



QUARTERLY STATEMENT
 AS OF SEPTEMBER 30, 2002
 OF THE CONDITION AND AFFAIRS OF THE
MEDICAL LIFE INSURANCE COMPANY

NAIC Group Code	<u>0917</u> (Current Period)	NAIC Company Code	<u>86991</u>	Employer's ID Number	<u>34-1174729</u>
Organized under the Laws of	<u>Ohio</u>	State of Domicile or Port of Entry	<u>OH</u>		
Country of Domicile	<u>United States</u>				
Incorporated	<u>09/13/1973</u>	Commenced Business	<u>11/13/1975</u>		
Statutory Home Office	<u>20445 Emerald Parkway, Suite 400</u> (Street and Number)	<u>Cleveland, OH 44135</u> (City, or Town, State and Zip Code)			
Main Administrative Office	<u>20445 Emerald Parkway, Suite 400</u> (Street and Number)	<u>Cleveland, OH 44135</u> (Area Code) (Telephone Number)			
Primary Location of Books and Records	<u>20445 Emerald Parkway, Suite 400</u> (Street and Number)	<u>Cleveland, OH 44135</u> (Area Code) (Telephone Number)			
Internet Website Address	<u>www.med-life.com</u>	<u>(800)544-9000-</u> (Area Code) (Telephone Number)			
Statutory Statement Contact	<u>Ana L Clark</u> (Name)	<u>(216)898-0730-</u> (Area Code)(Telephone Number)(Extension)			
	<u>clarka@med-life.com</u> (E-Mail Address)	<u>(216)898-0682-</u> (Fax Number)			
Policyowner Relations Contact	<u>20445 Emerald Parkway, Suite 400</u> (Street and Number)	<u>(800)544-9000-</u> (Area Code) (Telephone Number)(Extension)			
	<u>Cleveland, OH 44135</u> (City, or Town, State and Zip Code)				

OFFICERS

President	<u>Larry Joseph Newsom</u>
Secretary	<u>Maureen Therese Mulville</u>
Treasurer	<u>Michael Joseph Lynch</u>
Chief Actuary	<u>John Wilson McKee III</u>
Chief Financial Officer	<u>Gerard Thomas Mallen</u>
Vice President	<u>Marcia Carroll Sevold</u>
Chief Underwriter	<u>Herman Angelo Lefevre</u>

VICE PRESIDENTS

<u>Marcia Carroll Sevold</u>	<u>John Wilson McKee III</u>
<u>Gerard Thomas Mallen</u>	<u>Michael Joseph Lynch</u>

DIRECTORS OR TRUSTEES

<u>Larry Joseph Newsom</u>	<u>Michael Joseph Lynch</u>
<u>Marcia Carroll Sevold</u>	<u>Gregory Paul Turner #</u>
<u>Ana Lisa Clark #</u>	

State of Ohio
 County of Cuyahoga ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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 manuals 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.

<u>(Signature)</u> <u>Larry Joseph Newsom</u> (Printed Name) President	<u>(Signature)</u> <u>Maureen Therese Mulville</u> (Printed Name) Secretary	<u>(Signature)</u> <u>Michael Joseph Lynch</u> (Printed Name) Treasurer
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Subscribed and sworn to before me this
25 day of October, 2002

a. Is this an original filing?
 b. If no, 1. State the amendment number
 2. Date filed
 3. Number of pages attached

Yes[X] No[]

(Notary Public Signature)

STATEMENT AS OF **SEPTEMBER 30, 2002** OF THE **MEDICAL LIFE INSURANCE COMPANY**
ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	
1. Bonds	192,262,004		192,262,004	186,869,612
2. Stocks:				
2.1 Preferred stocks	1,600,000		1,600,000	1,600,000
2.2 Common stocks	3,814,767		3,814,767	4,173,040
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$..... encumbrances)				
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Policy loans	179,745		179,745	179,609
6. Premium notes, including \$..... for first year premiums				
7. Cash (\$....(2,150,957)) and short-term investments (\$.....6,686,524)	4,535,567		4,535,567	3,589,454
8. Other invested assets				
9. Receivable for Securities				
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	202,392,082		202,392,082	196,411,715
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers	1,682,966		1,682,966	2,001,519
12.2 Commissions and expense allowances due	20,650		20,650	13,642
12.3 Experience rating and other refunds due				
12.4 Other amounts receivable under reinsurance contracts				
13. Electronic data processing equipment and software	238,586	25,621	212,966	149,339
14. Federal and foreign income tax recoverable and interest thereon (including \$.....2,312,786 net deferred tax asset)	7,123,544	4,810,758	2,312,786	2,787,019
15. Guaranty funds receivable or on deposit	19,824		19,824	53,664
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$.....(140,046) loading)	7,880,172	539,493	7,340,679	7,188,859
17. Accident and health premiums due and unpaid	2,344,752	95,734	2,249,018	2,598,573
18. Investment income due and accrued	3,125,822		3,125,822	3,447,047
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates	3,675		3,675	49,035
21. Amounts receivable relating to uninsured accident and health plans	119,143		119,143	124,054
22. Amounts due from agents				
23. Other assets nonadmitted	501,066	501,066		
24. Aggregate write-ins for other than invested assets	551,218	134,327	416,891	265,420
25. TOTAL assets excluding Separate Accounts business (Lines 11 to 24)	226,003,500	6,106,999	219,896,502	215,089,886
26. From Separate Accounts Statement				
27. TOTAL (Lines 25 and 26)	226,003,500	6,106,999	219,896,502	215,089,886

