

QUARTERLY STATEMENT
For the Quarter Ended September 30, 2002
of the condition and affairs of

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Q.E.R.S.

THE Ohio Referral Association Agency, Inc.Employer's ID No: 34-1519933

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 April 3, 1985 Commenced Business April 3, 1985

Home Office 6924 Springvalley Rd. #130, Holland, Ohio 43528
(Street and Number) (City or Town, State and Zip Code)

Mail Address P.O. Box 351985 Toledo, Ohio 43635-1985
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 419-866-6066
(Area Code and Telephone Number)

Primary Location of Books 6924 Springvalley Rd. #130, Holland, Ohio 43528 419-866-6066
(Street) (City, State and Zip Code) (Telephone)

Contact Person and Phone Number Lynn Dickey, CPA 419-841-7751

E-Mail Address N/A

OFFICERS**

<u>D. Adams Lockerman</u> (President)	<u>Kenneth Adams</u> (Vice President)	<u></u> (Vice President)
<u>Steven Adams</u> (Secretary)	<u></u> (Vice President)	<u></u> (Vice President)
<u>Christopher Adams</u> (Treasurer)	<u></u> (Vice President)	<u></u> (Vice President)

DIRECTORS OR TRUSTEES**

<u>D. Adams Lockerman</u>	<u></u>
<u>Steven Adams</u>	<u></u>
<u>Christopher Adams</u>	<u></u>
<u>Kenneth Adams</u>	<u></u>

State of Ohio
County of Lucas SS.

D. Adams Lockerman, Steven Adams, Christopher Adams
(President) (Secretary) (Treasurer)

of the Ohio Referral Association Agency, Inc., being duly sworn, each for
himself deposes and says that they are the above described officers of the said company, and that on
September 30, 2002, all of the herein described assets were the absolute property
of the said company, free and clear from any liens of 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 September 30, 2002, and of its income and deductions
therefrom for the quarter ended on that date, according to the best of their information, knowledge and
belief, respectively.

Subscribed and sworn to before me this 15 day of Nov, 2002

Elizabeth Rosenbrook
(seal)

ELIZABETH ROSENBROOK
Notary Public, State of Ohio
My Commission Expires 3-4-03

D. Adams Lockerman President
Steven Adams Secretary
Christopher Adams Treasurer

**Or corresponding person having
charge of the accounts of company

EXHIBIT 1 - ANALYSIS OF ASSETS

	Ledger Assets	Nonledger (include excess of MV over BV)	Asset not Admitted (include excess BV over MV)	Net Admitted Assets	Previous Year End
1. Bonds					
2. Stocks					
a. Preferred stocks					
b. Common stocks					
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	465,527			465,527	415,198
6. Other invested assets					
7. Home protection contract fees receivable					
8. Service fees receivable					
9. Receivable from affiliates					
10. Federal income tax recoverable	-0-			-0-	2,340
11. Electronic data processing equip					
12. Interest, dividends & real estate income due and accrued					
13. Reinsurance recoverable on loss payments					
14. Equip., furniture & supplies	95		95	XXXXXXXXXX	XXXXXXXXXX
15. Deferred acquisition cost				XXXXXXXXXX	XXXXXXXXXX
16. Other assets:					
a. <u>Autos</u>	13,146		13,146		
b. <u>Deposits</u>	2,189		2,189		
c. _____					
17. Prepaid expenses:					
a. <u>Taxes</u>	417		417	XXXXXXXXXX	XXXXXXXXXX
b. <u>Advances</u>	19,480		19,480	XXXXXXXXXX	XXXXXXXXXX
c. _____				XXXXXXXXXX	XXXXXXXXXX
18. Totals	500,854		35,327	465,527	417,538

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	1,893	95	+ 1,798
22. Prepaid expenses:			
a. <u>Taxes</u>	1,387	417	+ 970
b. <u>Advances</u>	21,158	19,480	+ 1,678
c. _____			
23. Other assets not admitted :			
a. <u>Autos</u>	6,368	13,146	- 6,778
b. <u>Deposits</u>	2,189	2,189	-0-
c. _____			
24. Total change	XXXXXXXXXX	XXXXXXXXXX	- 2,332

Line 24 to agree with Page 4, line 20.

LIABILITIES, SURPLUS AND OTHER FUNDS

	Current Year To Date	Previous Year End
1. Unpaid contract claims in process of settlement	6,503	5,424
2. Statutory reserve (pg. 14, Report 1, line 6, Col (1) + Col (2))	159,156	123,633
3. Unpaid claims adjustment expense	6,011	6,011
4. Other expenses (excluding taxes, licenses and fees)		
5. Taxes, licenses and fees (excluding federal and foreign income taxes)		
6. Federal and foreign income taxes (Including \$ _____ net deferred tax liability)		
7. Borrowed money	12,779	5,129
8. Interest payable		
9. Unearned contract fees		
10. Dividends declared and unpaid		
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. Withholding Taxes	2,709	3,594
B Stockholder Loans	1,612	1,612
C _____		
14. Total liabilities (Items 1 to 13c)	188,770	145,403
15. a. Common capital stock	500	500
b. Preferred capital stock		
16. Gross paid-in and contributed surplus	80,150	80,150
17. Unassigned funds (surplus)	196,107	191,485
18. Less treasury stock, at cost		
19. Surplus as regards contractholders (Items 15 to 17 less 18)	276,757	272,135
20. Totals (Item 14 plus 19)	465,527	417,538

Line 19 to agree with Page 4, line 27.

