



ANNUAL STATEMENT
For the Year Ended December 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
QualChoice Health Plan, Inc.

NAIC Group Code 0000, NAIC Company Code 10001, Employer's ID Number 34-1737469
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 08/24/1993, Commenced Business 09/13/1993
Statutory Home Office 6000 Parkland Blvd., Cleveland, Oh 44124
Main Administrative Office 6000 Parkland Blvd., Cleveland, Oh 44124
Mail Address 6000 Parkland Blvd., Cleveland, Oh 44124
Primary Location of Books and Records 6000 Parkland Blvd., Cleveland, Oh 44124
Internet Website Address www.qchp.com
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OFFICERS

President Thomas A. Sullivan
VP and General Counsel Rebecca Nedelkoff Holland
Sr. VP of Operations and CFO Karen Fifer Ferry

VICE PRESIDENTS

Todd W. Locke M.D. Bryan R. James

DIRECTORS OR TRUSTEES

Fred Rothstein M.D., Jon Schurmeier, Margaret W. Wong, Martin I. Resnick M.D., Kevin V. Roberts, Donna J. Sexton-Cicero M.D., James L. Bayman, Richard A. Horvitz, Cathy M. Lewis

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) Thomas A. Sullivan, Rebecca Nedelkoff Holland, (Signature)
(Printed Name) President, VP and General Counsel, (Printed Name)

Subscribed and sworn to before me this day of , 2003
a. Is this an original filing? Yes[X] No [ ]
b. If no, 1. State the amendment number, 2. Date filed, 3. Number of pages attached

(Notary Signature)

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)	Net Admitted Assets
1. Bonds .....	54,238,239		54,238,239	47,834,872
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1) .....				
2.2 Common Stocks (Schedule D, Part 2, Section 2) .....	25,871,156		25,871,156	26,757,309
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....				
3.2 Other than first liens .....				
4. Real estate (Schedule A):				
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. Cash (\$.....926,984 Schedule E, Part 1) and short-term investments (\$.....10,406,741 Schedule DA, Part 2) .....	11,333,725		11,333,725	11,579,895
6. Other invested assets (Schedule BA) .....				
7. Receivable for securities .....				
8. Aggregate write-ins for invested assets .....				
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	91,443,120		91,443,120	86,172,076
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection .....	9,815,835	3,281,736	6,534,099	4,147,216
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums) .....				
10.3 Accrued retrospective premiums .....				
11. Funds held by or deposited with reinsured companies .....				
12. Bills receivable, taken for premiums .....				
13. Amounts billed and receivable under high deductible policies .....				
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Columns 7 and 8) .....	534,417	306,696	227,721	97,831
15. Federal and foreign income tax recoverable and interest thereon (including ..... net deferred tax asset) .....				
16. Guaranty funds receivable or on deposit .....				
17. Electronic data processing equipment and software .....				
18. Interest, dividends and real estate income due and accrued .....	793,538		793,538	667,976
19. Net adjustments in assets and liabilities due to foreign exchange rates .....				
20. Receivable from parent, subsidiaries and affiliates .....	3,115,500		3,115,500	6,594,414
21. Amount due from/to protected cells .....				
22. Equities and deposits in pools and associations .....				
23. Amounts receivable relating to uninsured accident and health plans .....				
24. Other assets nonadmitted (Exhibit 1) .....				
25. Aggregate write-ins for other than invested assets .....	2,830,103	2,762,185	67,918	
26. Total assets excluding protected cell assets (Lines 9 through 25) .....	108,532,513	6,350,617	102,181,896	97,679,513
27. Protected cell assets .....				
28. TOTALS (Lines 26 and 27) .....	108,532,513	6,350,617	102,181,896	97,679,513
<b>DETAILS OF WRITE-INS</b>				
0801 .....				
0802 .....				
0803 .....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....				
0899. TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above) .....				
2501. Subrogation Receivable .....	796,516	796,516		
2502. Pharmacy Rebate Receivable .....	1,887,171	1,887,171	0	
2503. A/R - Metro .....	78,498	78,498	0	
2598. Summary of remaining write-ins for Line 25 from overflow page .....	67,918		67,918	
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,830,103	2,762,185	67,918	

