

10826
HOME WARRANTY COMPANY

RECEIVED

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

19 2002

THE U.S. Home Protective Association, Inc.

O.F.R.S

Employer's ID No: 34-1838977

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 October 2, 1984 Commenced Business November 1, 1996

Home Office 27 Post Oak St., New Bremen, OH 45869
(Street and Number) (City or Town, State and Zip Code)

Mail Address 27 Post Oak St., New Bremen, OH 45869
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office (419) 629-3764
(Area Code and Telephone Number)

Primary Location of Books 27 Post Oak St., New Bremen, OH 45869
(Street) (City, State and Zip Code) (Telephone)

Contact Person and Phone Number William S. Moser, CPCU (419) 629-3764

E-Mail Address nittany@nktelco.net

OFFICERS **

William S. Moser

(President)

William S. Moser

(Secretary)

William S. Moser

(Treasurer)

Jane A. Moser

(Vice President)

(Vice President)

Jane A. Moser

(Vice President)

(Vice President)

Jane A. Moser

(Vice President)

(Vice President)

DIRECTORS OR TRUSTEES **

William S. Moser

Kenneth L Zemanek

Jane A. Moser

Robert S. Hendrix

Robert S. Kellogg

State of Ohio

County of Auglaize SS.

William S. Moser

William S. Moser

William S. Moser

(President)

(Secretary)

(Treasurer)

of the U.S. Home Protective Association, 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 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 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 11th day of November 2002

Beverly A. Killian
(seal)



BEVERLY A. KILLIAN
NOTARY PUBLIC, STATE OF OHIO
My Commission Expires 3/26/2006

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

Beverly A. Killian
President
Secretary
Treasurer

STATEMENT AS OF September 30, 2002 OF THE U.S. Home Protective Association, Inc.

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	25,508.			25,508.	24,984.
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	41,469.			41,469.	13,595.
6. Other invested assets	82,356.			82,356.	75,089.
7. Home protection contract fees receivable					
8. Service fees receivable					
9. Receivable from affiliates					
10. Federal income tax recoverable					
11. Electronic data processing equip					
12. Interest, dividends & real estate income due and accrued					
13. Reinsurance recoverable on loss payments					
14. Equip., furniture & supplies				XXXXXXX	XXXXXXX
15. Deferred acquisition cost				XXXXXXX	XXXXXXX
16. Other assets:					
a. <u>Cash rec'd but not deposited</u>	2,141.			2,141.	
b. _____					
c. _____					
17. Prepaid expenses:					
a. <u>Processing Fees</u>	9,579.			XXXXXXX	XXXXXXX
b. _____				XXXXXXX	XXXXXXX
c. _____				XXXXXXX	XXXXXXX
18. Totals	161,053			151,474.	113,668.

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. _____			
b. _____			
c. _____			
23. Other assets not admitted :			
a. _____			
b. _____			
c. _____			
24. Total change	XXXXXXXXXX	XXXXXXXXXX	

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	50,914.	38,758.
2. Statutory reserve (pg. 14, Report 1, line 6, Col (1) + Col (2))		
3. Unpaid claims adjustment expense		
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		
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. <u>Accounts Payable</u>	238.	238.
B <u>Accrued Expenses</u>	30,840.	30,120.
C _____		
14. Total liabilities (Items 1 to 13c)	81,992.	69,116.
15. a. Common capital stock	500.	500.
b. Preferred capital stock		
16. Gross paid-in and contributed surplus	92,672.	92,672.
17. Unassigned funds (surplus)	(14,111.)	(40,588.)
18. Less treasury stock, at cost	-	-
19. Surplus as regards contractholders (Items 15 to 17 less 18)	79,061.	52,584.
20. Totals (Item 14 plus 19)	161,053.	121,700.

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	253,126.	231,700.
2. Claims incurred	73,962.	84,043.
3. Claims adjustment expenses incurred		
4. Other underwriting expenses incurred	84,543.	114,329.
5. <u>TPA Processing Fees</u>	32,489.	28,372.
6. Total deductions (Lines 2 to 5)	190,994.	226,744.
7. Net underwriting gain or loss (-) (Item 1 less 6)	62,132.	4,956.
INVESTMENT INCOME		
8. Net investment income earned	1,501.	4,716.
9. Net realized capital gains or losses		
10. Net investment gain or loss	1,501.	4,716.
OTHER INCOME		
11. _____		
12. _____		
13. Total other income (Lines 11 + 12)		
14. Net income before federal income taxes (Lines 7 + 10 + 13)	63,633.	9,672.
15. Federal income taxes incurred		
16. Net income (Item 14 less 15)	63,633.	9,672.
CAPITAL AND SURPLUS ACCOUNT		
17. Surplus as regards contractholders, Dec. 31 Previous year	52,584.	59,200.
Gains (+) and Losses (-) in Surplus		
18. Net income (from item 16)	63,633.	9,672.
19. Net unrealized capital gains and losses		
20. Change in non-admitted assets (Exhibit 2)		
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)	(25,000.)	(13,500.)
24. Change in treasury stock		
25. Change in Statutory reserve (Year-To-Date)	(12,156.)	(12,788.)
26. Change in surplus as regards contractholders	26,477.	(6,616.)
27. Surplus as regards contractholders at statement date	79,061.	52,584.

Line 27 to agree with Page 3, line 19.

STATEMENT AS OF Sept. 30, 2002 OF THE U.S. Home Protective Association, Inc.

5.