STATEMENT OF INCOME

UNDERWRITING INCOME		Current Year To Date	Previous Year End
1.	Contract fees earned	894,411	1,197,396
DEDUCTIONS			
2.	Claims incurred	223,469	320,407
3.	Claims adjustment expenses incurred	6,011	6,011
4.	Other underwriting expenses incurred	614,682	874,405
5.			
6.	Total deductions (Lines 2 to 5)	844,162	1,200,823
7.	Net underwriting gain or loss (-) (Item 1 less 6)	50,249	- 3,427
INVESTMENT INCOME			
8.	Net investment income earned	4,146	5,679
9.	Net realized capital gains or losses	500	
10.	Net investment gain or loss	4,646	5,679
OTHER INCOME			
11.	E & O Writings(Net of Expenses)	- 185,293	- 137,325
12.	Fees & Other(net of Expenses)	183,432	152,756
13.	Total other income (Lines 11 + 12)	- 1,861	15,431
14.	Net income before federal income taxes (Lines 7 + 10 + 13)	53,034	17,683
15.	Federal income taxes incurred	8,557	4,679
16.	Net income (Item 14 less 15)	44,477	13,004
CAPITAL AND SURPLUS ACCOUNT			
17.	Surplus as regards contractholders, Dec. 31 Previous year	272,135	252,445
18.	Gains (+) and Losses (-) in Surplus Net income (from item 16)	+ 44,477	+ 13,004
19.	Net unrealized capital gains and losses		
20.	Change in non-admitted assets (Exhibit 2)	- 2,332	+ 7,580
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. Transferred from capital		
23.	Dividends to stockholders (cash)	- 2,000	- 2,000
24.	Change in treasury stock		
25.	Change in Statutory reserve	- 35,523	+ 1,106
26.	Change in surplus as regards contractholders	+ 4,622	+ 19,690
27.	Surplus as regards contractholders at statement date	276,757	272,135

Line 27 to agree with Page 3, line 19.

SCHEDULE A - PART 2 None

Show all Real Estate Acquired by the Company During the Current Period

No.	Location and Description of Property (State if occupied or leased by company, parent, subsidiary, or affiliated)	Date Acquired	Name of Vendor	1 Amount of Encumbrances	2 Cost to Company
99998	Foreclosed Real Estate Acquired During Current Period Under Contract for Sale	XXX			
99999			Total		

SCHEDULE A - PART 3 None

Show all Real Estate Sold During the Current Period

No.	Location and Description of Property or Nature of Additions and Improvements	Date Sold	1 Name of Purchaser	Cost to Company	2 Book Value At Date of Sale Less Encumbrances	3 Profit on Sale	4 Loss on Sale
99999			Total	0	0	0	0

SCHEDULE A - VERIFICATION

Show all Real Estate Owned **None**

	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 **None**
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				0
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				0
6. Taxes covered by increase in, or refunding of, mortgages				0
7. Other items covered by increase in, or refunding of, mortgages				0
8. Accrual of discount on mortgages purchased				0
9. Transfers				0
10. Aggregate write - ins for increases				0
11. TOTALS				0
12. Payments on principal including cash on mortgages refunded				0
13. Mortgages foreclosed and transferred to real estate				0
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 **None**

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. Cost of acquisitions, current period				
3. Increase by adjustment, current period				
4. Profit on disposition				
5. TOTAL				
6. Deduct consideration on disposition				
7. Reductions in investment, current period				
8. Decrease by adjustment, current period				
9. Loss on disposition				
10. Book value of other invested assets				

SCHEDULE BA - PART 2
Showing all Long-Term Invested Assets Acquired During the Current Period

1 Number of Units and Description	2 Date Acquired	3 Cost to Company	None		5 Name of Vendor
			4 Consideration Paid During Current Year		
1299999		0	0	X X X	

SCHEDULE BA - PART 3
Showing all Long-Term Invested Assets Disposed of During the Current Period

1 Number of Units and Description	2 Date Disposed of	3 Name of Purchaser or Nature of Disposition	4 Consideration	None		6 Profit on Disposal	7 Loss on Disposal
				5 Book Value at Date of Sale			
1299999 TOTALS			0	0	0	0	0

SCHEDULE D - PART 1 None
Showing the Acquisitions, Dispositions and Non - Trading Activity
During the Current Period for all Bonds and Preferred Stock by Rating Class

	1 Statement Value Beginning of Period	2 Acquisitions	3 Dispositions	4 Non - Trading Activity	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value End of Previous Year
BONDS								
1. Class 1								
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds								
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								

STATEMENT AS OF September 30, 2002~~4~~⁵ Ohio Referral Association Agency, Inc.

