

ANNUAL STATEMENT

For the Year Ended December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE
RETAILERS EMPLOYEES BENEFIT TRUST

established under the Laws of the State of OHIO, made to the

INSURANCE DEPARTMENT OF THE STATE OF Ohio
PURSUANT TO THE LAWS THEREOF

Established JUNE, 2002 Commenced Business JUNE, 2002

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O.F.R.S. ✓

Statutory Home Office CLIFF FINKE 3743 HAMILTON-CLEVES RD, ROSS, OHIO 45061
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office INDEPENDENT FOOD RETAILERS ASSOCIATION P.O. BOX 426, 37760 LOGG ROAD
(Street and Number)
RICHMOND, MI 48062 (City or Town, State and Zip Code) (517) 773-1171 (Area Code) (Telephone Number)

Mail Address INDEPENDENT FOOD RETAILERS ASSOCIATION P.O. BOX 426, 37760 LOGG ROAD, RICHMOND, MI 48062
(Street and Number or P.O. Box) (City, or Town, State and Zip Code)

Primary Location of Books and Records DAIG & DAIG PC, CPAs G-4067 VAN SLYKE RD PO BOX 7607
(Street and Number)
FLINT, MI 48507 (City or Town, State and Zip Code) (810) 232-8500 (Area Code) (Telephone Number)

Annual Statement Contact Person and Phone Number (include extension) JOHN L. DAIG, CPA (810) 232-8500

OFFICERS

Chairperson LARRY BEADLE
Secretary KEN ZOPPA Vice-Presidents _____
Treasurer _____

TRUSTEES

GARY BATES CLIFF FINKE STEVE BAUMANN
JERRY BREEN BOB ANDERSON ORVILLE SCHUETTE
LARRY BEADLE KEN ZOPPA

State of Michigan
County of Ingham ss

Larry Beadle Chairperson, Ken Zoppa Secretary, _____ Treasurer

of the Retailers Employees Benefit Trust being duly sworn, each deposes and says that they are the above described officers of the trust carrying on the business of a MEWA, and that on the thirty-first day of December last, all of the herein described assets were the absolute property of the trust, free and clear from any liens or claims thereon, except as herein stated, and that this annual 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 trust as of the thirty-first day of December last, and of its income and deductions therefrom for the year ended on that date, and have been completed in accordance with the annual statement instructions and accounting practices and procedures prescribed by the Ohio Department of Insurance, according to the best of their information, knowledge and belief, respectively.

Larry Beadle
Chairperson

[Signature]
Secretary

Treasurer

Subscribed and sworn to before me this

7 day of April, 2003

Robert L. Hood
NOTARY PUBLIC (Seal)

(a) Is this an original filing?
(b) If no:

ROBERT L. HOOD
Notary Public, Ingham County, MI
My Comm. Expires April 15, 2007

Yes No
(i) state the amendment number.....
(ii) date filed
(iii) number of pages attached

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST

	1 December 31, 2002	2 December 31, 2001
ASSETS		
1. Bonds.....	957,131	760,141
2. Stocks.....		
2.1 Preferred Stocks		
2.2 Common Stocks.....		
3. Mortgage loans on real estate.....		
4. Real estate, less \$.....encumbrances.....		
5. Collateral loans.....		
6.1 Cash on hand and on deposit.....	170,195	230,096
6.2 Short-term investments.....		
7. Aggregate write-ins for invested assets.....	4,990	(2,346)
7a. Subtotals, cash and invested assets (Lines 1 to 7)	1,132,316	987,891
8. Premium due and unpaid		
9. Funds held by or deposited with reinsurance companies.....		
10. Reinsurance recoverables on loss and loss adjustment payments		
10.1 Reinsurance recoverable on unpaid losses.....		
11. Federal income tax recoverable.....		
12. Interest and other investment income due and accrued	6,570	6,854
13. Receivable from parent, subsidiaries and affiliates		
14. Electronic data processing equipment.....		
15. Aggregate write-ins for other than invested assets		
16. TOTALS (Lines 7A through 15)	1,138,886	994,745
DETAILS OF WRITE-INS AGGREGATED AT LINE 7 FOR INVESTED ASSETS		
0701 Unamortized Bond Discount.....	4,990	(2,346)
0702.....		
0703.....		
0704.....		
0705.....		
0798 Summary of remaining write-ins for Line 7 from overflow page.....		
0799 Totals (Lines 0701 through 0705 plus 0798)(Page 2, Line 7)	4,990	(2,346)
DETAILS OF WRITE-INS AGGREGATED AT LINE 15 FOR OTHER THAN INVESTED ASSETS		
1501.....		
1502.....		
1503.....		
1504.....		
1505.....		
1598 Summary of remaining write-ins for Line 15 from overflow page.....		
1599 Totals (Lines 1501 through 1505 plus 1598)(Page 2, Line 15)		

NOTE: The lines on this page to agree with Exhibit 1, Column 4.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST

LIABILITIES, SURPLUS AND SPECIAL FUNDS	1 December 31, 2002	2 December 31, 2001
1. Claims unpaid (Part 2A, Col. 4, Line 5)	309,000	306,000
2. Unpaid claims adjustment expenses (Part 3, Line 22b, Col. 2)		
3. Unearned premiums (Part 1, Line 5, Col. 8)	39,542	21,938
4. Unearned investment income (Part 4, Line 9, Col. 4)		
5. (a) Taxes, licenses and fees due or accrued (excluding Federal income taxes)		
(b) Federal income taxes (Including \$ _____ net deferred tax liabilities)		
(c) Stop loss, excess, or reinsurance premium due and unpaid		
(d) Other expenses due or accrued	2,849	17,534
6. Premium deposits made by applicants rejected or not as yet accepted as members or subscribers		
7. Borrowed money \$..... and interest thereon \$.....		
8. Amounts withheld or retained for account of others.....		
9. Stop loss, excess, or reinsurance received but not yet due.....		
10. Provision for unauthorized reinsurance		
11. Aggregate write-ins for other liabilities		
12. Total liabilities (Lines 1 to 11).....	351,391	345,472
SURPLUS AND SPECIAL FUNDS		
13. Surplus	787,495	649,273
14. Aggregate write-ins for surplus and special funds.....	-	-
15. Total (Line 13 plus Line 14; Page 4, Line 21)	787,495	649,273
16. TOTALS (Lines 12 plus 15)	1,138,886	994,745
DETAILS OF WRITE-INS AGGREGATED AT LINE 11 FOR OTHER LIABILITIES		
1101.		
1102.		
1103.		
1104.		
1105.		
1198. Summary of remaining write-ins for Line 11 from overflow page		
1199. Totals (Lines 1101 through 1105 plus 1198)(Page 3, Line 11)		
DETAILS OF WRITE-INS AGGREGATED AT LINE 14 FOR SURPLUS AND SPECIAL FUNDS		
1401.		
1402.		
1403.		
1404.		
1405.		
1498. Summary of remaining write-ins for Line 14 from overflow page		
1499. Totals (Lines 1401 through 1405 plus 1498)(Page 3, Line 14)	-	-

