

Quarterly Statement  
For the six months ended  
September 30, 2002  
of the condition and affairs of the

American Home Shield of Ohio, Inc.

Employer's ID No: 31-0913795

Organized under the Laws of the State of Ohio made to the  
INSURANCE DEPARTMENT OF THE STATE OF Ohio pursuant to the laws  
thereof

Incorporated June 30, 1977 Commenced Business June 30, 1977

Home Office 860 Ridge Lake Blvd. Memphis TN 38120

Mail Address 889 Ridge Lake Blvd. Memphis TN 38120

Main Administrative Office 889 Ridge Lake Blvd., Memphis, TN 38120 (901) 537- 8023

Primary Location of Books 889 Ridge Lake Blvd. Memphis TN 38120

Contact Person & Phone Number Christopher M. Hearn (901) 537-8023

OFFICERS\*\*

Scott J. Cromie  
(President)

(Vice Presidents)

(Vice Presidents)

Mark F. Lightfoot  
(Secretary)

(Vice Presidents)

(Vice Presidents)

Brian L. Rupiper  
(Treasurer)

(Vice Presidents)

(Vice Presidents)

DIRECTORS OR TRUSTEES\*\*

Scott J. Cromie

David J Crawford

State of Tennessee  
County of Shelby SS.

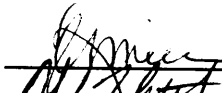
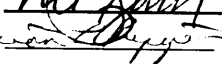

Scott J. Cromie  
President

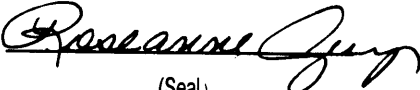
Mark F. Lightfoot  
Secretary

Brian L. Rupiper  
Treasurer

of the American Home Shield of Ohio, Inc. being duty sworn, each for himself disposes and says that they are the above described officers of the said company, and that on the 30st of September last all of the described assets were the absolute property of the said company, free and clear from any liens or claims thereon, except as herein stated, and that this quarterly statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to are a full and true statement of all the assets and liabilities and of the condition and affairs of the said company as of the 30st day of September last, and of its income and deductions therefrom for the year ended on that date, according to the best of their information, knowledge and belief, respectively.

Subscribed and sworn to before me this 11th day of November, 2002

  
\_\_\_\_\_  
President  
  
\_\_\_\_\_  
Secretary  
  
\_\_\_\_\_  
Treasurer

  
(Seal)

My Commission Expires July 29, 2003

\*\* Or Corresponding person having  
charge of the accounts of company

ASSETS		
	Current Year	Previous Year
1 Bonds (Sch. D. Part 1 Col. 16)	3,336,459	3,156,031
2 Stocks		
a. Preferred stocks (Sch. D, Part 2, Col. 6)		
b. Common stocks (Sch. D, Part 2, Section 2)	1,471,972	1,654,430
3 Real estate, less encumbrances (Sch. A)		
4 Mortgage loans on real estate (Sch. A)		
5 Cash on hand and on deposit		
a. Cash in company's office		
b. Cash on deposit (Sch. N)	76,743	75,753
6 Other invested assets (Sch. A)	2,918,956	2,900,196
7 Subtotals, Cash & Invested Assets (Items 1 to 6)	7,804,130	7,786,410
8 Home protection contract fees receivable	1,436,434	1,096,872
9 Contracts fees receivable		
10 Receivables from affiliates	71,355	263,918
11 Federal income tax recoverable		
12 Electronic data processing equipment		
13 Interest, dividends and real estate income due and accrued	60,893	55,541
14 Reinsurance recoverable on loss payments		
15 Other assets		
a. <u>Deff. Tax Asset</u>	109,278	
b. _____		
c. _____		
16 TOTALS (Lines 7 to 15)	9,482,090	9,202,741

Total, current year, to agree with page 8, Exhibit 1, Col 4, line 18.

