



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

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

OFFICERS

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

VICE PRESIDENTS

Marcia Carroll Sevold	John Wilson McKee III
Gerard Thomas Mallen	Michael Joseph Lynch

DIRECTORS OR TRUSTEES

Larry Joseph Newsom	Michael Joseph Lynch
Marcia Carroll Sevold	Gregory Paul Turner #
Ana Lisa Clark #	

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.

(Signature)	(Signature)	(Signature)
Larry Joseph Newsom	Maureen Therese Mulville	Michael Joseph Lynch
(Printed Name)	(Printed Name)	(Printed Name)
President	Secretary	Treasurer

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[ ]
25 day of October, 2002	b. If no,	
	1. State the amendment number	
	2. Date filed	
	3. Number of pages attached	

(Notary Public Signature)

ASSETS

		Current Statement Date			4
		1	2	3	
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)	December 31 Prior Year Net Admitted Assets
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	2
		Current Statement Date	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) .....		
14.	Taxes, licenses and fees due or accrued, excluding federal income taxes .....	518,888	1,442,043
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
<b>DETAILS OF WRITE-INS</b>			
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	2	3
		Current Year To Date	Prior Year To Date	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) .....	6,514,311	8,353,322	11,225,765
34.	Net realized capital gains or (losses) less capital gains tax of \$..... (excluding taxes of \$..... transferred to the IMR) .....	(50,438)		(162,980)
35.	Net Income (Line 33 plus Line 34) .....	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 .....		1,373,213	(760,507)
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) .....			

**CASH FLOW**

		1	2
		Current Year To Date	Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>			
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	190,503
6.	Fees associated with investment management, administration and contract guarantee from Separate Accounts .....		
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
<b>CASH FROM INVESTMENTS</b>			
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)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>			
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)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>			
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
<b>DETAILS OF WRITE-INS</b>			
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	2	3
		Current Year To Date	Prior Year To Date	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
<b>DETAILS OF WRITE-INS</b>				
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	2,132,786	2,239,024
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 it's 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:
- 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] N/A[ ]
- 3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 3.2 If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
4. Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes[ ] No[X]
- 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.

1	2	3
Name of Entity	NAIC Company Code	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?  
If no, attach a description with this statement.

Yes[ ] No[X] N/A[ ]
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	2	3	4	5	6	7	8
	Statement Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Statement Value End of First Quarter	Statement Value End of Second Quarter	Statement Value End of Third Quarter	Statement Value December 31 Prior Year
<b>BONDS</b>								
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
<b>PREFERRED STOCK</b>								
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	X X X .....	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 CurrentYear	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)
------------------------------	------------------------------	----------------------------	-------------------	---

**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.			1  Is Insurer Licensed? (Yes or No)	Direct Business Only				
				Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	5 Deposit-Type Contract Funds	6 Other Considerations
				2 Life Insurance Premiums	3 Annuity Considerations			
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	X X X					
58.	SUBTOTAL		(a) 49	83,890,389		44,724,828		
90.	Reporting entity contributions for employee benefits plans		X X X					
91.	Dividends or refunds applied to purchase paid-up additions and annuities		X X X					
92.	Dividends or refunds applied to shorten endowment or premium paying period		X X X					
93.	Premium or annuity considerations waived under disability or other contract provisions		X X X					
94.	Aggregate other amounts not allocatable by State		X X X					
95.	TOTALS (Direct Business)		X X X	83,890,389		44,724,828		
96.	Plus Reinsurance Assumed		X X X	28,847,070				
97.	TOTALS (All Business)		X X X	112,737,459		44,724,828		
98.	Less Reinsurance Ceded		X X X	2,787,883		5,266,723		
99.	TOTALS (All Business) less Reinsurance Ceded		X X X	109,949,576		39,458,105		
DETAILS OF WRITE-INS								
5701			X X X					
5702			X X X					
5703			X X X					
5798.	Summary of remaining write-ins for Line 57 from overflow page		X X X					
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)		X X X					
9401			X X X					
9402			X X X					
9403			X X X					
9498.	Summary of remaining write-ins for Line 94 from overflow page		X X X					
9499.	TOTALS (Lines 9401 through 9403 plus 9498) (Line 94 above)		X X X					

(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**

18

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:



