sch. A-Part 3
NONE

Sch. B-Part 1
NONE

Sch. B-Part 2
NONE

Sch. BA-Part 1
NONE

Sch. BA-Part 2
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

| 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 | 9 NAIC Designation (a) |
|--------------------------------|---|-----------------------|---------------------|-----------------------------------|------------------|----------------|---|------------------------------|
| Bonds - U.S. Government | | | | | | | | |
| 3133MK-YG-6..... | Federal Home Loan Bank..... |01/03/2002.... | Suntrust..... |1,000,000 |1,000,000 |1,000,000 |0 |1..... |
| 3133ML-CP-8..... | Federal Home Loan Bank..... |01/17/2002.... | Suntrust..... |1,000,000 |1,000,000 |1,000,000 |0 |1..... |
| 3133ML-NU-5..... | Federal Home Loan Bank..... |02/01/2002.... | Suntrust..... |1,000,000 |1,000,000 |1,000,000 |0 |1..... |
| 3133ML-SC-0..... | Federal Home Loan Bank..... |02/08/2002.... | Suntrust..... |2,000,000 |2,000,000 |2,000,000 |0 |1..... |
| 3133ML-TV-7..... | Federal Home Loan Bank..... |02/12/2002.... | Suntrust..... |1,000,000 |1,000,000 |1,000,000 |0 |1..... |
| 3133ML-XM-2..... | Federal Home Loan Bank..... |02/20/2002.... | Suntrust..... |2,000,000 |2,000,000 |2,000,000 |0 |1..... |
| 3133MM-JS-3..... | Federal Home Loan Bank..... |03/08/2002.... | Suntrust..... |1,000,000 |1,000,000 |1,000,000 |0 |1..... |
| 0399999..... | Total - Bonds - U.S. Government..... | | |9,000,000 |9,000,000 |9,000,000 |0 |XXX..... |
| 6099997..... | Total - Bonds - Part 3..... | | |9,000,000 |9,000,000 |9,000,000 |0 |XXX..... |
| 6099999..... | Total - Bonds..... | | |9,000,000 |9,000,000 |9,000,000 |0 |XXX..... |
| 7299999..... | Total - Bonds, Preferred and Common Stocks..... | | |9,000,000 |XXX..... |XXX..... |0 |XXX..... |

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues.....0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

| 1 CUSIP Identification | 2 Description | 3 Disposal Date | 4 Name of Purchaser | 5 Number of Shares of Stock | 6 Consideration | 7 Par Value | 8 Actual Cost | 9 Book/Adjusted Carrying Value At Disposal Date | 10 Increase (Decrease) by Adjustment | 11 Increase (Decrease) by Foreign Exchange Adjustment | 12 Foreign Exchange Gain (Loss) on Disposal | 13 Realized Gain (Loss) on Disposal | 14 Total Gain (Loss) on Disposal | 15 Interest on Bonds Received During Year | 16 Dividends on Stocks Received During Year | 17 NAIC Designation (a) |
|--------------------------------|---|-----------------------|----------------------------------|--------------------------------------|--------------------|----------------|------------------|---|---|--|---|--|---|---|---|----------------------------------|
| Bonds - U.S. Government | | | | | | | | | | | | | | | | |
| 3133M7-BP-0... | Federal Home Loan Bank..... | 01/27/2002 | Federal Home Loan Bank @100..... |500,000 |500,000 |500,000 |500,000 |500,000 |0 |0 |0 |0 |0 |0 | 16,575 |1..... |
| 3133M6-GT-9... | Federal Home Loan Bank..... | 01/28/2002 | Federal Home Loan Bank @100..... |1,000,000 |1,000,000 |1,000,000 |1,000,000 |1,000,000 |0 |0 |0 |0 |0 |0 |0 |1..... |
| 3133MC-XQ-3... | Federal Home Loan Bank..... | 02/09/2002 | Federal Home Loan Bank @100..... |250,000 |250,000 |250,000 |250,000 |250,000 |0 |0 |0 |0 |0 |0 |8,763 |1..... |
| 912810-CX-4... | U.S. Treasury Bond..... | 03/01/2002 | U.S. Treasury @100..... |100,000 |100,000 |151,094 |100,000 |100,000 |0 |0 |0 |0 |0 |0 |0 |1..... |
| 3133MD-4G-5... | Federal Home Loan Bank..... | 03/01/2002 | Federal Home Loan Bank @100..... |250,000 |250,000 |250,000 |250,000 |250,000 |0 |0 |0 |0 |0 |0 |9,868 |1..... |
| 0399999... | Total - Bonds - U.S. Government..... | | |2,100,000 |2,100,000 |2,151,094 |2,100,000 |2,100,000 |0 |0 |0 |0 |0 |0 |35,206 |0.....XXX... |
| 6099997... | Total - Bonds - Part 4..... | | |2,100,000 |2,100,000 |2,151,094 |2,100,000 |2,100,000 |0 |0 |0 |0 |0 |0 |35,206 |0.....XXX... |
| 6099999... | Total - Bonds..... | | |2,100,000 |2,100,000 |2,151,094 |2,100,000 |2,100,000 |0 |0 |0 |0 |0 |0 |35,206 |0.....XXX... |
| 7299999... | Total - Bonds, Preferred and Common Stocks..... | | |2,100,000 |XXX..... |2,151,094 |2,100,000 |2,100,000 |0 |0 |0 |0 |0 |0 |35,206 |0.....XXX... |

(a) For all common stock bearing the NAIC designation "U" provide the number of such issues.....0.

Sch. DB-Part A-Section 1
NONE

Sch. DB-Part B-Section 1
NONE

Sch. DB-Part C-Section 1
NONE

Sch. DB-Part D-Section 1
NONE

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

| 1 Depository | 2 Rate of Interest | 3 Amount of Interest Received During Current Quarter | 4 Amount of Interest Accrued at Current Statement Date | Book Balance at End of Each Month During Current Quarter | | | 8 * |
|---|-----------------------------|--|--|---|-------------------|------------------|--------------|
| | | | | 5 First Month | 6 Second Month | 7 Third Month | |
| Open Depositories | | | | | | | |
| National City Bank..... | Cleveland, OH..... |1.620 |32,898 |10,000 |7,871,636 |3,575,944 | ..... |
| Suntrust..... | Nashville, TN..... |1.469 |1,645 | ..... | .....128,048 |328,182 |428,484 |
| 0199998. Deposits in.....2 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories..... |XXX..... |405 | ..... | .....100,863 |100,863 |100,863 | ..... |
| 0199999. Total Open Depositories..... |XXX..... |34,948 |10,000 |8,100,547 |4,105,293 | XXX | |
| 0399999. Total Cash on Deposit..... |XXX..... |34,948 |10,000 |8,100,547 |4,105,293 | XXX | |
| 0499999. Cash in Company's Office..... |XXX..... |XXX..... |XXX..... |2,300 |2,300 |2,300 | XXX |
| 0599999. Total Cash..... |XXX..... |34,948 |10,000 |8,102,847 |4,107,593 | XXX | |

Overflow Page for Write-Ins