## LIABILITIES, SURPLUS AND OTHER FUNDS

	Current Year	Previous Year
1 Unpaid contract claims in process of settlement	1,652,525	1,198,069
2 Statutory reserve (pg. 24, Report 1, line 6, Col. (1) + Col. (2))	2,429,422	2,493,668
3 Unpaid claims adjustment expense		
4 Other expenses (excluding taxes, licenses and fees)	18,149	1,924
5 Taxes, licenses and fees (excluding federal and foreign income taxes)		-
6 Federal and foreign income taxes (excluding deferred taxes)	744,950	660,707
7 Borrowed money		
8 Interest payable		
9 Unearned contract fees		
10 Dividends declared and unpaid	-	1,250,000
11 Reinsurance in unauthorized companies		
a. Unearned contract fees		
b. Reinsurance recoverable		
1. paid claims		
2. unpaid claims		
c. Reinsurance recoverable on paid & unpaid claims adjustment expense		
12 Ceded reinsurance balances payable		
13 All other liabilities:		
a. <u>Noncontingent Payable to Affiliate</u>	-	-
b. <u>Deferred Tax</u>	-	79,148
c. _____		
14 Total liabilities (Items 1 to 13c)	4,845,046	5,683,516
15 a. Common capital stock	1,000	1,000
b. Preferred capital stock		
16 Gross paid-in and contributed surplus	259,000	259,000
17 Unassigned funds (surplus)	4,377,044	3,259,225
18 Less treasury stock, at cost		
19 Surplus as regards contractholders (Items 15 to 17 less 18)	4,637,044	3,519,225
20 Totals (Items 14 plus 19)	9,482,090	9,202,741

Line 19 to agree with Page 4, line 27.

STATEMENT OF INCOME		
UNDERWRITING INCOME		
	Current Year	Previous Year
1 Contract fees earned (Part 2B, Col 4)	8,851,090	10,419,317
DEDUCTIONS		
2 Claims incurred (Part 3, Col. 7)	4,134,420	5,346,346
3 Claims adjustment expenses incurred (Part 4, col 1, line 22)	655,483	591,605
4 Other underwriting expenses incurred (Part 4, col 2, line 22)	2,284,047	2,706,515
5		
6 Total deductions (Lines 2 to 5)	7,073,950	8,644,466
7 Net underwriting gain or loss (-) (Item 1 less 6)	1,777,140	1,774,851
INVESTMENT INCOME		
8 Net investment income earned (Part 1, Col 8, ln 15)	174,145	246,837
9 Net realized capital gains or losses (Part 1A, Col 7, ln 11)	96,546	129,412
10 Net investment gain or loss	270,691	376,249
OTHER INCOME		
11		
12		
13 Total other income (Lines 11 + 12)		
14 Net income, before federal income taxes (Lines 7+10+13)	2,047,831	2,151,100
15 Federal income taxes incurred	636,136	746,917
16 Net income (Item 14 less 15)	1,411,695	1,404,183
CAPITAL AND SURPLUS ACCOUNT		
17 Surplus as regards contractholders Dec. 31 Previous year Gains (+) and Losses (-) in Surplus	3,519,225	3,514,193
18 Net income (from Item 16)	1,411,695	1,404,183
19 Net unrealized capital gains and losses	(312,175)	(86,912)
20 Change in non-admitted assets (Exhibit 2)	18,299	(68,901)
21 Capital changes:		
a Paid in		
b Transferred from surplus		
c Transferred to surplus		
22 Surplus adjustments:		
a Paid in		
b Transferred to capital		
c Change due to application of codification practice	-	6,662
23 Dividends to stockholders (cash)	-	(1,250,000)
24 Change in treasury stock		
25 Change in Statutory reserve		
26 Change in surplus as regards contractholders (lines 18 to 25)	1,117,819	5,032
27 Surplus as regards contractholders at statement date (line 17 + 26)	4,637,044	3,519,225