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST

UNDERWRITING AND INVESTMENT EXHIBIT	1 2002	2 2001
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 5, Col. 9)	1,885,536	1,864,546
2. Claims incurred (Part 2, Line 5, Col. 5)	1,545,859	1,653,379
3. Expenses incurred (Part 3, Line 21, Col. 2, 3, 4):		
(a) Claim adjustment		
(b) Administrative	211,462	300,791
(c) Soliciting.....		
4. Individual stop loss, excess, or reinsurance expense (Net of incurred Recoveries)		
5. Aggregate stop loss, excess, or reinsurance expense (Net of incurred Recoveries)	63,685	84,803
5A Aggregate write-ins for underwriting deductions		
6. Total underwriting deductions (Lines 2 through 5)	1,821,006	2,038,973
7. Net underwriting gain or (loss)(Line 1 minus Line 6)	64,530	(174,427)
INVESTMENT INCOME		
8. Net investment income earned (Part 4, Line 14, Col. 8)	43,696	56,318
9. Net realized capital gains or (losses) (Part 4A, Line 10, Col. 6).....	814	(405)
10. Net investment gain or (loss) (Line 8 plus Line 9).....	44,510	55,913
OTHER INCOME		
11. Aggregate write-ins for other income.....	-	-
12. Net gain or (loss) before federal income taxes (Lines 7 + 10 +11)	109,040	(118,514)
13. Federal income taxes incurred		
14. Net gain or (loss) (to Line 16) (Line 12 minus Line 13).....	109,040	(118,514)
SURPLUS AND SPECIAL FUNDS		
15. Surplus and special funds December 31, previous year (Page 4, Line 21, Col. 2).....	649,273	753,564
GAINS AND (LOSSES)		
16. Net gain or (loss) (from Line 14).....	109,040	(118,514)
17. Net unrealized capital gains or (losses) (Part 4A, Line 11, Col. 6).....	36,517	14,223
18. Change in non-admitted assets (Exhibit 2, Line 9, Col. 3)	(7,336)	-
19. Aggregate write-ins for changes to surplus and special funds.....	-	-
20. Change in surplus and special funds for the year (Lines 16 through 19)	138,221	(104,291)
21. Surplus and special funds December 31, current year (Line 15 plus Line 20)	787,494	649,273
DETAILS OF WRITE-INS AGGREGATED AT LINE 11 FOR OTHER INCOME		
1101		
1102		
1103		
1104		
1198 Summary of remaining write-ins for Line 11 from overflow page.....		
1199 Totals (Lines 1101 through 1105 plus 1198) (Page 4, Line 11)		
DETAILS OF WRITE-INS AGGREGATED AT LINE 19 FOR CHANGES TO RESERVES AND SPECIAL FUNDS		
1901		
1902		
1903		
1904		
1998 Summary of remaining write-ins for Line 19 from overflow page.....		
1999 Totals (Line 1901 through 1905 plus 1998) (Page 4, Line 19)	-	-

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1

Line of Business*	1 Premiums Written Direct Business	2 Premiums Written Reinsurance Assumed	3 Total Premiums Written (Cols. 1+2)	4 Unearned Premiums December 31 Previous Year	5 Unearned Premiums December 31 Current Year (Part 1A)	6 Reserve for Rate Credits and Retrospective Returns Based on Experience	7 Total Reserve for Unearned Premiums (Cols. 5+6)	8 Premiums Earned (Cols. 3+ 4- 7)	9 Reinsurance Premiums Ceded
1. Hospital/Medical	1,381,440	.....	1,381,440	21,938	39,542	.....	39,542	1,363,836	.....
2. Medical	0	.....	-	0	.....	.....	0	-	.....
3. Dental.....	172,785	.....	172,785	0	.....	.....	0	172,785	.....
4. Other	348,915	.....	348,915	0	.....	.....	0	348,915	.....
5. Totals	1,903,140	.....	1,903,140	21,938	39,542	.....	39,542	1,885,536	.....

Informational Only

PART 1A— UNEARNED PREMIUMS

Premium Mode	1 Premiums in Force December 31 Current Year	2 Amount of Premiums or Fees Unearned
1. Quarterly premiums .....	.....	.....
2. Monthly premiums.....	.....	.....
3. Advanced premiums	XXXXXXXXXXXXXXXXXXXXXXXXXXXX	.....
4. Totals.....	.....	.....

* If you are unable to break out hospital and medical premiums, please put the combined total and a notation that the amount applies to both lines of business.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2-CLAIMS PAID AND INCURRED**

1 Line of Business	2 Claims Paid	3 Claims Unpaid Current Year (Col. 4, Part 2A)	4 Claims Unpaid Previous Year	5 Claims Incurred (Cols. 2+3-4)
1. Hospital/Medical	1,108,737	244,000	227,400	1,125,337
2. Medical	-	-	-	-
3. Dental.....	129,548	30,300	26,400	133,448
4. Other	304,574	34,700	52,200	287,074
5. Totals	1,542,859	309,000	306,000	1,545,859

PART 2 A-CLAIMS UNPAID

1 Line of Business	2 Reported Claims in Process of Adjustment	3 Estimated Incurred But Unreported	4 Total Claims Unpaid
1. Hospital/Medical	244,000	-	244,000
2. Medical	-	-	-
3. Dental.....	30,300	-	30,300
4. Other	34,700	-	34,700
5. Totals	309,000	-	309,000

PART 2B-ANALYSIS OF CLAIMS UNPAID-PREVIOUS YEAR

1 Line of Business	Claims Paid Year to Date		Claims Unpaid as of Current Period		6 Total Claims Incurred to December 31 of Current Year on Claims Incurred in Prior Years (Columns 2 + 4)	7 Estimated Liability on Unpaid Claims as of December 31 Previous Year
	2 On Claims Incurred Prior to January 1 of Current Year	3 On Claims Incurred During the Year	4 On Claims Unpaid Incurred in Prior Years	5 On Claims Incurred During the Year		
1. Hospital/Medical	228,289	880,448	-	244,000	228,289	.....
2. Medical .....	.....	.....	.....	.....	-	.....
3. Dental.....	26,674	102,874	-	30,300	26,674	.....
4. Other	62,712	241,862	-	34,700	62,712	.....
5. Totals.....	317,675	1,225,184	-	309,000	317,675	.....