SCHEDULE D - PART 2 None

Show All Bonds and Stock Acquired by the Company During the Current Period

CUSIP	Description <i>(Give complete and accurate description in each case, including the location of the issuing corporation, where necessary for identification, and also in case of serial issues the amount maturing each year)</i>	Date Acquired	Name of Vendor	1 Number of Shares of Stock	2 Actual Cost (Excluding Accrued Interest and Dividends)	3 Par Value of Bonds	4 Paid for Accrued Interest and Dividends	5 NAIC Designation
2499999	Total				0	0	0	0

* For all common stock bearing the NAIC designation "U" provide the number of such issues

SCHEDULE N

Month End Depository Balances

1 Depository	2	3	4	Book Balance at end of Each Month During Current Quarter		
Give Full Name and Location State if depository is a parent, subsidiary, or affiliate (Show rate of interest and maturity date in the case of certificates of deposit or time deposits.)	Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued During Current Quarter	5 First Month	6 Second Month	7 Third Month
Keybank (Checking) Toledo, Ohio		-0-	-0-	211,799	220,409	185,158
Keybank (Claims) Toledo, Ohio		536	-0-	198,963	225,571	255,369
Keybank (State Bond) Toledo, Ohio		1,885	-0-	25,000	25,000	25,000
0199998 Deposits in depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	XXX					
0199999 Total Open Depositories	XXX					
0299998 Deposits in depositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	XXX					
0299999 Total Suspended Depositories	XXX					
0399999 Grand Totals		2,421	-0-	435,762	470,980	465,527

SCHEDULE Y None

INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

FART 1 — ORGANIZATIONAL CHART

REPORT 1 - RESERVE CALCULATION

	Ohio Business (1)	Non-Ohio Business (2)
1. Contract fees collected - on contracts issued and renewed during the year and all other contracts in force (unexpired) at the end of current period.	\$ 861,365	436,230 1.
2. Less: Reinsurance ceded	- -0-	-0- 2.
3. Net contract fees	861,365	436,230 3.
	x .40	.40
4. Sub-total reserve amount	344,546	174,492 4.
5. Less: Claims paid during current year and prior years on contract policies issued or renewed during the year and all other contracts still in force (unexpired) at the end of current period.	- 255,236	104,646 5.
6. Current statutory reserve **	\$ 89,310	69,846 6.

** Show line 6 (sum of Col. (1) + Col. (2)) on Page 3, line 2, current period.
If line six is negative enter 0 (zero) on page 3 line 2, current year.

REPORT 2 - SURPLUS REQUIREMENT CALCULATION

Calculated company required surplus is based on contracts issued or renewed representing Ohio and Non-Ohio business in the preceding calendar year.

If company is commencing business for the first time, surplus is based on the projected number of contracts to be issued representing Ohio and Non-Ohio business.

Surplus	Number of Contracts	
\$ 50,000 minimum	1,000	
70,000	1,500	
90,000	2,000	
110,000	2,500	
130,000	3,000	
150,000	3,500	
170,000	4,000	
210,000	5,000	
410,000	10,000	
610,000	15,000	

	Ohio Business (1)	Non-Ohio Business (2)
1. Total contracts issued or renewed (1996) (2001)	1. 2,375	1,223
2. Less 1,000 contracts	2. - 1,000	XXXXXXXXXXXXXXXXXXXX x
3. Additional contracts	3. 1,375	1,223
4. Divided by 500	4. / 500	/ 500
5. Surplus factor (round up; no decimal)	5. 3	3
6. Multiply by \$20,000	6. x \$20,000	x \$20,000
7. Additional surplus required	7. 60,000	\$ 60,000
8. Plus \$50,000 minimum	8. + \$50,000	

9. Total minimum surplus required - Ohio Business (lines 7 + 8.)	9.	<u>\$ 110,000</u>
10. Total surplus required - Non-Ohio business (line 7, Col. 2)	10.	<u>\$ 60,000</u>
11. Total (lines 9 + 10)	11.	<u>\$ 170,000</u>
12. Enter amount from page 3, line 19	12.	<u>\$ 276,757</u>
13. Difference (line 12 - line 11)	13.	<u>\$ 106,757</u>

CONTRACT FEES WRITTEN
Allocated by States and Territories

1 STATES			2 Number of Contracts Written Year to Date	3 Direct Fees Written Year to Date	4 Direct Claims Paid Year to Date	5 Number of Contracts In Force (Unexpired)
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	16	5,250	803	22
15	Indiana	IN	98	31,410	9,116	137
16	Iowa	IA				
17	Kansas	KS				
18	Kentucky	KY	1	470	60	1
19	Louisiana	LA				
20	Maine	ME				
21	Maryland	MD				
22	Massachusetts	MA				
23	Michigan	MI	570	178,145	42,560	803
24	Minnesota	MN				
25	Mississippi	MS				
26	Missouri	MO	190	67,295	12,569	266
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	1,717	577,625	154,777	2,536
37	Oklahoma	OK				
38	Oregon	OR				
39	Pennsylvania	PA	83	27,515	2,067	107
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	2	690	438	6
51	Wyoming	WY				
52						
53						
54						
55	Totals		2,677	888,400	222,390	3,878