SCHEDULE A - VERIFICATION

Show all Real Estate Owned

	1	2	3	4
	Current Year as of 3/31	Current Year as of 6/30	Current Year as of 9/30	Previous Year Ending 12/31
1. Book value of real estate owned, previous period				
2. Increase, by adjustment				
3. Cost of acquired				
4. Cost of permanent improvements				
5. Profit on sales				
6. TOTAL				
7. Decrease, by adjustment				
8. Received on sales				
9. Loss on sales				
10. Book value of real estate owned, end of period				
11. Properties occupied by the company less encumbrances				
12. Properties acquired in satisfaction of debt less encumbrances				
13. Investment in real estate less encumbrances				

SCHEDULE B

Long - Term Mortgage Loans Held

	1	2	3	4
	Current Year as of 3/31	Current Year as of 6/31	Current Year as of 9/30	Previous Year Ending 12/31
1. Book value of mortgages held, previous period				0
2. Loans in cash or granted on disposal of real estate				
3. Cost of mortgages (insured and other) purchased				0
4. Additional cash loaned on refunded mortgages				0
5. Interest covered by increase in, or refunding of mortgages				
6. Taxes covered by increase in, or refunding of, mortgages				
7. Other items covered by increase in, or refunding of, mortgages				
8. Accrual of discount on mortgages purchased				0
9. Transfers				0
10. Aggregate write - ins for increases				
11. TOTALS				0
12. Payments on principal including cash on mortgages refunded				
13. Mortgages foreclosed and transferred to real estate				
14. Mortgages on properties acquired by deed, in lieu of foreclosure, and transferred to real estate				0
15. Decrease in book value of mortgages refunded or by adjustment in book value of mortgages				0
16. Amortization of premium on mortgages purchased				0
17. Transfers				0
18. Aggregate write - ins for decreases				0
19. Total deductions				0
20. Book value of mortgages owned, end of period				0
DETAILS OF WRITE - INS AGGREGATED AT LINE 10 FOR INCREASES				
1001.				0
1002.				0
1003.				0
1004.				0
1005.				0
1098. Summary of remaining write-ins for line 10 from overflow page	0	0	0	0
1099. Totals (Lines 1001 thru 1005 plus 1098) (Schedules B, Line 10)	0	0	0	0
DETAILS OF WRITE-INS AGGREGATED AT LINE 18 FOR DECREASES				
1801.				0
1802.				0
1803.				0
1804.				0
1805.				0
1898. Summary of remaining write-ins for line 18 from overflow page	0	0	0	0
1899. Totals (lines 1801 thru 1805 plus 1898) (Schedule b, Line 18)	0	0	0	0

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Invested Assets Included in Schedule BA

Description	1	2	3	4
	Current Year as of 3/31	Current Year as of 6/30	Current Year as of 9/30	Previous Year
1. Book value of other invested assets, beginning period	2,900,196	1,409,000	2,302,000	
2. Cost of acquisitions, current period	1,404,000	2,302,000	2,918,956	
3. Increase by adjustment, current period				
4. Profit on disposition				
5. TOTAL	4,309,196	3,711,000	5,220,956	
6. Deduct consideration on disposition	2,900,196	1,409,000	2,302,000	
7. Reductions in investment, current period				
8. Decrease by adjustment, current period				
9. Loss on disposition				
10. Book value of other invested assets	1,409,000	2,302,000	2,918,956	

STATEMENT AS OF September 30, 2002 OF THE American Home Shield of Ohio, Inc.