* Part 2B, Column 4 and column 5 must equal Part 2A Total of column 4

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST
 UNDERWRITING AND INVESTMENT EXHIBIT
 PART 3-ANALYSIS OF EXPENSES

1	Incurred Expenses				
	2 Claim Adjustment	3 Administrative	4 Soliciting	5 Investment	6 Total
1. Advertising					-
2. Boards, bureaus and associations					-
3. Salaries					-
4. Employee relations and welfare.....					-
5. Insurance, except on real estate					-
6. Travel and travel items.....					-
7. Rent and rent items, including \$ for occupancy of own buildings, less \$..... received under sublease.....					-
8. Equipment					-
9. Printing and stationery		18,587			18,587
10. Postage, telephone and telegraph, exchange and express.....					-
11. Legal.....					-
12. Auditing, actuarial and consulting services.....		83,698			83,698
13. Taxes, licenses and fees:					-
(a) State and local insurance taxes.....					-
(b) Insurance department licenses and fees.....					-
(c) Payroll Taxes.....					-
(d) Other (excluding federal income and real estate).....		7,526			7,526
(e) Total taxes licenses and fees (a+b+c+d).....	-	7,526	-	-	7,526
14. Real estate expenses.....					-
15. Real estate taxes.....					-
16. Service company expenses.....		101,651			101,651
17. Financial administrtor expenses.....					-
18. Board of trustees expenses.....					-
19. Fidelity bond expenses.....					-
20. Aggregate write-ins for other expenses.....					-
21. Total expenses incurred.....	-	211,462	-	-	211,462
22. General expenses unpaid:					-
(a) General expenses unpaid December 31, previous year.....	-	-	-	-	-
(b) General expenses unpaid December 31, current year.....	-	-	-	-	-
23. Expenses paid (21+22a-22).....	-	211,462	-	-	211,462
DETAILS OF WRITE-INS AGGREGATED AT LINE 20 FOR OTHER EXPENSES					
	2	3	4	5	6
2001.....					
2002.....					
2003.....					
2004.....					
2005.....					
2098 Summary of remaining write-ins for Line 20 from overflow page.....					
2099 Totals (Lines 2001 through 2005 plus 2098)(Part 3, Line 20)					

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST

UNDERWRITING AND INVESTMENT EXHIBIT
PART 4-INTEREST, DIVIDENDS AND REAL ESTATE INCOME

1	2	3	Received in Advance		Due and Accrued		8
			4	5	6	7	
	Schedule	Collected During Year Less Paid For Accrued on Purchases	Current Year	Previous Year	Current Year	Previous Year	Earned During Year (Cols. 3 - 4 + 5 + 6 - 7)
1. Government Bonds	D*	42,347					42,347
1.1 Other Bonds (unaffiliated)	D*						
1.2 Bonds of affiliates	D*						
2.1 Preferred stocks (unaffiliated)	D						
2.11 Preferred stocks of affiliates	D						
2.2 Common stocks (unaffiliated)	D						
2.21 Common stocks of affiliates	D						
3. Mortgage loans	B†						
4. Real estate	AS‡						
5. Collateral loans	C						
6.1 Cash on hand and on deposit	E	1,349					1,349
6.2 Short-term investments	DA**						
7. Financial options and futures							
8. Aggregate write-ins for investment income							
9. TOTALS		43,696					43,696
10. Total investment expenses incurred (Part 3, Line 21, Col. 5)							
11. Depreciation on real estate							
12. Aggregate write-ins for other deductions							
13. Total Deductions							
14. Net Investment Income Earned (Line 9 minus Line 13)(to Page 4, Line 8)							43,696

* Includes \$ accrual of discount less \$ amortization of premium ** Includes \$ accrual of discount less \$ amortization of premium
 † Includes \$ accrual of discount less \$ amortization of premium ‡ Includes \$ for corporation's occupancy of it's own buildings
 ‡ Admitted items only. State basis of exclusions for corporation's occupancy of it's own buildings

DETAILS OF WRITE-INS AGGREGATED AT LINE 8 FOR INVESTMENT INCOME

1	2	3	4	5	6	7	8
0801							
0802							
0803							
0804							
0805							
0898 Summary of remaining write-ins for Line 8 from overflow page							
0899 Totals (Lines 0801 through 0805 plus 0898 (Part 4, Line 8))							

DETAILS OF WRITE-INS AGGREGATED AT LINE 12 FOR INVESTMENT INCOME

1	2	3	4	5	6	7	8
1201							
1202							
1203							
1204							
1205							
1298 Summary of remaining write-ins for Line 12 from overflow page							
1299 Totals (Lines 1201 through 1205 plus 1298 (Part 4, Line 12))							

PART 4A-CAPITAL GAINS AND (LOSSES) ON INVESTMENTS

	1	2	3	4	5	6
	Profit on Sales or Maturity	Loss on Sales or Maturity	Increases by Adjustment in Book Value	Decreases by Adjustment in Book Value	Net Gain or (Loss) from Change in Difference Between Book and Admitted Values	Total (Net of Cols. 1 to 5 incl.) (1 - 2 + 3 - 4 + 5)
1. Government Bonds	1,092	278	48,437	19,256	7,336	37,331
1.1 Other bonds (unaffiliated)						
1.2 Bonds of affiliates						
2.1 Preferred stocks (unaffiliated)						
2.11 Preferred stocks of affiliates						
2.2 Common stocks (unaffiliated)						
2.21 Common stocks of affiliates						
3. Mortgage loans						
4. Real Estate						
5. Collateral loans						
6.1 Cash on hand and on deposit						
6.2 Short-term investments						
7. Financial options and futures						
8. Aggregate write-ins for capital gains and (losses)						
9. TOTALS	1,092	278	48,437	19,256	7,336	37,331
(Distribution of Line 9, Col. 6)						
10. Net realized capital gains or (losses)* (Page 4, Line 9)(Col. 1 - 2, Line 9)						814
11. Net Unrealized capital gains or (losses)* (Page 4, Line 17)(Cols. 3 - 4 + 5, Line 9)						36,517

* Attach statement or memorandum explaining basis of division. ‡ Excluding \$ depreciation or real estate included in Part 4, Line 11

DETAILS OF WRITE-INS AGGREGATED AT
LINE 8 FOR CAPITAL GAINS AND (LOSSES)

1	2	3	4	5	6
0801					
0802					
0803					
0804					
0805					
0898 Summary of remaining write-ins for Line 8 from overflow page					
0899 Totals (Lines 0801 through 0805 plus 0898 (Part 4A, Line 8))					

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST

EXHIBIT 1-ANALYSIS OF ASSETS

	1	2	3	4
	Ledger Assets	Non-Ledger Including Excess of Market (or Amortized) Over Book Values	Assets Not Admitted Including Excess of Book Over Market (or Amortized Values)	Net Admitted Assets (Cols. 1 + 2 - 3)
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
(a) First liens				
(b) Other than first liens				
4. Real estate, less encumbrances (Schedule A)				
5. Collateral loans (Schedule C)				
6.1 Cash on hand and on deposit:				
(a) Cash in company's office				
(b) Cash on deposit (Schedule E)	170,195	0	0	170,195
6.2 Short-term investments (Schedule DA)	912,415	44,716	-	957,131
7. Aggregate write-ins for invested assets	4,990	0	0	4,990
7A. Subtotal, cash and invested assets	1,087,600	44,716	0	1,132,316
8. Premium due and unpaid	0	0	0	-
9. Funds held by or deposited with reinsurance companies				
10. Reinsurance recoverables on loss and loss adjustment payments (Schedule S, Col. 1)				
10A. Reinsurance recoverable on unpaid losses				
11. Federal income tax recoverable				
12. Interest and other investment income due and accrued	6,570	-	-	6,570
13. Receivables from parent subsidiaries and affiliates				
14. Electronic data processing equipment				xxx
15. Equipment, furniture and supplies				xxx
16. Third party reimbursements receivable				xxx
17. Assessments and penalties due and unpaid				xxx
18. Prepaid expenses				xxx
19. Loans on person security, endorsed or not				
20. Aggregate write-ins for other than invested assets				
21. Totals (Lines 1 through 20)	1,094,170	44,716	-	1,138,886
DETAILS OF WRITE-INS AGGREGATED AT LINE 7 FOR INVESTED ASSETS				
0701 Bond Premium	4,990	-	-	4,990
0702				
0703				
0704				
0705				
0798 Summary of remaining write-ins for Line 7 from overflow page				
0799 Totals (Lines 0701 through 0705 plus 0798)(Exhibit 1, Line 7)	4,990			4,990
DETAILS OF WRITE-INS AGGREGATED AT LINE 20 FOR OTHER THAN INVESTED ASSETS				
2001				
2002				
2003				
2004				
2005				
2098 Summary of remaining write-ins for Line 20 from overflow page				
2099 Totals (Lines 2001 through 2005 plus 2098)(Exhibit 1, Line 20)				