Details Of Write-ins

1001				
1002				
1003				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. TOTALS (Lines 1001 through 1003 plus 1098) (Line 10 above)				
2401. Prepaid Expenses/Guaranty Funds	106,087	106,087		
2402. Premium/Other Deposit Funds	28,240	28,240		
2403. Miscellaneous Receivable	20,034		20,034	42,703
2498. Summary of remaining write-ins for Line 24 from overflow page	396,857		396,857	222,717
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	551,218	134,327	416,891	265,420

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Statement Date	2 December 31 Prior Year
1.	Aggregate reserve for life policies and contracts \$.....35,292,661 less \$..... included in Line 6.3 (including \$..... Modco Reserve)	35,292,661	34,635,494
2.	Aggregate reserve for accident and health contracts (including \$..... Modco Reserve)	9,246,268	7,859,980
3.	Liability for deposit-type contracts (including \$..... Modco Reserve)	7,163	15,173
4.	Contract claims:		
4.1	Life	25,101,518	27,381,551
4.2	Accident and health	6,467,944	6,472,313
5.	Policyholders' dividends \$..... and coupons \$..... due and unpaid		
6.	Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1	Dividends apportioned for payment to (including \$..... Modco Reserve)		
6.2	Dividends not yet apportioned (including \$..... Modco Reserve)		
6.3	Coupons and similar benefits (including \$..... Modco Reserve)		
7.	Amount provisionally held for deferred dividend policies not included in Line 6		
8.	Premiums and annuity considerations for life and accident & health policies and contracts received in advance less \$.....137,520 discount; including \$..... accident and health premiums	347,291	375,920
9.	Contract liabilities not included elsewhere:		
9.1	Surrender values on canceled contracts		
9.2	Provision for experience rating refunds, including \$.....64,733 A&H experience rating refunds	1,198,714	1,407,568
9.3	Other amounts payable on reinsurance; including \$..... assumed and \$..... ceded		
9.4	Interest Maintenance Reserve	146,883	112,725
10.	Commissions to agents due or accrued-life and annuity contracts \$.....3,395,663, accident and health \$.....1,040,354 and deposit-type contract funds \$.....	4,436,017	5,378,979
11.	Commissions and expense allowances payable on reinsurance assumed		
12.	General expenses due or accrued	4,952,323	4,543,979
13.	Transfers to Separate Accounts due or accrued (net) (Including \$..... accrued for expense allowances recognized in reserves)	518,888	1,442,043
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes		
15.	Federal and foreign income taxes, including \$.....(10,180) on realized capital gains (losses) (Including \$..... net deferred tax liability)	656,864	
16.	Unearned investment income	6,996	6,996
17.	Amounts withheld or retained by company as agent or trustee		
18.	Amounts held for agents' account, including \$..... agents' credit balances		
19.	Remittances and items not allocated	1,591,404	1,301,580
20.	Net adjustment in assets and liabilities due to foreign exchange rates		
21.	Liability for benefits for employees and agents if not included above	607,076	463,884
22.	Borrowed money \$..... and interest thereon \$.....		
23.	Dividends to stockholders declared and unpaid		
24.	Miscellaneous liabilities:		
24.1	Asset valuation reserve	549,599	1,296,659
24.2	Reinsurance in unauthorized companies		
24.3	Funds held under reinsurance treaties with unauthorized reinsurers		
24.4	Payable to parent, subsidiaries and affiliates	599,802	307,982
24.5	Drafts outstanding		
24.6	Liability for amounts held under uninsured accident and health plans	127,186	109,017
24.7	Funds held under coinsurance		
24.8	Payable for securities	518,500	
24.9	Capital notes \$..... and interest thereon \$.....		
25.	Aggregate write-ins for liabilities	483,531	376,682
26.	TOTAL Liabilities excluding Separate Accounts business (Lines 1 to 25)	92,856,627	93,488,525
27.	From Separate Accounts Statement		
28.	TOTAL LIABILITIES (Lines 26 and 27)	92,856,627	93,488,525
29.	Common capital stock	2,622,800	2,622,800
30.	Preferred capital stock		
31.	Aggregate write-ins for other than special surplus funds		
32.	Surplus Notes		
33.	Gross paid in and contributed surplus	18,995,342	18,995,342
34.	Aggregate write-ins for special surplus funds		
35.	Unassigned funds (surplus)	105,421,733	99,983,219
36.	Less treasury stock, at cost:		
36.1	..... shares common (value included in Line 29 \$.....)		
36.2	..... shares preferred (value included in Line 30 \$.....)		
37.	Surplus (Lines 31 to 35, Less 36) (Including \$..... in Separate Accounts Statement)	124,417,075	118,978,561
38.	TOTALS of Lines 29, 30 and 37	127,039,875	121,601,361
39.	TOTALS of Lines 28 and 38	219,896,502	215,089,886
DETAILS OF WRITE-INS			
2501.	Unclaimed Funds	483,531	376,682
2502.	.....	
2503.	.....	
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	483,531	376,682
3101.	.....	
3102.	.....	
3103.	.....	
3198.	Summary of remaining write-ins for Line 31 from overflow page		
3199.	TOTALS (Lines 3101 through 3103 plus 3198) (Line 31 above)		
3401.	.....	
3402.	.....	
3403.	.....	
3498.	Summary of remaining write-ins for Line 34 from overflow page		
3499.	TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)		