SCHEDULE A - PART 2

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 entity)	Date Acquired	Name of Vendor	Amount of Encumbrances	1		2		Cost to Company
9998	Foreclosed Real Estate Acquired During Current Period Under Contract for Sale				XXX				Total
9999									

SCHEDULE A - PART 3

Show all Real Estate Sold During the Current Period

No.	Location and Description of Property or Nature of Additions and Improvements	Date Sold	Name of Purchaser	Cost to Company	1		2		Book Value At Date of Sale Less Encumbrances	Profit on Sale	Loss on Sale
9999											
					0		0			0	0

SCHEDULE A - VERIFICATION

Show all Real Estate Owned

	1 Current Year as of 3/31	2 Current Year as of 6/30	3 Current Year as of 9/30	4 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 Current Year as of 3/31	2 Current Year as of 6/31	3 Current Year as of 9/30	4 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

Description	1 Current Year as of 3/31	2 Current Year as of 6/30	3 Current Year as of 9/30	4 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				

STATEMENT AS OF Sept. 30, 2002 OF THE U.S. HOME PROTECTIVE ASSOCIATION, INC.

SCHEDULE BA - PART 2

1 Number of Units and Description	2 Date Acquired	3 Cost to Company	4 Consideration Paid During Current Year	5 Name of Vendor
<u>1299999</u>		0	0	XXX

SCHEDULE BA - PART 3

1 Number of Units and Description	2 Date Disposed of	3 Name of Purchaser or Nature of Disposition	4 Consideration	5 Book Value at Date of Sale	6 Profit on Disposal	7 Loss on Disposal
<u>1299999</u> Total All \$				0	0	0

SCHEDULE D - PART I

Showing the Acquisitions, Dispositions and Non-Trading Activity During the Current Period for all Bonds and Documentary Stocks. See Table C1.

SCHEDULE D - PART 2
Show All Bonds and Stock Acquired by the Company During the Current Period

CUSIP	Description (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)	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost (Excluding Accrued Interest and Dividends)	Par Value of Bonds	Paid for Accrued Interest and Dividends	NAIC Designation
2499999	Total			0	0	0	0	0

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

STATEMENT AS OF Sept. 30, 2002 *THE* U.S. Home Protective Association, Inc.

SCHEDULE D - PART 3

*Showing all BONDS and STOCK Sold, Redeemed or Otherwise Disposed of
by the Company During the Current Period*

SCHEDULE N

Month End Depository Balances

1 Depository	2	3	4	Book Balance at end of Each Month During Current Quarter		
				5 July First Month	6 August Second Month	7 September Third Month
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			
Bank ONE, N.A. (Savings) Westerville, OH		232.	-	64,370.	48,060.	80,108.
First National Bank of New Bremen, OH (Checking)		-		3,533.	10,554.	2,375.
First National Bank of New Bremen, OH (Savings)	1.3%	1.	-	238.	238.	239.
Minister Bank Minister, OH		10.	-	2,543.	2,543.	2,248.
Bank One, N.A. (Checking) Westerville, OH		-	-	53,423.	62,947.	38,855.
0199998 Deposits in depositories which do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories	XXX	243.		124,107.	124,342.	123,825.
0199999 Total Open Depositories	XXX					
0299998 Deposits indepositories which do not exceed the allowable limit in any one depository (see Instructions) - Suspended Depositories	XXX					
0299999 Total Suspended Depositories	XXX					
0399999 Grand Totals		243.		124,107.	124,342.	123,825.

SCHEDULE Y

INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 — ORGANIZATIONAL CHART

PART 2 — SUMMARY OF THE INSURERS TRANSACTIONS WITH ANY AFFILIATES

STATEMENT AS OF September 30, 2002OF THE U.S. Home Protective Association, Inc.

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.	\$ 311,331.	8,970. 1.
2. Less: Reinsurance ceded	-	2.
3. Net contract fees	311,331.	8,970. 3.
	x .40	.40
4. Sub-total reserve amount	124,532.	3,588. 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.	- 75,473.	1,733. 5.
6. Current statutory reserve **	\$ 49,059.	1,855. 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 (xxx)	1. 887.	26
2. Less 1,000 contracts	2. - 1,000	Xxxxxxxxxxxxxxxxxxxxxxx x
3. Additional contracts	3. (113)	
4. Divided by 500	4. / 500	/ 500
5. Surplus factor (round up; no decimal)	5. (.226)	.052
6. Multiply by \$20,000	6. x \$20,000	x \$20,000
7. Additional surplus required	7. 0	\$ 1,040.
8. Plus \$50,000 minimum	8. + \$50,000	

STATEMENT AS OF September 30, 2002 OF THE U.S. Home Protective Assoc., Inc.

9. Total minimum surplus required - Ohio Business (lines 7 + 8,)	9. <u>\$ 50,000</u>
10. Total surplus required - Non-Ohio business (line 7, Col. 2)	10. <u>\$ 1,040.</u>
11. Total (lines 9 + 10)	11. <u>\$ 51,040.</u>
12. Enter amount from page 3, line 19	12. <u>\$ 79,061.</u>
13. Difference (line 12 - line 11)	13. <u>\$ 28,021.</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			
15	Indiana	IN	13	4,485.	1
16	Iowa	IA			16
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	707	246,571.	150
37	Oklahoma	OK			887
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	6	2,070	3
50	Wisconsin	WI			10
51	Wyoming	WY			
52					
53					
54					
55	Totals		726	253,126.	154
					913