EXHIBIT 2-ANALYSIS OF NON-ADMITTED ASSETS

Excluding Excess of Book Over Market (or Amortized) Values and Exhibit 1, Line 12, Column 3

	1	2	3
	End of Previous Year	End of Current Period	Change for Year (Increase) or Decrease (Column 1 minus Column 2)
1. Uncollected premiums			
2. Deposits in suspended depositories, less estimated amount recoverable			
3. Equipment, furniture and supplies			
4. Loans on personal security, endorsed or not			
5. Third Party reimbursements receivable			
6. Assessments and penalties due and unpaid			
7. Prepaid expenses			
8. Aggregate write-ins for assets not admitted	(2,346)	4,990	(7,336)
9. Total change (Column 3)(Carry to Page 4, Line 18)	xxx	xxx	(7,336)
DETAILS OF WRITE-INS AGGREGATED AT LINE 8 FOR ASSETS NOT ADMITTED			
0801 Bond Premium	(2,346)	4,990	(7,336)
0802			
0803			
0804			
0805			
0898 Summary of remaining write-ins for Line 8 from overflow page			
0899 Totals (Lines 0801 through 0805 plus 0898) (Exhibit 2, Line 8)	(2,346)	4,990	(7,336)

GENERAL INTERROGATORIES

- 1. Does the MEWA own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes | | No | |
- 2. Did any person while an officer, or trustee of the MEWA receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the MEWA? Yes | | No | |
- 3. Has the MEWA an established procedure for disclosure to it's board of trustees of any material interest or affiliation on the part of it's officers, trustees or responsible employees that is in or is likely to be in conflict with the official duties of such person? Yes | | No | |
- 4. (a) Was money lent during the year to any officer, or trustee of the MEWA?
(b) If "Yes", give detailed explanation of each loan:
- 5. (a) Are there any loans outstanding at end of year to any officer, or trustee of the MEWA?
(b) If "Yes", give detailed explanation of each loan:
- 6. Were all the stocks, bonds and other securities owned December 31 of current year, over which the MEWA has exclusive control, in the actual possession of the MEWA on that date? Yes | | No | |
- 7. Have all private placement investments that were the subject of renegotiation or modification of their terms during the year been disclosed to the Securities Valuation office of the NAIC with full details as to the provisions renegotiated or modified? N/A
- 8. Have filings been made with the Securities Valuation office of the NAIC in connection with acquisition and disposition of securities as required by Section 8 of the Valuation Procedures and Instructions for Bonds and Stocks? N/A
- 9. (a) Were any of the stocks, bonds or other assets of the Trust owned at December 31, of the current year NOT exclusively under the control of the MEWA?
(b) If "Yes", state the amount thereof at December 31, of the current year:

(i)	lent to others	\$
(ii)	subject to reverse repurchase agreements	\$
(iii)	subject to dollar repurchase agreements	\$
(iv)	subject to reverse dollar repurchase agreement	\$
(v)	pledged as collateral	\$
(vi)	placed under option agreements	\$
(vii)	letter stock or other securities restricted as to sale	\$
(viii)	other	\$
- (c) For categories i and ii above, and for any other securities that were made available for use by another person during the year covered by this statement, give full and complete details.
- (d) For each category above, if any of these assets are held by others, identify by whom held.

(i).....	(v).....
(ii).....	(vi).....
(iii).....	(vii).....
(iv).....	(viii).....
- 10. (a) What was the number of employer groups as of December 31, 2002? 33
(b) What was the number of enrollees as of December 31, 2002? 354
- 11. What official supervised the making of this statement? Robert L. Hood, Plan Attorney
- 12. Is the purchase or sale of all investments of the MEWA passed upon either by the Board of Trustees or by a subordinate committee thereof? Yes | | No | |
- 13. Does the MEWA keep a permanent record of the proceeding of its Board of Trustees and all subordinate committees thereof? Yes | | No | |
- 14. (a) State as of what date the latest regulatory financial examination of the MEWA was made or is being made: June 2002
(b) By what departments? Ohio Department of Insurance
- 15. In what states is the MEWA authorized to provide health benefits? Michigan - Ohio
- 16. (a) Has any change been made during the year of this statement in the trust documents or by-laws of the MEWA?
(b) If "Yes" furnish herewith a certified copy of the instrument as amended, if it has not been previously submitted. Yes | | No | |
- 17. (a) Was the MEWA's prior year's annual statement amended?
(b) If "Yes", furnish the following information regarding the last amendment to the prior year's annual statement filed with the company's state of domicile:

(i)	Amendment number
(ii)	Date of amendment

Yes | | No | |
- 18. Report briefly the Nature of Contingent Liabilities that may materially affect the financial position or results of operation.* N/A

Report the Date Incurred or Discovered, the Nature of the Contingent Liability, Contract, Arrangement or Commitment, the Amount or Amounts, if known, the Status as of the Annual Statement Date and all other information necessary for a full disclosure.

- (A) Has the MEWA committed any surplus funds to reserves for contingent liabilities or arrangements mentioned above? Yes | | No | |
- (B) If "Yes", has the reserve been reported as a special surplus funds reserve on Page 3 of the annual statement?

*Including but not limited to notes receivable discounted, reverse repurchase agreements, accountant's and agents' balances assigned, accommodation paper, lawsuits, additional taxes, guarantees of liabilities of other MEWA'S or companies, establishment of compensating balances, long-term contracts and lease agreements and loan take-out agreements. Include also deferred expense contracts and arrangements between subsidiaries or affiliates.

Describe the gross amounts of deferred tax assets and liabilities

Gross DTA \$

Gross DTL \$

Yes | | No | |

- 19. (a) Have any of the MEWA's primary reinsurance contracts been cancelled during the current year?
(b) If "yes", give full and complete information thereto.
.....
.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE

SCHEDULE A

Showing all Real Estate OWNED December 31 of Current Year, the Cost, Book and Market Value thereof, the Nature and Amount of all Liens and Encumbrances thereon, including Interest Due and Accrued, etc.