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 policies and contracts	147,872,199	150,876,310	203,049,974
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	9,751,915	9,548,790	12,658,315
4. Amortization of Interest Maintenance Reserve (IMR)	11,194	7,335	11,343
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	87,254	152,268	194,034
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	2,903	51,508	66,905
9. TOTALS (Lines 1 to 8.3)	157,725,466	160,636,211	215,980,571
10. Death benefits	89,125,367	88,149,423	118,708,946
11. Matured endowments (excluding guaranteed annual pure endowments)			
12. Annuity benefits			
13. Disability benefits and benefits under accident and health contracts	22,928,673	24,035,870	31,832,499
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and other fund withdrawals for life contracts	104,741	16,647	24,243
16. Group conversions	67,500	104,122	84,045
17. Interest and adjustments on contract or deposit-type contract funds	(8,010)		(10,522)
18. Payments on supplementary contracts with life contingencies			
19. Increase in aggregate reserves for life and accident and health policies and contracts	2,043,455	2,299,543	3,702,594
20. TOTALS (Lines 10 to 19)	114,261,726	114,605,605	154,341,805
21. Commissions on premiums, annuity considerations, and deposit type contract funds (direct business only)	19,437,196	19,928,281	26,549,226
22. Commissions and expense allowances on reinsurance assumed			
23. General insurance expenses	10,512,496	9,490,354	13,369,453
24. Insurance taxes, licenses and fees, excluding federal income taxes	3,404,343	3,607,047	4,801,360
25. Increase in loading on deferred and uncollected premiums	(41,344)	(14,398)	(2,995)
26. Net transfers to or (from) Separate Accounts			
27. Aggregate write-ins for deductions			
28. TOTALS (Lines 20 to 27)	147,574,417	147,616,889	199,058,849
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	10,151,050	13,019,322	16,921,722
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	10,151,050	13,019,322	16,921,722
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	3,636,739	4,666,000	5,695,957
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)			
34. Net realized capital gains or (losses) less capital gains tax of \$..... (excluding taxes of \$..... transferred to the IMR)	6,514,311	8,353,322	11,225,765
35. Net Income (Line 33 plus Line 34)	(50,438)		(162,980)
	6,463,872	8,353,322	11,062,785
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	121,601,362	108,899,687	108,899,687
37. Net Income (Line 35)	6,463,872	8,353,322	11,062,785
38. Change in net unrealized capital gains or (losses)	(1,189,500)	(417,391)	(328,702)
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	105,927		437,569
41. Change in nonadmitted assets and related items	(688,846)	(297,439)	2,393,629
42. Change in liability for reinsurance in unauthorized companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease			(342,457)
44. Change in asset valuation reserve	747,060	343,434	239,358
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			
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			
53. Aggregate write-ins for gains and losses in surplus			
54. Net change in capital and surplus (Lines 37 through 53)	5,438,513	9,355,139	12,701,675
55. Capital and surplus, as of statement date (Lines 36 + 54)	127,039,875	118,254,826	121,601,362
DETAILS OF WRITE-INS			
08.301. Miscellaneous Income	2,903	51,508	66,905
08.302			
08.303			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	2,903	51,508	66,905
2701			
2702			
2703			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)			
5301			
5302			
5303			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. TOTALS (Lines 5301 through 5303 plus 5398) (Line 53 above)			