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8) .....	43,838,469	46,290,605
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) .....		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9) .....	361,578	591,650
4. Commissions payable, contingent commissions and other similar charges .....	197,114	127,182
5. Other expenses (excluding taxes, licenses and fees) .....	74,809	503,201
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	2,798,191	1,928,372
7. Federal and foreign income taxes (including \$..... on realized capital gains (losses)) including \$..... net deferred tax liability) .....		
8. Borrowed money \$..... and interest thereon \$.....		
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$..... and including warranty reserves of \$.....) .....	13,708,521	12,072,318
10. Advance premiums .....		
11. Dividends declared and unpaid:		
11.1 Stockholders .....		
11.2 Policyholders .....		
12. Ceded reinsurance premiums payable (net of ceding commissions) .....		
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....		
14. Amounts withheld or retained by company for account of others .....		
15. Remittances and items not allocated .....		
16. Provision for reinsurance (Schedule F, Part 7) .....		
17. Net adjustments in assets and liabilities due to foreign exchange rates .....		
18. Drafts outstanding .....		
19. Payable to parent, subsidiaries and affiliates .....	3,339,505	
20. Payable for securities .....		
21. Liability for amounts held under uninsured accident and health plans .....		
22. Capital notes \$..... and interest thereon \$.....		
23. Aggregate write-ins for liabilities .....		
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....	64,318,187	61,513,328
25. Protected cell liabilities .....		
26. Total Liabilities (Lines 24 and 25) .....	64,318,187	61,513,328
27. Aggregate write-ins for special surplus funds .....		
28. Common capital stock .....	1,500,000	1,500,000
29. Preferred capital stock .....		
30. Aggregate write-ins for other than special surplus funds .....		
31. Surplus notes .....		
32. Gross paid in and contributed surplus .....	127,208,889	123,808,889
33. Unassigned funds (surplus) .....	(90,845,180)	(89,142,704)
34. Less treasury stock, at cost:		
34.1 ..... shares common (value included in Line 28 \$.....) .....		
34.2 ..... shares preferred (value included in Line 29 \$.....) .....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38) .....	37,863,709	36,166,185
36. TOTALS (Page 2, Line 28, Column 3) .....	102,181,896	97,679,513
<b>DETAILS OF WRITE-INS</b>		
2301. Ceded reinsurance payable .....		
2302 .....		
2303 .....		
2398. Summary of remaining write-ins for Line 23 from overflow page .....		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....		
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) .....		
3001 .....		
3002 .....		
3003 .....		
3098. Summary of remaining write-ins for Line 30 from overflow page .....		
3099. TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....		

**UNDERWRITING AND INVESTMENT EXHIBIT**

	1 Current Year	2 Prior Year
<b>STATEMENT OF INCOME</b>		
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 34, Column 4) .....	367,005,491	314,723,138
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 34, Column 7) .....	321,173,078	285,680,274
3. Loss expenses incurred (Part 3, Line 25, Column 1) .....	361,579	591,650
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	42,507,869	36,954,980
5. Aggregate write-ins for underwriting deductions .....		
6. Total underwriting deductions (Lines 2 through 5) .....	364,042,526	323,226,904
7. Net income of protected cells .....		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....	2,962,965	(8,503,766)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	3,547,491	3,459,933
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)) .....	(5,391,904)	(443,521)
11. Net investment gain or (loss) (Lines 9 + 10) .....	(1,844,413)	3,016,412
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$..... amount charged off \$.....) .....		
13. Finance and service charges not included in premiums .....		
14. Aggregate write-ins for miscellaneous income .....		
15. Total other income (Lines 12 through 14) .....		
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 +11 + 15) .....	1,118,552	(5,487,354)
17. Dividends to policyholders .....		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17) .....	1,118,552	(5,487,354)
19. Federal and foreign income taxes incurred .....		
20. Net income (Line 18 minus Line 19) (to Line 22) .....	1,118,552	(5,487,354)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2) .....	36,166,182	24,531,311
<b>GAINS AND (LOSSES) IN SURPLUS</b>		
22. Net income (from Line 20) .....	1,118,552	(5,487,354)
23. Net unrealized capital gains or (losses) .....	(2,660,817)	(750,502)
24. Change in net unrealized foreign exchange capital gain (loss) .....		
25. Change in net deferred income tax .....		
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3) .....	(782,583)	846,880
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....		
28. Change in surplus notes .....		
29. Surplus (contributed to) withdrawn from protected cells .....		
30. Cumulative effect of changes in accounting principles .....		
31. Capital changes:		
31.1 Paid in .....	3,400,000	17,152,725
31.2 Transferred from surplus (Stock Dividend) .....		
31.3 Transferred to surplus .....		
32. Surplus adjustments:		
32.1 Paid in .....		
32.2 Transferred to capital (Stock Dividend) .....		
32.3 Transferred from capital .....		
33. Net remittances from or (to) Home Office .....		
34. Dividends to stockholders .....		
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1) .....		
36. Aggregate write-ins for gains and losses in surplus .....	622,375	(126,878)
37. Change in surplus as regards policyholders for the year (Lines 22 through 36) .....	1,697,527	11,634,871
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35) .....	37,863,709	36,166,182
<b>DETAILS OF WRITE-INS</b>		
0501 .....		
0502 .....		
0503 .....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....		
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....		
1401 .....		
1402 .....		
1403 .....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....		
1499. TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		
3601. Change in Allowance for Retroactivity .....	624,921	(126,878)
3602. Unallocated Difference .....	(2,546)	
3603 .....		
3698. Summary of remaining write-ins for Line 36 from overflow page .....		
3699. TOTALS (Lines 3601 through 3603 plus 3698) (Lines 36 above) .....	622,375	(126,878)