No	Quantity, Dimensions and Location of Lots, Size and Description of Buildings (Nature of use, including interest due and accrued)	Date Acquired	Name of Vendor	Amount of Encumbrances	Actual Cost	Book Value Encumbrances	Market Value Less Encumbrances	Increase by Adjustment Book Value During Year	Decrease by Adjustment Book Value During Year	Gross Income Less Interest on Encumbrances	Expended for Taxes, Repairs and Expenses	Net Income	Rental Value of Space Occupied by Corporation	Year of Last Appraisal
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
9999999	Totals													XXX

* Including cost of acquiring title and, if the property was acquired by foreclosure, such costs shall include the amounts expended for taxes, repair and improvements prior to the date on which the Corporation acquired title.

† State basis on which market value was determined

SCHEDULE B

Showing all Long-Term MORTGAGES OWNED December 31 of Current Year, and all Mortgage Loans Made, Increased, Discharged, Reduced or Disposed of During the Year

Mortgage Number	Date	Year Month	Day	State	County	Book	Page	Particulars													
								Amount Original Due 12 of Previous Year	Amount Paid in Advance of Full Amount During Year (A - B)	Amount Loaned During Year (C)	Amount Charged During Year (D + E - F)	Discharged Current Year	Reduced Current Year	Disposed Current Year	Rate of Interest	Value of Real Estate Encumbered by Mortgage	Amount of Real Estate Encumbered by Mortgage During Year	Interest on Mortgage During Year	Proceeds from Sale of Real Estate Encumbered by Mortgage	Less: Gain and Disposition (State of this mortgage loan, or if there are other loans)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
9999999								NONE													XXXX

Totals: (A) Including all mortgages, "Totals" shall be shown for the year and all increases during the year on loans outstanding December 31 of previous year. (B) Including mortgages under which Corporation has accrued title and proceeds by foreclosure.

SCHEDULE C
Showing all Long-Term Collateral Loans IN FORCE December 31 of Current Year

1 No.	2 Description of the Loan (Give in this column the number of shares of each class of stock, and the face amount and type of maturity of each bond or collateral)	3 Par Value	4 Rate Used to Obtain Market Value	5 Market Value Dec. 31 of Current Year	6 Amount Loaned Thereon	7 Date of Loan	8 Maturity of Loan	9 Interest			13 Name of Actual Borrower	
								10 Amount Paid Due Dec. 31 of Current Year	11 Amount Accrued Dec. 31 of Current Year	12 Amount Received During Year		
				NONE								
Totals												
9999999						XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

SCHEDULE D - PART I
Showing all Long-Term BONDS owned December 31 of Current Year

1 Description	2 Rate of Interest	3 Date of Maturity		4 Book Value	5 Par Value	6 Unrealized Gain or Loss	7 Market Value (including accrued interest)	8 Actual (including accrued interest)	9 Amount due Dec. 31 of Current Year on Bonds not in Default	10 Increase by Adjustment of Value During Year	11 Decrease by Adjustment of Value During Year	12 Amount of Interest due Dec. 31 of current year or bonds in default on principal or interest	13 NAIC Designation	14 Year Acquired	15 Effective Rate of Purchase Made	16 Amortized Investment Value of Current Year	17 Increase in Amortized Value During Year	18 Decrease in Amortized Value During Year	
		Year	Month																
NONE																			
Totals																			
4199999					XXX								XXX	XXX	XXX	XXX			

* Insert initial letters of months in which interest is payable.
 ** Where a bond is payable in a foreign currency the par value and purchase price in that currency should be included as a part of the description.
 § Insert the NAIC designation for such security printed in the NAIC Valuations of Securities manual.
 †† Show year and call price pertaining to option, if any, on which amortization is based. On bonds purchased at a premium, the maturity date or call feature producing lowest amortized value should be shown.
 §§ Where a market value is published in the NAIC Valuations of Securities manual it must be entered in Column 7. Where amortized value or any other value is used, insert a symbol alongside the amount reported.
 *** CUSIP numbers entered are to conform to those as provided and published by the Securities Valuation Office. See Annual Statement instructions.

See the annual statement instructions for proper reporting format for securities reported in this schedule.

SCHEDULE D-PART 2-SECTION 1
Showing all PREFERRED STOCKS Owned December 31 of Current Year

CUSIP Identification***	Description <small>Give complete and accurate description of all common stocks owned, including redeemable options, if any, and addresses (City and State) of all street railway, bank, trust and miscellaneous companies.</small>	2 No. of Shares	3 Par Value Per Share	4 Book Value	5 Rate Per Share	6 Statement Value	6A Rate Per Share Used to Obtain Market Value	7 Actual Cost	Dividends		9 Increase by Adjustment in Book Value During Year	10 Decrease by Adjustment in Book Value During Year	11 NAIC Designation	12 Year Acquired	
									8.1 Declared but Unpaid	8.2 Amount Received During Year					
				NONE											
99999999	Total Preferred Stocks				XXX								XXX		XXX

* Insert the word "cost" for preferred stocks eligible for stabilization under Section 3 (D)(d) of the NAIC Valuation Procedures.

** Insert the market value rate for preferred stocks not eligible for stabilization.

*** CUSIP numbers entered are to conform to those as provided and published by the Securities Valuation Office. See Annual Statement instructions.

§ Insert the NAIC designation for such security printed in the NAIC Valuations of Securities manual. For all common stocks bearing the NAIC designation "U" provide: the number of such issues....., the total \$ value (included in Column 5) of all such issues \$.....

SCHEDULE D-PART 2-SECTION 2

Showing all COMMON STOCKS Owned December 31 of Current Year

CUSIP Identification***	Description <small>Give complete and accurate description of all common stocks owned, including redeemable options, if any, and addresses (City and State) of all street railway, bank, trust and miscellaneous companies.</small>	2 No. of Shares	3 Book Value	4 Rate Per Share Used to Obtain Market Value	5 Market Value	6 Actual Cost	Dividends		9 Increase by Adjustment in Book Value During Year	10 Decrease by Adjustment in Book Value During Year	11 Year Acquired
							7.1 Declared but Unpaid	7.2 Amount Received During Year			
				NONE							
05999999	Total Common Stocks			XXX							XXX
99999999	Total Preferred and Common Stocks			XXX							XXX

*** CUSIP numbers entered are to conform to those as provided and published by the Securities Valuation Office. See Annual Statement instructions.

§ Insert the NAIC designation for such security printed in the NAIC Valuations of Securities manual. For all common stocks bearing the NAIC designation "U" provide: the number of such issues....., the total \$ value (included in Column 5) of all such issues \$.....