STATEMENT AS OF **SEPTEMBER 30, 2002** OF THE **MEDICAL LIFE INSURANCE COMPANY**
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	149,407,681	201,766,862
2.	Charges and fees for deposit-type contracts .....	.....	.....
3.	Considerations for supplementary contracts with life contingencies .....	.....	.....
4.	Net investment income	10,114,522	12,340,961
5.	Commissions and expense allowances on reinsurance ceded .....	.....	87,254
6.	Fees associated with investment management, administration and contract guarantee from Separate Accounts .....	.....	190,503
7.	Aggregate write-ins for miscellaneous income .....	.....	118
8.	TOTAL (Lines 1 to 7)	159,609,457	214,298,444
9.	Death benefits	90,786,892	116,219,545
10.	Matured endowments .....	.....	.....
11.	Annuity benefits .....	.....	.....
12.	Disability benefits and benefits under accident and health contracts	23,232,997	31,077,078
13.	Coupons, guaranteed annual pure endowments and similar benefits .....	.....	.....
14.	Surrender benefits and withdrawals for life contracts	104,741	24,243
15.	Group conversions	67,500	84,045
16.	Interest and adjustments on contract or deposit-type contract funds	(8,010)	.....
17.	Payments on supplementary contracts with life contingencies .....	.....	.....
18.	TOTAL (Lines 9 to 17)	114,184,120	147,404,911
19.	Commissions on premiums, annuity considerations, and deposit type contract funds	20,380,158	26,288,956
20.	Commissions and expense allowances on reinsurance assumed .....	.....	.....
21.	General insurance expenses	10,013,151	12,894,017
22.	Insurance taxes, licenses and fees, excluding federal income taxes	4,327,498	4,109,982
23.	Net transfers to or (from) Separate Accounts .....	.....	.....
24.	Aggregate write-ins for deductions .....	.....	.....
25.	TOTAL (Lines 18 to 24)	148,904,927	190,697,866
26.	Dividends paid to policyholders .....	.....	.....
27.	Federal income taxes (excluding tax on capital gains)	2,500,000	6,956,427
28.	TOTAL (Lines 25 to 27)	151,404,927	197,654,293
29.	Net cash from operations (Line 8 minus Line 28)	8,204,530	16,644,151
CASH FROM INVESTMENTS			
30.	Proceeds from investments sold, matured or repaid:		
30.1	Bonds	18,166,500	33,850,450
30.2	Stocks	198,210	36,733
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)	18,364,710	33,887,183
31.	Net tax on capital gains (losses)	10,180	(87,758)
32.	TOTAL (Line 30.8 minus Line 31)	18,354,530	33,974,941
33.	Cost of investments acquired (long-term only):		
33.1	Bonds	24,517,671	49,390,981
33.2	Stocks	171,849	36,474
33.3	Mortgage loans .....	.....	.....
33.4	Real estate .....	.....	.....
33.5	Other invested assets .....	.....	.....
33.6	Miscellaneous applications	(518,500)	.....
33.7	TOTAL investments acquired (Lines 33.1 to 33.6)	24,171,020	49,427,455
34.	Net increase (or decrease) in policy loans and premium notes	136	5,837
35.	Net cash from investments (Line 32 minus Line 33.7 minus Line 34)	(5,816,626)	(15,458,351)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
36.	Cash provided:		
36.1	Surplus notes, capital and surplus paid in .....	.....	.....
36.2	Borrowed money \$..... less amounts repaid \$.....	.....	.....
36.3	Capital notes \$..... less amounts repaid \$.....	.....	.....
36.4	Deposits on deposit-type contract funds and other liabilities without life or disability contingencies .....	.....	.....
36.5	Other cash provided	50,281	.....
36.6	TOTAL (Lines 36.1 to 36.5)	50,281	.....
37.	Cash applied:		
37.1	Dividends to stockholders paid .....	.....	.....
37.2	Interest on indebtedness .....	.....	.....
37.3	Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies .....	.....	17,410
37.4	Other applications (net)	1,492,072	2,402,260
37.5	TOTAL (Lines 37.1 and 37.4)	1,492,072	2,419,670
38.	Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5)	(1,441,791)	(2,419,670)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
39.	Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38)	946,113	(1,233,870)
40.	Cash and short-term investments:		
40.1	Beginning of year	3,589,454	4,823,324
40.2	End of period (Line 39 plus Line 40.1)	4,535,567	3,589,454
DETAILS OF WRITE-INS			
0701.	Miscellaneous Income .....	.....	118
0702	.....	.....	.....
0703	.....	.....	.....
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	.....	.....
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above) .....	.....	118
2401	.....	.....	.....
2402	.....	.....	.....
2403	.....	.....	.....
2498.	Summary of remaining write-ins for Line 24 from overflow page .....	.....	.....
2499.	TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	.....	.....

EXHIBIT 1**DIRECT PREMIUMS AND DEPOSIT - TYPE CONTRACTS**

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Industrial life			
2. Ordinary life insurance	1,233,107	1,225,571	1,566,550
3. Ordinary individual annuities			
4. Credit life (group and individual)			
5. Group life insurance	83,182,833	89,020,962	120,188,156
6. Group annuities			
7. A & H - group	42,567,451	43,748,799	58,428,314
8. A & H - credit (group and individual)			
9. A & H - other	1,769,077	1,121,736	1,332,419
10. Aggregate of all other lines of business			
11. Subtotal	128,752,468	135,117,068	181,515,439
12. Deposit-type contracts			
13. Total	128,752,468	135,117,068	181,515,439

DETAILS OF WRITE-INS

1001			
1002			
1003			
1098. Summary of remaining write-ins for Line 10 from overflow page			
1099. Totals (Lines 1001 through 1003 plus 1098) (Line 10 above)			

Notes to Financial Statement

1. Summary of Significant Accounting Policies

The accompanying financial statements of Medical Life Insurance Company have been completed in accordance with the NAIC Accounting Practices and Procedures manual and the Annual Statement Instructions.

The preparation of these financial statements requires the use of management's estimates.

Accounting Policies

1. Short-term investments are stated at cost
2. Bonds are stated at amortized cost, on a yield-basis amortization method.
3. Common stocks are stated at market value
4. Preferred stocks are stated at cost
5. Medical Life does not hold any mortgage loans
6. Medical Life does not hold any loan-backed securities
7. Investments in subsidiaries are accounted for on the equity method
8. Medical Life does not have any investments in joint ventures, partnerships or limited liability companies
9. Medical Life does not invest in derivative instruments
10. Medical Life does not hold a premium deficiency reserve
11. LAE reserve is established in accordance with SSAP No. 55 and is based on the estimated ultimate cost of settling claims using past experience

9. Income Taxes

A. The components of the net deferred tax asset recognized in the Company's Assets, Liabilities, Surplus And Other Funds are as follows:

	9/30/02	12/31/01
Total of all deferred tax assets	\$10,260,891	10,039,396
Total of all deferred tax liabilities	(3,137,347)	(3,021,779)
Net DTA	7,123,544	7,017,617
Deferred tax asset non-admitted	4,810,758	4,778,593
Net Admitted DTA	<u>2,132,786</u>	<u>2,239,024</u>
 Increase (Decrease) in Non-Admitted		
Deferred Tax Asset	32,165	(428,106)

F. Medical Life Insurance Company will file a consolidated return for 2002 with its subsidiary; American Capital Life Insurance Company.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

C. In accordance with SAAP No. 18, Medical Life Insurance Company has no wash sales to report for the period covered by the attached statements.