EXHIBIT 1 - ANALYSIS OF ASSETS

	Ledger Assets	Nonledger (include excess of MV over BV)	Assets Not Admitted (include excess BV over MV)	Net Admitted Assets
1 Bonds	3,336,459			3,336,459
2 Stocks				
a. Preferred stocks				
b. Common stocks	1,471,972			1,471,972
3 Real estate, less encumbrances				
4 Mortgage Loans on real estate				
5 Cash on hand and on deposit				
a. Cash in company's office				
b. Cash on deposit	76,743			76,743
6 Other invested assets	2,918,956			2,918,956
7 Home protection contract fees receivable	1,564,876		128,439	1,436,437
8 Service fees receivable				
9 Receivables from affiliates	71,355			71,355
10 Federal income tax recoverable				
11 Electronic data processing equipment				
12 Interest, dividends and real estate income due and accrued	60893			60,893
13 Reinsurance recoverable on loss payments				-
14 Equipment, furniture & supplies				XXXXXXXX
15 Deferred acquisition cost				XXXXXXXX
16 Other assets:				
a. Inter 10	-			-
b. <u>Deferred Tax Asset</u>	109,278			109,278
c.				
17 Prepaid expense				
a. <u>Supplies</u>	1,202		2,411	XXXXXXXX
b.				XXXXXXXX
c.				XXXXXXXX
18 TOTALS	9,611,734		130,850	9,482,093

Line 18, Col. 4 to agree with Page 2, Col 1, Line 16.

EXHIBIT 2 - ANALYSIS OF NON-ADMITTED ASSETS

	2 End of Previous Year	3 End of Current Year	4 Change increase - decrease + Col. 2-3
19 Company's stock owned			
20 Deposits in suspended depositories, less estimated amount recoverable			
21 Equip., furniture and supplies			
22 Prepaid Expenses:			
a. <u>Prepaid Supplies</u>	2,209	1,202	1,007
b. <u>Appliance Inv.</u>			
c.			
23 Other assets not admitted:			
a. <u>Accounts Receivable over 90 days</u>	145,734	128,439	17,295
b.			
c.			
24 Total Change	XXXXXXXX	XXXXXXXXXXXX	18,302

Line 24 to agree with Page 4, line 20.

STATEMENT AS OF September 30, 2002 OF THE American Home Shield of Ohio, Inc.**EXHIBIT 3 - RECONCILIATION OF LEDGER ASSETS**

<b>Increase in ledger assets</b>	
1 Contracts fees written (Part 2A, Col 4)	8,756,845
2 Interest, dividends and real estate income received (Part 1, Col 3)	168,793
3 From sale or maturity of ledger assets (Part 1A, Col 2)	96,547
4 Other income items or increases:	
a Funds held under reinsurance treaties (net)	
b Borrowed money (gross)	
c Amounts withheld or retained for account of others	
d Ceded reinsurance balances	
e Increase in interest receivable	5,352
f	
g Deff. Tax Asset	109,278
5 Adjustment in book value of ledger assets (Part 1A, Col 4)	-
6 Capital paid in	
7 Surplus paid in	
8 Total (Items 1 to 7)	9,136,815
<b>Decrease in ledger assets</b>	
9 Net Contract Claims Paid (Part 3, Col 4)	3,679,964
10 Expenses paid (Part 4, Col 4, ln 24)	2,905,613
11 From sale or maturity of ledger assets (Part 1A, col 3)	-
12 Other disbursement items or decreases:	
a Funds held under reinsurance treaties (net)	
b Borrowed money (gross)	
c Amounts withheld or retained for account of others	
d Ceded reinsurance balances	
e Decrease in Interest Receivable	
f Decrease in intercompany receivable	192,563
g	
13 Adjustment in book value of ledger assets (Part 1A, col 5) and depreciation (Part 1, ln 12)	186,917
14 Federal and foreign income taxes paid	660,707
15 Dividends paid stockholders	1,250,000
16 Other	-
17	
18	
19 Total (Items 9 to 18)	8,875,764
<b>Reconciliation between years</b>	
20 Amount of ledger assets as per balance December 31 of previous year	9,350,683
21 Increase (+) or decrease (-) in ledger assets during the year (Item 8 less 19)	261,051
22 Balance = ledger assets as of statement date	9,611,734

Line 22 to agree with Page 8, line 18, col. 1.