Money Market Funds and all other funds to be shown in Schedule D, Part 2 - Section 2.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE RETAILERS EMPLOYEES BENEFIT TRUST

SCHEDULE DA

Showing all SHORT-TERM INVESTMENTS Owned December 31 of Current Year

CUSIP Identification	Description Give complete and accurate description of all investments owned, including identifying the kind of investment vehicle if other than short-term bond.	2 Date Acquired	3 Name of Vendor	4 Interest		5 Date of Maturity	6 Book Value	7 Increase or (Decrease) by Adjustment in Book Value During Year	8 Par Value	9 Rate Used to Obtain Statement Value	10 Statement Value (excluding Accrued Interest)	11 Actual Cost (excluding Accrued Interest)	Interest		13 Paid for Accrued Interest	14 NAIC Designation	15 Effective Rate of Interest at Which Purchase Was Made	
				Rate of	How Paid								12.1 Amount Due and Accrued Dec. 31 of Current Year on Bonds not in default	12.2 Gross Amount Received				
	Federal Home Ln Bks Deb	4/23/01	National City	5.125%	Mar, Sep	2006	198,248.00	(1,752.00)	200,000.00	108.69	217,376.00	198,248.00	3,274.31	10,250.00	0		5.17%	
	Federal Home Ln Bks Deb	7/19/01	National City	5.250%	May, Nov	2005	200,624.00	624.00	200,000.00	107.66	215,312.00	200,624.00	1,341.67	10,600.00	0		5.23%	
	Federal Home Ln Bks Deb	12/6/01	National City	4.375%	May, Nov	2005	99,633.00	(367.00)	100,000.00	105.91	105,906.00	99,633.00	559.03	4,156.25	0		4.39%	
	Federal Home Ln Bank	3/6/02	National City	3.875%	Mar, Jun, Dec	2004	99,718.75	(281.25)	100,000.00	104.03	104,031.00	99,718.75	172.22	3,871.88	968.75			3.89%
	Federal Natl Mtg Assn	11/6/02	National City	3.625%	Nov	2004	153,991.50	3,991.50	150,000.00	102.78	154,171.50	153,991.50	1,147.92	317.19	0			3.63%
	Federal Natl Mtg Assn Gld Remic Passthur	6/17/03	National City	6.350%	Monthly	2021	12,377.45	(37.74)	12,415.19	100.78	12,512.03	12,377.45	13.14	1,914.72	0			6.37%
	Federal Home Ln Mtg Corp	11/7/02	National City	3.250%	Nov, Dec	2003	152,812.50	2,812.50	150,000.00	101.88	152,812.50	152,812.50	216.67	2,437.50	1922.92			3.19%
199999	Totals						917,405.20	4,990.01	912,415.19	XXX	962,121.03	917,405.20	6,724.96	33,230.35	3,208.86	XXX	XXX	XXX

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RETAILERS EMPLOYEES BENEFIT PLAN
REPORT ON STATUTORY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001

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Financial statements – statutory basis	
Statements of admitted assets, liabilities and surplus.....	2
Statements of gain or (loss) and surplus	3
Notes to statutory financial statements.....	4 - 7



**Maner,
Costerisan
& Ellis, P.C.**
Certified Public Accountants

Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr.
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

Retailers Employees Benefit Plan
Lansing, Michigan

January 28, 2003

We have audited the accompanying statutory statements of admitted assets, liabilities, and surplus of Retailers Employees Benefit Plan as of December 31, 2002 and 2001, and the related statutory statements of gain or (loss) and surplus for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these statutory financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements are for filing with the Insurance Department of the State of Ohio and were prepared in conformity with the accounting practices prescribed or permitted by the Insurance Department of the State of Ohio, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the statutory financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of the Retailers Employees Benefit Plan as of December 31, 2002 and 2001, and its gain or (loss) for the years then ended in conformity with the accounting practices prescribed or permitted by the Insurance Department of the State of Ohio.

This report is intended solely for the information and use of the board of trustees and management of the Retailers Employees Benefit Plan and the Insurance Department of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Maner, Costerisan & Ellis, P.C.

**RETAILERS EMPLOYEES BENEFIT PLAN
STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND
SURPLUS-STATUTORY BASIS
DECEMBER 31, 2002 AND 2001**

	2002	2001
ADMITTED ASSETS		
CASH AND INVESTED ASSETS:		
Bonds	\$ 962,121	\$ 757,795
Cash	98,509	21,267
Short-term investments	71,686	208,829
TOTAL CASH AND INVESTED ASSETS	1,132,316	987,891
INVESTMENT INCOME DUE AND ACCRUED	6,570	6,855
TOTAL ADMITTED ASSETS	\$ 1,138,886	\$ 994,746
LIABILITIES AND SURPLUS		
LIABILITIES:		
Claims unpaid	\$ 309,000	\$ 306,000
Unearned premiums	39,542	21,938
Other expenses due or accrued	2,849	17,535
TOTAL LIABILITIES	351,391	345,473
SURPLUS:		
Unassigned surplus	787,495	649,273
TOTAL LIABILITIES AND SURPLUS	\$ 1,138,886	\$ 994,746

See notes to financial statements.

**RETAILERS EMPLOYEES BENEFIT PLAN
STATEMENTS OF GAIN OR (LOSS) AND SURPLUS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
UNDERWRITING INCOME:		
Premiums earned	<u>\$ 1,885,535</u>	<u>\$ 1,864,546</u>
Claims incurred	1,533,631	1,544,980
Expense incurred:		
Claims adjustment	101,649	161,886
Administrative	108,963	130,394
Individual stop loss, net of recoveries	63,685	84,803
Aggregate stop loss	<u>13,076</u>	<u>27,911</u>
Total underwriting deductions	<u>1,821,004</u>	<u>1,949,974</u>
Net underwriting gain or (loss)	64,531	(85,428)
INVESTMENT INCOME:		
Net investment income earned	<u>43,696</u>	<u>56,318</u>
NET GAIN OR (LOSS)	108,227	(29,110)
SURPLUS:		
Beginning of year	649,273	664,565
Net unrealized capital gains	<u>29,995</u>	<u>13,818</u>
End of year	<u><u>\$ 787,495</u></u>	<u><u>\$ 649,273</u></u>

See notes to financial statements.

**RETAILERS EMPLOYEES BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accompanying financial statements have been prepared in conformity with accounting practices prescribed by or permitted by the Insurance Department of the State of Ohio which vary in some respects from accounting principles generally accepted in the United States of America.

Investments

Investments are recorded at fair value determined by quoted market prices. The difference between fair value and the cost of investments is reflected as a change in net unrealized capital gains or (losses).

Concentration of Credit Risk

The Plan is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Plan to concentrations of credit risk consist of cash, investments and contributions due from participants.

The Plan deposits its cash and investments with high-credit quality financial institutions. Although such cash balances may exceed federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk. The Plan's investments and contributions due from participants are considered to be of minimal risk.

Formal collateral is not required by the Plan for its accounts receivables.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, and benefit payables. Actual results could differ from those estimates.

Reserve for Unpaid Claims

The Plan's reserves for unpaid and unreported claims are estimated by the Plan's actuary in accordance with accepted actuarial principles.

NOTE 2 - DESCRIPTION OF PLAN

The following brief description of the Retailers Employees Benefit Plan (the Plan) provides only general information. Participants should refer to the summary plan description and to the plan agreement for more complete information.

**RETAILERS EMPLOYEES BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DESCRIPTION OF PLAN (Concluded)

General

The Plan was established in January 1, 1977 by the Independent Food Retailers Association. It is domiciled in the state of Ohio and operates in the states of Ohio and Michigan as a self-insured Multi-Employer Welfare Arrangement (MEWA). It is subject to the provisions of the Insurance Department of the State of Ohio and the Michigan Insurance Bureau. The Plan is a contributory employee health and welfare benefit plan providing group insurance benefits. The group insurance provides benefits in the event of sickness, accident, disability or death, and prescription drugs for employees and dependents of participating employers. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Premium contributions are made by the participating employers. Each employer has the discretion to require their employees to contribute a portion of the premium. The Plan also collects premiums for COBRA and retiree coverage from eligible participants.