GENERAL INTERROGATORIES

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

PART 1 - COMMON INTERROGATORIES**GENERAL**

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

1.2 If yes, explain: Yes[] No[X]
Yes[] No[X] N/A[]

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[X]

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. Yes[] No[X]

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

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

5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation. Yes[] No[X]

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? If yes, attach an explanation. Yes[] No[X] N/A[]

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1998

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. 12/31/1998

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). 08/02/1999

7.4 By what department or departments?
Ohio Department of Insurance

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes[] No[X]

8.2 If yes, give full information

GENERAL INTERROGATORIES (continued)

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

INVESTMENT

9.1 Has there been any changes 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[X] No[]

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds .....	.....	.....
13.22 Preferred Stock .....	..... 1	.....
13.23 Common Stock .....	..... 2,535,481	..... 2,687,872
13.24 Short-Term Investments .....	.....	.....
13.25 Mortgages, Loans or Real Estate .....	.....	.....
13.26 All Other .....	.....	.....
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26) .....	..... 2,535,482	..... 2,687,872
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above .....	.....	.....
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above .....	.....	.....

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

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

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 [] No[X]

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
.....

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
.....

10 General Interrogatories Part 2.....NONE

11 Schedule A Verification.....NONE

11 Schedule B Verification.....NONE

11 Schedule 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	134,658,319	17,374,899	8,150,000	931,070	140,480,651	134,658,319	144,814,288	137,743,274
2. Class 2	46,160,298		496,129	(2,859,102)	43,332,141	46,160,298	42,805,067	40,248,965
3. Class 3	6,111,945			401,449	5,109,985	6,111,945	6,513,394	5,112,197
4. Class 4	3,631,100			(2,657)	3,138,235	3,631,100	3,628,443	3,141,364
5. Class 5	523,089			500,465	523,451	523,089	1,023,554	523,812
6. Class 6	63,750			100,029	63,750	63,750	163,779	100,000
7. TOTAL Bonds	191,148,501	17,374,899	8,646,129	(928,746)	192,648,213	191,148,501	198,948,525	186,869,612
PREFERRED STOCK								
8. Class 1	600,001				600,001	600,001	600,001	600,001
9. Class 2	1,000,000				1,000,000	1,000,000	1,000,000	1,000,000
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. TOTAL Preferred Stock	1,600,001				1,600,001	1,600,001	1,600,001	1,600,001
15. TOTAL Bonds & Preferred Stock	192,748,502	17,374,899	8,646,129	(928,746)	194,248,214	192,748,502	200,548,526	188,469,613

SCHEDULE DA - PART 1**Short - Term Investments Owned End of Current Quarter**

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999. TOTALS	6,686,524	XXX	6,686,524	20,158	

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		3,424,162		
2. Cost of short-term investments acquired	3,424,162		6,686,524	
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		3,424,162		
7. Book/adjusted carrying value, current period	3,424,162		6,686,524	
8. Total valuation allowance				
9. Subtotals (Lines 7 plus 8)	3,424,162		6,686,524	
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)	3,424,162		6,686,524	
12. Income collected during period	19,559	14,507	20,158	224,212
13. Income earned during period	19,559	14,507	20,158	224,212

14 Schedule DB Part F Section 1.....NONE

15 Schedule DB Part F Section 2.....NONE

SCHEDULE S - CEDED REINSURANCE

Showing all new reinsurers-Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (Yes or No)
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Life and annuity - non-affiliates

67105	41-0451140	Reliastar Life Ins Co	20 Washington Ave, South, Minneapolis, MN 55401	Yes[X] No[]
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SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**Current Year To Date - Allocated by States and Territories**