**OVERFLOW PAGE FOR WRITE-INS**

**ASSETS**

		Current Statement Date			4
		1	2	3	December 31 Prior Year Net Admitted Assets
		Assets	Nonadmitted Assets	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	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation (a)
<b>Bonds - Public Utilities</b>								
264399DW3 .....	DUKE ENERGY CORP .....	08/13/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	518,750 .....	500,000 .....	2,691 .....	1PE .....
3899999 Subtotal - Bonds - Public Utilities .....					518,750 .....	500,000 .....	2,691 .....	.....
<b>Bonds - Industrial and Miscellaneous</b>								
026609AM9 .....	AMERICAN HOME PRODUCTS .....	07/26/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	1,507,500 .....	1,500,000 .....	37,967 .....	1 .....
06423AAR4 .....	BANK ONE CORP. ....	08/22/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	501,875 .....	500,000 .....	.....	1PE .....
125581AC2 .....	CIT GROUP INC .....	09/19/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	2,020,000 .....	2,000,000 .....	.....	1PE .....
22237LMQ2 .....	COUNTRYWIDE HOME LOANS .....	08/13/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	516,500 .....	500,000 .....	6,953 .....	1PE .....
22541LAB9 .....	CREDIT SUISSE FIRST BOSTON US INC .....	07/17/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	996,500 .....	1,000,000 .....	11,399 .....	1 .....
38141GCG7 .....	GOLDMAN SACHS GROUP .....	09/04/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	1,020,000 .....	1,000,000 .....	1,900 .....	1 .....
428236AF0 .....	HEWLETT PACKARD CO .....	09/09/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	517,500 .....	500,000 .....	5,806 .....	1PE .....
441812JT2 .....	HOUSEHOLD FINANCE .....	09/04/2002 ....	MCDONALD & COMPANY .....	X X X .....	1,035,000 .....	1,000,000 .....	8,125 .....	1 .....
459745FA8 .....	INTERNATIONAL LEASE FINANCE CORP .....	08/21/2002 ....	MCDONALD & COMPANY .....	X X X .....	1,019,750 .....	1,000,000 .....	13,594 .....	1 .....
78387GAD5 .....	SBC COMMUNICATIONS INC .....	08/13/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	516,500 .....	500,000 .....	13,108 .....	1 .....
913275AA1 .....	UNITRIN, INC. ....	09/26/2002 ....	FERRIS, BAKER WATTS .....	X X X .....	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 .....						X X X .....		
7199999 Subtotal - Preferred and Common Stock .....						X X X .....		
7299999 Total - Bonds, Preferred and Common Stock .....					10,688,375 .....	X X X .....	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	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) On Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Desig- nation (a)
<b>Bonds - U.S. Governments</b>																
3134A2SL3 .....	FEDERAL HOME LOAN MORTGAGE CORP .....	09/24/2002	CALLED .....	X X X .....	500,000	500,000	500,000	500,000						30,835	X X X .....	1 .....
3134A3D94 .....	FEDERAL HOME LOAN MORTGAGE CORP .....	08/27/2002	CALLED .....	X X X .....	1,000,000	1,000,000	1,000,000	1,000,000						80,600	X X X .....	1 .....
31364GCP2 .....	FEDERAL NATIONAL MORTGAGE ASSOC .....	09/03/2002	CALLED .....	X X X .....	1,000,000	1,000,000	1,000,000	1,000,000						52,347	X X X .....	1 .....
86387RGL0 .....	STUDENT LOAN MARKETING ASSN .....	08/01/2002	MATURED .....	X X X .....	750,000	750,000	735,000	750,000	1,264					48,750	X X X .....	1 .....
912827G55 .....	U.S. TREASURY NOTES .....	08/15/2002	MATURED .....	X X X .....	500,000	500,000	483,594	500,000	1,450					23,488	X X X .....	1 .....
0399999 Subtotal - Bonds - U.S. Governments .....					3,750,000	3,750,000	3,718,594	3,750,000	2,714					236,020	X X X .....	X X X .....
<b>Bonds - Public Utilities</b>																
774347AM0 .....	ROCKWELL INTERNATIONAL CORP .....	09/16/2002	MATURED .....	X X X .....	500,000	500,000	467,500	500,000	3,951					33,750	X X X .....	1 .....
3899999 Subtotal - Bonds - Public Utilities .....					500,000	500,000	467,500	500,000	3,951					33,750	X X X .....	X X X .....
<b>Bonds - Industrial and Miscellaneous</b>																