SCHEDULE N - CASH

1 Depository - Give full name and location. Give interest rate and maturity date for certificate of deposits.	2 Amount of interest received during year	3 Amount of interest accrued Dec. 31 (current)	4 Balance
OPEN DEPOSITORIES			
1. First Tennessee Bank PO Box 84 Memphis, TN 38101	-	+	1,744
2. Bayview Bank 50 Old Courthouse Square Santa Rosa, CA 4.16% 6/18/2000	176	-	25,000
3. Eureka Bank 50 Old Courthouse Square Santa Rosa, CA 4.21%, 06/03/00	298	-	50,000
4.			
5.			
6.			
7.			
8.			
SUB-TOTAL	474	-	76,744
SUSPENDED DEPOSITORIES			
9.			
10.			
SUB-TOTAL	474	-	76,744
GRAND TOTAL - ALL DEPOSITORIES	3,684	668	76,744

TOTALS OF DEPOSITORY BALANCES ON THE LAST  
DAY OF EACH MONTH DURING THE CURRENT YEAR

Jan 76,214	Apr 76,303	Jul 76,127	Oct
Feb 75,289	May 76,187	Aug 76,573	Nov
Mar 75,969	Jun 76,219	Sep 76,744	Dec



STATEMENT AS OF September 30, 2002 OF THE American Home Shield of Ohio, Inc.

SURPLUS REQUIREMENT CALCULATION (cont'd)

8 Plus \$50,000 minimum	8. +	\$	50,000
9. Total minimum surplus required - Ohio Business (lines 7+8, Col. (1))	9.	\$	<u>934,360</u>
10. Total surplus required - Non-Ohio business (line 7, Col. 2)	10.	\$	<u>0</u>
11. Total (lines 9+10)	11.	\$	<u>934,360</u>
12. Enter amount from page 3, line 19	12.	\$	<u>4,637,044</u>
13. Difference (line 12 - line 11)	13.	\$	<u>3,702,684</u>

CONTRACT FEES WRITTEN  
Allocated by States and Territories

1 STATES	2 Number of Contracts Written	3 Direct Fees Written	4 Direct Claims Paid	5 Number of Contracts in Force
1 Alabama AL				
2 Alaska AK				
3 Arizona AZ				
4 Arkansas AR				
5 California CA				
6 Colorado CO				
7 Connecticut CT				
8 Delaware DE				
9 Wash D.C. DC				
10 Florida FL				
11 Georgia GA				
12 Hawaii HI				
13 Idaho ID				
14 Illinois IL				
15 Indiana IN				
16 Iowa IA				
17 Kansas KS				
18 Kentucky KY				
19 Louisiana LA				
20 Maine ME				
21 Maryland MD				
22 Massachusetts MA				
23 Michigan MI				
24 Minnesota MN				
25 Mississippi MS				
26 Missouri MO				
27 Montana MT				
28 Nebraska NE				
29 Nevada NV				
30 New Hampshire NH				
31 New Jersey NJ				
32 New Mexico NM				
33 New York NY				
34 North Carolina NC				
35 North Dakota ND				
36 Ohio OH	23,109	8,786,845	3,679,964	29,712
37 Oklahoma OK				
38 Oregon OR				
39 Pennsylvania PA				
40 Rhode Island RI				
41 South Carolina SC				
42 South Dakota SD				
43 Tennessee TN				
44 Texas TX				
45 Utah UT				
46 Vermont VT				
47 Virginia VA				
48 Washington WA				
49 West Virginia WV				
50 Wisconsin WI				
51 Wyoming WY				
52				
53				
54				
55 Totals	23,109	8,786,845	3,679,964	29,712

Col 3 - Gross premiums, agree with Part 2A, Col 1  
Col 4 agree with Part 3, Col 1