States, Etc.	Is Insurer Licensed? (Yes or No)	Life Insurance Premiums	Annuity Considerations	Direct Business Only		
				Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees
				2	3	
1. Alabama	AL	Yes	334,272			370,977
2. Alaska	AK	Yes	4,231			
3. Arizona	AZ	Yes	2,971,867			1,351,816
4. Arkansas	AR	Yes	177,597			128,513
5. California	CA	No				
6. Colorado	CO	Yes	6,428			168
7. Connecticut	CT	Yes	10,894,840			510,769
8. Delaware	DE	Yes	(11,972)			31,115
9. District of Columbia	DC	Yes	1,175,126			(138,167)
10. Florida	FL	Yes	651,623			451,537
11. Georgia	GA	Yes	580,205			740,263
12. Hawaii	HI	Yes	72,420			9,409
13. Idaho	ID	Yes	116,807			28,524
14. Illinois	IL	Yes	22,199			98,361
15. Indiana	IN	Yes	812,912			778,119
16. Iowa	IA	Yes	4,003,230			2,260,443
17. Kansas	KS	Yes	33,242			63,882
18. Kentucky	KY	Yes	1,975,399			2,318,033
19. Louisiana	LA	Yes	61,623			78,502
20. Maine	ME	Yes	1,013,855			2,968,586
21. Maryland	MD	Yes	4,045,969			2,638,704
22. Massachusetts	MA	Yes	1,303,048			4,286,995
23. Michigan	MI	Yes	958,447			1,303,290
24. Minnesota	MN	Yes				
25. Mississippi	MS	Yes	192,290			43,465
26. Missouri	MO	Yes	12,398			27,310
27. Montana	MT	Yes	1,619,503			1,069,083
28. Nebraska	NE	Yes				28,221
29. Nevada	NV	Yes	3,702			
30. New Hampshire	NH	Yes	1,359,446			2,584,744
31. New Jersey	NJ	Yes	609,838			287,466
32. New Mexico	NM	Yes				
33. New York	NY	No				
34. North Carolina	NC	Yes	7,410,549			2,622,616
35. North Dakota	ND	Yes	10,389			25,739
36. Ohio	OH	Yes	28,001,657			7,233,026
37. Oklahoma	OK	Yes	57,665			75,403
38. Oregon	OR	Yes	5,478			1,981
39. Pennsylvania	PA	Yes	4,880,532			4,701,978
40. Rhode Island	RI	Yes	1,173,867			349,144
41. South Carolina	SC	Yes	160,130			185,084
42. South Dakota	SD	Yes	1,145,679			294,050
43. Tennessee	TN	Yes	670,160			1,426,186
44. Texas	TX	Yes				
45. Utah	UT	Yes	236,610			43,421
46. Vermont	VT	Yes	574,747			919,225
47. Virginia	VA	Yes	1,127,341			702,378
48. Washington	WA	Yes	595,319			148,745
49. West Virginia	WV	Yes	2,122,350			814,488
50. Wisconsin	WI	Yes	288,024			827,343
51. Wyoming	WY	Yes	429,347			33,893
52. American Samoa	AS	No				
53. Guam	GU	No				
54. Puerto Rico	PR	No				
55. U.S. Virgin Islands	VI	No				
56. Canada	CN	No				
57. Aggregate other alien	OT	XXX				
58. SUBTOTAL		(a) 49	83,890,389			44,724,828
90. Reporting entity contributions for employee benefits 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 allocatable by State		XXX				
95. TOTALS (Direct Business)		XXX	83,890,389			44,724,828
96. Plus Reinsurance Assumed		XXX	28,847,070			
97. TOTALS (All Business)		XXX	112,737,459			44,724,828
98. Less Reinsurance Ceded		XXX	2,787,883			5,266,723
99. TOTALS (All Business) less Reinsurance Ceded		XXX	109,949,576			39,458,105

DETAILS OF WRITE-INS

5701	XXX					
5702	XXX					
5703	XXX					
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX					
5799. TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)	XXX					
9401	XXX					
9402	XXX					
9403	XXX					
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX					
9499. TOTALS (Lines 9401 through 9403 plus 9498) (Line 94 above)	XXX					

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

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

All insurer members of a Holding Company Group that has acquired and/or disposed of any domestic insurer (s) since filing the last annual or quarterly statement shall prepare a common schedule for inclusion in each of the individual quarterly statements

PART 1 - ORGANIZATIONAL CHART

COMPANY	NAIC CODE	FEDERAL ID NUMBERS	DOMICILED STATE	PERCENTAGE OWNED BY PARENT-06/30/2002
HEALTH CARE SERVICE CORPORATION	70670	36-1236610	IL	
FORT DEARBORN LIFE INSURANCE COMPANY	71129	36-2598882	IL	100.0%
MEDICAL LIFE INSURANCE COMPANY	86991	34-1174729	OH	100.0%
AMERICAN CAPITAL LIFE INSURANCE COMPANY	60283	53-0258332	DC	98.9%
MEDICAL LIFE INSURANCE AGENCY		34-1504486	OH	100.0%
BCI HMO, INC.	96814	36-3290114	IL	100.0%
DENTAL NETWORK OF AMERICA, INC.		36-3339483	DE	99.5%
HCSC PURCHASING, LLC (Formerly Advanced Recovery Management Service, LLC)		36-4186601	DE	100.0%
PREFERRED FINANCIAL CORPORATION		84-0508741	CO	100.0%
COLORADO BANKERS LIFE INSURANCE COMPANY	84786	84-0674027	CO	100.0%
INDUSTRY SAVINGS PLAN, INC.		84-0535196	CO	100.0%
HCSA, INC.		38-3190023	DE	100.0%
HALLMARK SERVICES CORPORATION		36-3808643	IL	100.0%
NICHOLD COMPANY		36-4036155	IL	100.0%
MEDLEASE COMPANY		36-4036154	IL	100.0%
HEALTH CARE CONSULTING SERVICES, INC.		36-4036151	IL	100.0%
THIRD COAST HOLDING COMPANY		36-4072990	IL	100.0%
THIRD COAST INSURANCE COMPANY	10713	36-4072992	IL	100.0%
HEALTHCARE BENEFITS, INC.		75-2158176	TX	100.0%
UNITED HEARTLAND OF ILLINOIS, INC.		36-4226186	IL	50.0%
ARIZONA/CALIFORNIA/TEXAS INTERNATIONAL, INC.		75-2618357	TX	84.7%
SOUTHWEST TEXAS HMO, INC.(d/b/a HMO Blue Texas)	95029	75-1910022	TX	100.0%
HCSC INSURANCE SERVICES COMPANY	78611	73-1350270	IL	100.0%
HMO NEW MEXICO, INC.	95598	85-0331846	NM	100.0%
MedConnect, LLC.		45-0462772	DE	100.0%

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.