Termination Provisions

In the event of termination, plan assets are to be distributed to (1) benefit payments to participants with respect to claims arising prior to such termination (even though later filed) then, (2) payment of expenses related to the plan due to the date of termination plus extended benefits.

In the event remaining funds exist after the payment of such claims and expenses, the Trust shall continue and the following payments shall be paid from remaining funds: (1) the expenses of such continuation, (2) extended benefits, if any, and (3) current claims as they arise until the funds in the Trust are ultimately exhausted. If claims are paid on a monthly basis, then funds will be distributed ratably in the month funds are exhausted.

NOTE 3 – CERTIFICATE OF AUTHORITY STATUS

The Plan was granted a final Certificate of Authority by the Insurance Department of the State of Ohio in 2001. This allows the Plan to operate in Ohio as a self-insured Multiple Employer Welfare Arrangement (MEWA).

**RETAILERS EMPLOYEES BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS

Investments at December 31 are summarized as follows. Investments that represent five percent or more of net assets are separately identified.

	2002		2001	
	Cost	Fair value	Cost	Fair value
Investments at fair value as determined by quoted market price:				
Government securities:				
FHLB, 5.125%, 03/06/06	\$ 198,248	\$ 217,376	\$ 198,248	\$ 203,312
FHLB, 5.25%, 05/15/05	200,624	215,312	200,624	206,250
FHLB, 4.375%, 11/15/05	99,633	105,906	99,633	99,313
FHLB, 3.875%, 12/15/04	99,719	104,031		
FHLB, 3.25%, 12/15/03	152,812	152,812		
FNMA, 3.625%, 04/15/04	153,992	154,172		
FNMA, 6.78%, 05/30/02			100,284	100,742
FNMA, 6.08%, 10/23/02			99,000	102,808
FNMA, 6.35%, 12/25/21			44,472	45,370
	<u>12,377</u>	<u>12,512</u>		
Total	<u>\$ 917,405</u>	<u>\$ 962,121</u>	<u>\$ 742,261</u>	<u>\$ 757,795</u>

During 2002 and 2001, the Plan's investments had unrealized capital gains of \$29,995 and \$13,818, respectively as follows:

	Year ended December 31,	
	2002	2001
Fair value as determined by quoted market price:		
Certificate of deposits	\$ -	\$ 626
Government securities	29,995	13,192
	<u>\$ 29,995</u>	<u>\$ 13,818</u>

**RETAILERS EMPLOYEES BENEFIT PLAN
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - ESTIMATED LIABILITY FOR PREMIUMS AND BENEFITS PAYABLE

The estimated liability for premiums and benefits payable is estimated based on year end enrollment. The actual liability will differ from the estimated because of differences in the enrollment, attachment factors, and actual benefit payments during the attachment period.

NOTE 6 – REINSURANCE

The Plan is self-insured for medical claims up to \$100,000 (the deductible) per member per contract year and has an agreement with Employers Reinsurance Corporation to reimburse the Plan for claims paid which exceed the deductible.

As of December 31, 2002 and 2001, there was no amount due to the Plan for claims exceeding the deductible, respectively. No recoverable amounts for potential claims exceeding the deductible have been deducted from estimated unpaid and unrecorded claims because the amounts potentially recoverable cannot be reasonably estimated.

NOTE 7 - FEDERAL INCOME TAX

The Plan is exempt from federal income taxes under Section 501(c)(9) of the Internal Revenue Code, and accordingly the Plan's net investment income is exempt from income taxes.

The Plan obtained its latest determination letter on May 31, 1978, in which the Internal Revenue Service stated that the Plan, as then designated, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Health Care Actuarial Service LLC

Retailer's Employees Benefit Trust

**Calculation of Unpaid Claims Reserves
As of December 31, 2002**

Prepared by:

*Health Care Actuarial Service, LLC
20628 Chestnut Circle
Livonia, Michigan 48152*

March 6, 2003

Health Care Actuarial Service LLC

Retailer's Employees Benefit Trust

Calculation of Unpaid Claims Reserves, as of December 31, 2002

Purpose and Summary

At the request of Retailer's Employees Benefit Trust (REBT), Health Care Actuarial Service (HCAS) has calculated unpaid claims reserve levels as of December 31, 2002, for the medical, dental, vision, drug and weekly income plans offered to employees of participating stores. Benefits during this time were administered by Presidium/ Cambridge, a third-party administrator.

The liability for unreported/unpaid claims as of 12/31/2002 is estimated to be \$309,000, which includes an allowance of \$18,000 for claims administration (see Exhibit 3).

By comparison, the reserve as of 12/31/2001 was estimated to be \$306,000. Based on current data, the liability against this reserve was approximately \$275,000. The change in liability is not statistically significant, and is largely the result of an increase in the margin in the reserves, from 10% to 20%.

These results are summarized in Exhibit 3, in the form of the Statement of Aggregate Reserves. Also included in this report is the statement of the actuarial reasonableness of these reserves, also as called for by the statutes.

Claims Data

The historical claims data paid through February, 2003 were supplied by Cambridge. This data is summarized by incurred and paid month in Exhibit 1.

Unaudited 2001 and 2002 financial statements were supplied by Daig & Daig, accountants for the plan, and are summarized in Exhibit 2.

Claims runs supplied do not reflect certain adjustments made during the period, and so differ slightly from payments reported in the financial statements. For this reason, the claims lat data was used to produce a reserving factors only, which was then applied to claims amounts taken from the financial statements.

Methodology

Monthly payment completion factors were developed through a 'lag' study, in which the historical pattern by which claims, incurred in a given month, are paid over time is examined. The elapsed time between the date a service is rendered and the date it is paid is called the lag. The rate at which claims incurred in a month are paid is computed as a function of the number of months of lag, and is expressed as the portion of total claims

Health Care Actuarial Service LLC

incurred in a month paid at each point in time. These ratios are called lag factors. In the lag study, lag factors are computed for each incurred month. Since later months in the study are not fully reported, lag factors for earlier months corresponding to the same number of lag months are averaged and used to estimate fully incurred claims for the month. For the last months in the period, lag factors are increasingly unreliable for use in estimating incurred claims. For that reason, incurred claims are estimated using a blend of lag factors and averages of incurred claims from preceding months.

In Exhibit 1, claims data paid through the latest date available (February 2003) were used to estimate fully incurred claims for each month. Claims paid as of 12/31/2002 were subtracted from these incurred estimates to produce estimates of claims incurred but unpaid as of 12/31/2002. The ratio of unpaid claims to annual paid claims was computed (19.50%), and was increased by a margin of 20% to cover potential variability. This ratio (23.40%) was applied, in Exhibit 3, to annual paid totals from the unaudited financial statement (Exhibit 2).

Separate lag studies could have been performed for each benefit type (medical, dental, vision, etc.) and it is likely that each benefit type would have unique and differing reserving factors. It is not expected, however, that computing separate reserving factors would produce results which, in total, would differ significantly from the total computed using an aggregate reserving factor.