053528CA1 .....	AVCO FINANCIAL SERVICES INC .....	08/15/2002	MATURED .....	X X X .....	500,000	500,000	500,000	500,000						30,000	X X X .....	1 .....
066050BS3 .....	BANKAMERICA CORP .....	07/15/2002	MATURED .....	X X X .....	400,000	400,000	396,000	400,000	326					31,000	X X X .....	1 .....
345402Z46 .....	FORD MOTOR CREDIT CORP .....	07/15/2002	CALLED .....	X X X .....	500,000	500,000	495,000	496,129	142			3,871	3,871	20,781	X X X .....	2 .....
59018SVP6 .....	MERRILL LYNCH .....	07/30/2002	CALLED .....	X X X .....	500,000	500,000	500,000	500,000						35,750	X X X .....	1 .....
59018SVP6 .....	MERRILL LYNCH .....	07/30/2002	CALLED .....	X X X .....	1,000,000	1,000,000	1,047,250	1,000,000	(7,849)					71,500	X X X .....	1 .....
634902BE9 .....	NATIONAL CITY BANK CLEVELAND .....	09/25/2002	CALLED .....	X X X .....	500,000	500,000	500,000	500,000						35,500	X X X .....	1 .....
63858SBK4 .....	NATIONSBANK CORP .....	07/30/2002	CALLED .....	X X X .....	500,000	500,000	511,250	500,000	(1,921)					35,950	X X X .....	1 .....
694032AL7 .....	PACIFIC BELL .....	07/01/2002	MATURED .....	X X X .....	500,000	500,000	473,415	500,000	2,329					36,250	X X X .....	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	X X X .....	X X X .....
6099997 Subtotal - Bonds - Part 4 .....					8,650,000	8,650,000	8,609,009	8,646,129	(307)			3,871	3,871	566,501	X X X .....	X X X .....
6099998 Summary Item for Bonds Bought and Sold This Quarter .....															X X X .....	X X X .....
6099999 Subtotal - Bonds .....					8,650,000	8,650,000	8,609,009	8,646,129	(307)			3,871	3,871	566,501	X X X .....	X X X .....
6599998 Summary Item for Preferred Stock Bought and Sold This Quarter .....														X X X .....		X X X .....
<b>Common Stock - Industrial and Miscellaneous</b>																
89420G109 .....	TRAVELERS PROPERTY CASUALTY CO .....	09/18/2002	EXCHANGE .....	0.591	8	X X X .....	8	8						X X X .....		L .....
89420G406 .....	TRAVELERS PROPERTY CASUALTY CO .....	09/18/2002	EXCHANGE .....	0.324	5	X X X .....	5	5						X X X .....		L .....
6899999 Subtotal - Common Stock - Industrial and Miscellaneous .....					13	X X X .....	13	13						X X X .....		X X X .....
7099997 Subtotal - Common Stock - Part 4 .....					13	X X X .....	13	13						X X X .....		X X X .....
7099998 Summary Item for Common Stock Bought and Sold This Quarter .....						X X X .....								X X X .....		X X X .....
7099999 Subtotal - Common Stock .....					13	X X X .....	13	13						X X X .....		X X X .....
7199999 Subtotal - Preferred and Common Stock .....					13	X X X .....	13	13						X X X .....		X X X .....
7299999 Total - Bonds, Preferred and Common Stock .....					8,650,013	X X X .....	8,609,022	8,646,142	(307)			3,871	3,871	566,501		X X X .....

(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			2	3	4	Book Balance at End of Each Month During Current Quarter			8
Depository			Rate of Interest	Amount of Interest Received During Current Quarter	Amount of Interest Accrued at Current Statement Date	5	6	7	*
						First Month	Second Month	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	
0199998 Deposits in ..... depositories which do not exceed the allowable limit in any one depository (See Instructions) - open depositories			X X X						
0199999 Totals - Open Depositories			X X X	2,940		(3,343,908)	(3,203,407)	(2,151,357)	
0299998 Deposits in ..... depositories which do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories			X X X						
0299999 Totals - Suspended Depositories			X X X						
0399999 Total Cash On Deposit			X X X	2,940		(3,343,908)	(3,203,407)	(2,151,357)	
0499999 Cash in Company's Office			X X X	X X X	X X X	400	400	400	
0599999 Total Cash			X X X	2,940		(3,343,508)	(3,203,007)	(2,150,957)	

**TSS-1    Trusteed Surplus Affidavit ..... NONE**

**TSS-2    Trusteed Surplus Assets ..... NONE**

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

**TSS-3    Trusteed Surplus Liabilities ..... NONE**



**OVERFLOW PAGE FOR WRITE-INS**

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