	RESPONSES
1. Will the SVO Compliance Certification be filed with this statement?	Yes
2. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	No

Explanations:

Bar Codes:



ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1-2)	
1097. Summary of remaining write-ins for Line 10 (Lines 1004 through 1096)				
2404. Split Dollar Cash Value	192,560		192,560	152,060
2405. Amount Withheld by Company as Agent or Trustee	204,297		204,297	70,657
2497. Summary of remaining write-ins for Line 24 (Lines 2404 through 2496)	396,857		396,857	222,717

E01 Schedule A Part 2.....NONE

E01 Schedule A Part 3.....NONE

E02 Schedule B Part 1.....NONE

E02 Schedule B Part 2.....NONE

E03 Schedule BA Part 1.....NONE

E03 Schedule BA Part 2 **NONE**

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During 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 - Public Utilities								
264399DW3	DUKE ENERGY CORP	08/13/2002	FERRIS, BAKER WATTS	XXX	518,750	500,000	2,691	1PE
3899999 Subtotal - Bonds - Public Utilities					518,750	500,000	2,691	
Bonds - Industrial and Miscellaneous								
026609AM9	AMERICAN HOME PRODUCTS	07/26/2002	FERRIS, BAKER WATTS	XXX	1,507,500	1,500,000	37,967	1
06423AAR4	BANK ONE CORP	08/22/2002	FERRIS, BAKER WATTS	XXX	501,875	500,000		1PE
125581AC2	CIT GROUP INC	09/19/2002	FERRIS, BAKER WATTS	XXX	2,020,000	2,000,000		1PE
22237LMQ2	COUNTRYWIDE HOME LOANS	08/13/2002	FERRIS, BAKER WATTS	XXX	516,500	500,000	6,953	1PE
22541LAB9	CREDIT SUISSE FIRST BOSTON US INC	07/17/2002	FERRIS, BAKER WATTS	XXX	996,500	1,000,000	11,399	1
38141GCG7	GOLDMAN SACHS GROUP	09/04/2002	FERRIS, BAKER WATTS	XXX	1,020,000	1,000,000	1,900	1
428236AF0	HEWLETT PACKARD CO	09/09/2002	FERRIS, BAKER WATTS	XXX	517,500	500,000	5,806	1PE
441812JT2	HOUSEHOLD FINANCE	09/04/2002	MCDONALD & COMPANY	XXX	1,035,000	1,000,000	8,125	1
459745FA8	INTERNATIONAL LEASE FINANCE CORP	08/21/2002	MCDONALD & COMPANY	XXX	1,019,750	1,000,000	13,594	1
78387GAD5	SBC COMMUNICATIONS INC	08/13/2002	FERRIS, BAKER WATTS	XXX	516,500	500,000	13,108	1
913275AA1	UNITRIN, INC.	09/26/2002	FERRIS, BAKER WATTS	XXX	518,500	500,000	7,188	1PE
4599999 Subtotal - Bonds - Industrial and Miscellaneous					10,169,625	10,000,000	106,039	
6099997 Subtotal - Bonds - Part 3					10,688,375	10,500,000	108,730	
6099998 Summary Item for Bonds Bought and Sold This Quarter								
6099999 Subtotal - Bonds					10,688,375	10,500,000	108,730	
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter								
7099998 Summary Item for Common Stock Bought and Sold This Quarter						XXX		
7199999 Subtotal - Preferred and Common Stock						XXX		
7299999 Total - Bonds, Preferred and Common Stock					10,688,375	XXX	108,730	