This reserving factor was also applied to administrative fees, which were reduced to remove certain administrative items (printing, precertification fees, stop-loss fees, etc.) which would no longer be performed in the event of a plan termination.

Prescription Drug claims are processed separately from medical by a drug network administrator and typically have a much shorter lag between incurred and paid dates. A separate reserving factor equal to one-half of one month's paid claims was applied to drug claims.

These IBNR estimates are summarized in Exhibit 3.

Results

The Statement of Aggregate Reserves (Sections 1 and 2) is attached as Exhibit 3. A line item was added for Administration, to explicitly include a reserve for administration of unreported claims. Reserves by benefit category were developed by applying reserving factors as described above. The breakdown of claims and reserves between incurred years was estimated from factors developed in Exhibit 1.

Health Care Actuarial Service LLC

The estimated IBNR, including an allowance for administration, as of December 31, 2002 is \$309,000.

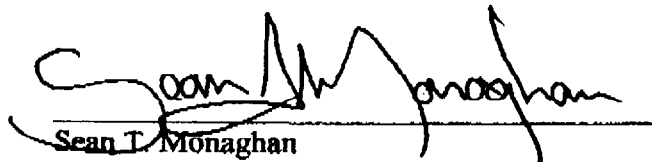
Against these liabilities the plan held assets, in the form of cash and investments, of approximately \$1,132,000.

Actuarial Certification

I have relied upon listings and summaries supplied by the plan and the claims administrator, and have not independently audited the data. The data appears reasonable, however, in comparison with data received in previous years. In my opinion, the reserves herein computed:

1. are computed in accordance with commonly accepted actuarial standards consistently applied and fairly stated;
2. are based on actuarial assumptions appropriate to the purpose for which the statement was prepared;
3. make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the plan; and
4. include provisions for all actuarial items which ought to be established.

Health Care Actuarial Service, LLC

 3/5/2003
Sean T. Monaghan
Member, American Academy of Actuaries

Retailer's Employees Benefit Trust

Exhibit 1

Est. Claims Incurred but Not Reported/Paid (IBNR) as of December 31, 2002

Inc. Month	Total Chms Pd	Inc., Paid @2/2003	Est. %Paid @2/2003	Est. Fully Incurred	Inc., Paid @12/2002	IBNR @12/2002	Paid 1-12/2002	Inc., Paid @12/2001	IBNR @12/2001
01/2001	130,073	107,270	100.00%	107,270	107,270	-	1,885	105,385	1,885
02/2001	82,152	116,325	100.00%	116,325	116,185	140	5,862	110,323	6,002
03/2001	111,834	111,490	100.00%	111,490	111,490	-	1,427	110,063	1,427
04/2001	111,834	125,058	99.99%	125,071	125,058	13	22,646	102,412	22,659
05/2001	111,834	112,590	99.97%	112,624	112,590	34	3,101	109,489	3,135
06/2001	111,834	127,050	99.89%	127,190	127,050	140	3,270	123,780	3,410
07/2001	111,834	70,295	99.84%	70,408	70,295	113	1,314	68,981	1,427
08/2001	118,076	61,442	99.82%	61,553	61,442	111	2,889	58,553	3,000
09/2001	116,871	91,207	99.79%	91,399	91,207	192	15,984	75,223	16,176
10/2001	66,538	91,614	99.77%	91,825	91,300	525	16,352	74,948	16,877
11/2001	134,905	117,615	98.89%	118,935	116,970	1,965	83,023	33,947	84,988
12/2001	82,972	102,723	98.71%	104,065	102,723	1,342	99,151	3,572	100,493
01/2002	89,269	156,804	98.57%	159,079	152,656	6,423	152,656		
02/2002	76,923	114,087	98.32%	116,036	113,637	2,399	113,637		
03/2002	100,194	89,817	98.12%	91,538	88,050	3,488	88,050		
04/2002	117,761	132,803	97.61%	136,055	131,867	4,188	131,867		
05/2002	161,379	94,755	97.03%	97,655	88,769	8,886	88,769		
06/2002	132,270	90,122	95.48%	94,388	89,245	5,143	89,245		
07/2002	98,070	136,685	93.41%	146,328	130,397	15,931	130,397		
08/2002	143,867	73,248	92.39%	79,281	67,700	11,581	67,700		
09/2002	73,277	51,845	90.10%	57,542	47,253	10,289	47,253		
10/2002	97,750	66,780	83.59%	85,643 *	53,731	31,912	53,731		
11/2002	65,672	55,565	74.97%	87,932 *	39,097	48,835	39,097		
12/2002	110,546	57,963	63.28%	101,833 *	3,749	98,084	3,749		
01/2003	51,610								
02/2003	101,070								
CY2001	1,290,757		0.9592	1,238,155	<1/2002	4,575	260,827		
CY2002	1,266,978		0.9892	1,253,310	1-12/2002	247,159	1,006,151		
					Total	251,734	1,266,978		265,402
					% of Paid: Margin	19.50%			
					Factor	x 1.20			
						23.46%			

Retailer's Employees Benefit Trust

Exhibit 3

Statement of Aggregate Reserves, as of December 31, 2002 (using claims data paid as of 2/28/2003)

Section 1 - Reserve for Unpaid Claims

Benefit	Paid 1/2002-12/2002		Reported Claims In Adj. Process		Estimated Incurred But Not Reported		Total Reserve for Unpaid Claims	
	Payments	#Claims	Payments	#Claims	Payments	#Claims	Payments	#Claims
Medical	\$ 1,043,811	n/a	-	-	-	-	\$ 244,300	n/a
Dental	129,548	n/a	-	-	-	-	30,300	n/a
Vision	6,218	n/a	-	-	-	-	1,500	n/a
Presc. Drugs	280,014	n/a	-	-	-	-	11,700	n/a
STD - W. I.	15,574	n/a	-	-	-	-	3,600	n/a
Claims Admin.	76,558	n/a	-	-	-	-	17,900	n/a
Total	\$ 1,551,723	n/a	-	-	-	-	\$ 309,300	n/a

Section 2 - Analysis of Unpaid Claims Reserve

Benefit	Paid 1/2002-12/2002		Total Paid	Expenses Unpaid @12/31/2002		Incurred 1-12/2002	Unpaid at 12/31/2001
	Inc. <2002	Inc. 2002		Inc. <2002	Total IBNR		
Ratio to Paid	20.59%	79.41%	100.0%	0.43%	22.97%	23.40%	
Medical	\$ 214,921	\$ 828,890	\$ 1,043,811	\$ 1,050	\$ 243,250	\$ 244,300	\$ 215,971
Dental	26,674	102,874	129,548	130	30,170	30,300	26,804
Vision	1,280	4,938	6,218	6	1,494	1,500	1,286
Presc. Drugs	11,667	268,347	280,014	-	11,700	11,700	11,667
STD - W. I.	3,207	12,367	15,574	15	3,585	3,600	3,222
Claims Admin.	15,763	60,795	76,558	77	17,823	17,900	15,840
Total	\$ 273,512	\$ 1,278,211	\$ 1,551,723	\$ 1,278	\$ 308,022	\$ 309,300	\$ 274,790