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

SCHEDULE D - PART 4

Showing All Long-Term Bonds and Stocks 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 Book/Adjusted Carrying Value at Disposal	9 Increase (Decrease) by 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 Design- ation (a)			
Bonds - U.S. Governments																			
3134A2SL3	FEDERAL HOME LOAN MORTGAGE CORP	09/24/2002	CALLED	XXX	500,000	500,000	500,000	500,000							30,835	XXX	1		
3134A3D94	FEDERAL HOME LOAN MORTGAGE CORP	08/27/2002	CALLED	XXX	1,000,000	1,000,000	1,000,000	1,000,000							80,600	XXX	1		
31364GCP2	FEDERAL NATIONAL MORTGAGE ASSOC	09/03/2002	CALLED	XXX	1,000,000	1,000,000	1,000,000	1,000,000							52,347	XXX	1		
86387RGL0	STUDENT LOAN MARKETING ASSN	08/01/2002	MATURED	XXX	750,000	750,000	735,000	750,000	1,264						48,750	XXX	1		
912827G55	U.S. TREASURY NOTES	08/15/2002	MATURED	XXX	500,000	500,000	483,594	500,000	1,450						23,488	XXX	1		
0399999 Subtotal - Bonds - U.S. Governments					3,750,000	3,750,000	3,718,594	3,750,000	2,714						236,020	XXX	XXX		
Bonds - Public Utilities																			
774347AM0	ROCKWELL INTERNATIONAL CORP	09/16/2002	MATURED	XXX	500,000	500,000	467,500	500,000	3,951						33,750	XXX	1		
3899999 Subtotal - Bonds - Public Utilities					500,000	500,000	467,500	500,000	3,951						33,750	XXX	XXX		
Bonds - Industrial and Miscellaneous																			
053528CA1	AVCO FINANCIAL SERVICES INC	08/15/2002	MATURED	XXX	500,000	500,000	500,000	500,000							30,000	XXX	1		
066050BS3	BANKAMERICA CORP	07/15/2002	MATURED	XXX	400,000	400,000	396,000	400,000	326						31,000	XXX	1		
345402Z46	FORD MOTOR CREDIT CORP	07/15/2002	CALLED	XXX	500,000	500,000	495,000	496,129	142						20,781	XXX	2		
59018SVP6	MERRILL LYNCH	07/30/2002	CALLED	XXX	500,000	500,000	500,000	500,000							35,750	XXX	1		
59018SVP6	MERRILL LYNCH	07/30/2002	CALLED	XXX	1,000,000	1,000,000	1,047,250	1,000,000	(7,849)						71,500	XXX	1		
634902BE9	NATIONAL CITY BANK CLEVELAND	09/25/2002	CALLED	XXX	500,000	500,000	500,000	500,000							35,500	XXX	1		
63858SBK4	NATIONSBANK CORP	07/30/2002	CALLED	XXX	500,000	500,000	511,250	500,000	(1,921)						35,950	XXX	1		
694032AL7	PACIFIC BELL	07/01/2002	MATURED	XXX	500,000	500,000	473,415	500,000	2,329						36,250	XXX	1		
4599999 Subtotal - Bonds - Industrial and Miscellaneous					4,400,000	4,400,000	4,422,915	4,396,129	(6,972)						3,871	3,871	296,731	XXX	XXX
6099997 Subtotal - Bonds - Part 4					8,650,000	8,650,000	8,609,009	8,646,129	(307)						3,871	3,871	566,501	XXX	XXX
6099998 Summary Item for Bonds Bought and Sold This Quarter																		XXX	XXX
6099999 Subtotal - Bonds					8,650,000	8,650,000	8,609,009	8,646,129	(307)						3,871	3,871	566,501	XXX	XXX
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter																	X X X		XXX
Common Stock - Industrial and Miscellaneous																			
89420G109	TRAVELERS PROPERTY CASUALTY CO	09/18/2002	EXCHANGE	0.591	8	XXX	8	8								X X X		L	
89420G406	TRAVELERS PROPERTY CASUALTY CO	09/18/2002	EXCHANGE	0.324	5	XXX	5	5								X X X		L	
6899999 Subtotal - Common Stock - Industrial and Miscellaneous					13	XXX	13	13								X X X		XXX	
7099997 Subtotal - Common Stock - Part 4					13	XXX	13	13								X X X		XXX	
7099998 Summary Item for Common Stock Bought and Sold This Quarter						XXX										X X X		XXX	
7099999 Subtotal - Common Stock					13	XXX	13	13								X X X		XXX	
7199999 Subtotal - Preferred and Common Stock					13	XXX	13	13								X X X		XXX	
7299999 Total - Bonds, Preferred and Common Stock					8,650,013	XXX	8,609,022	8,646,142	(307)						3,871	3,871	566,501		XXX

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

E06 Schedule DB Part A Section 1.....NONE

E06 Schedule DB Part B Section 1.....NONE

E07 Schedule DB Part C Section 1.....NONE

E07 Schedule 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									
Key Bank National Association	Cleveland, OH					(5,429,216)	(5,075,021)	(5,405,078)	
Key Bank National Association -									
SWEEP	Cleveland, OH			2,864		814,612	222,956	1,252,904	
Chase Manhattan Bank	White Plains, NY					29,934	29,934	29,934	
Comerica Bank	Detroit, MI					43,075	43,075	43,075	
Wachovia Bank of Georgia, NA	Atlanta, GA			76		25,000	25,000	25,000	
Bank of America	Chicago, IL					627,422	227,422	227,422	
American National Bank	Chicago, IL					545,264	1,323,226	1,675,385	
019998 Deposits in depositories which do not exceed the allowable limit in any one depository (See Instructions) - open depositories	X X X								
019999 Totals - Open Depositories	X X X	2,940				(3,343,908)	(3,203,407)	(2,151,357)	
029998 Deposits in depositories which do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories	X X X								
029999 Totals - Suspended Depositories	X X X								
039999 Total Cash On Deposit	X X X	2,940				(3,343,908)	(3,203,407)	(2,151,357)	
049999 Cash in Company's Office	X X X	X X X	X X X			400	400	400	
059999 Total Cash	X X X	2,940				(3,343,508)	(3,203,007)	(2,150,957)	

TSS-1 Trusted Surplus Affidavit **NONE**

TSS-2 Trusted Surplus Assets **NONE**

TSS-2 Trusted Surplus Assets (Cont.) **NONE**

TSS-3 Trusted Surplus Liabilities **NONE**

TSS-1, TSS-2, TSS-3

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