**CASH FLOW**

		1	2
		Current Year	Prior Year
<b>Cash from Operation</b>			
1.	Premiums collected net of reinsurance .....	365,878,155	314,393,073
2.	Loss and loss adjustment expenses paid (net of salvage and subrogation) .....	324,225,651	284,188,303
3.	Underwriting expenses paid .....	41,939,656	36,345,206
4.	Other underwriting income (expenses) .....		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(287,152)	(6,140,436)
6.	Net investment income .....	3,699,286	3,506,273
7.	Other income (expenses):		
7.1	Agents' balances charged off .....		
7.2	Net funds held under reinsurance treaties .....		
7.3	Net amount withheld or retained for account of others .....		
7.4	Aggregate write-ins for miscellaneous items .....		
7.5	TOTAL other income (Lines 7.1 to 7.4) .....		
8.	Dividends to policyholders on direct business, less \$..... dividends on reinsurance assumed or ceded (net) .....		
9.	Federal and foreign income taxes (paid) recovered .....		
10.	Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....	3,412,134	(2,634,163)
<b>Cash from Investments</b>			
11.	Proceeds from investments sold, matured or repaid:		
11.1	Bonds .....	37,647,465	43,648,965
11.2	Stocks .....	224,141,769	165,007,470
11.3	Mortgage loans .....		
11.4	Real estate .....		
11.5	Other invested assets .....		
11.6	Net gains or (losses) on cash and short-term investments .....		
11.7	Miscellaneous proceeds .....		
11.8	TOTAL investment proceeds (Lines 11.1 to 11.7) .....	261,789,234	208,656,435
12.	Cost of investments acquired (long-term only):		
12.1	Bonds .....	45,343,104	57,713,489
12.2	Stocks .....	230,295,083	173,488,612
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Miscellaneous applications .....		
12.7	TOTAL investments acquired (Lines 12.1 to 12.6) .....	275,638,187	231,202,101
13.	Net Cash from investments (Line 11.8 minus Line 12.7) .....	(13,848,953)	(22,545,666)
<b>Cash from Financing and Miscellaneous Sources</b>			
14.	Cash provided:		
14.1	Surplus notes, capital and surplus paid in .....	3,400,000	12,952,725
14.2	Capital notes \$..... less amounts repaid \$..... .....		
14.3	Net transfers from affiliates .....	6,818,419	22,652,769
14.4	Borrowed funds received .....		
14.5	Other cash provided .....	(346,148)	(973,979)
14.6	TOTAL (Lines 14.1 to 14.5) .....	9,872,271	34,631,515
15.	Cash applied:		
15.1	Dividends to stockholders paid .....		
15.2	Net transfers to affiliates .....		
15.3	Borrowed funds repaid .....		
15.4	Other applications .....	(318,378)	
15.5	TOTAL (Lines 15.1 to 15.4) .....	(318,378)	
16.	Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....	10,190,649	34,631,515
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>			
17.	Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16) .....	(246,170)	9,451,686
18.	Cash and short-term investments:		
18.1	Beginning of year .....	11,579,895	2,128,210
18.2	End of year (Line 17 plus Line 18.1) .....	11,333,725	11,579,896
<b>DETAILS OF WRITE-INS</b>			
07.401	.....		
07.402	.....		
07.403	.....		
07.498.	Summary of remaining write-ins for Line 7.4 from overflow page .....		
07.499.	TOTALS (Lines 7.401 through 7.403 plus 7.498) (Line 7.4 above) .....		

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1 - PREMIUMS EARNED

	1 Net Premiums Written Per Column 6, Part 1B	2 Unearned Premiums Dec.31 Prior Year - per Column 3, Last Year's Part 2	3 Unearned Premiums Dec.31 Current Year - per Column 5, Part 1A	4 Premiums Earned During Year (Columns 1 + 2 - 3)
Line of Business				
1. Fire .....				
2. Allied lines .....				
3. Farmowners multiple peril .....				
4. Homeowners multiple peril .....				
5. Commercial multiple peril .....				
6. Mortgage guaranty .....				
8. Ocean marine .....				
9. Inland marine .....				
10. Financial guaranty .....				
11.1 Medical malpractice - occurrence .....				
11.2 Medical malpractice - claims-made .....				
12. Earthquake .....				
13. Group accident and health .....	368,641,694	12,072,318	13,708,521	367,005,491
14. Credit accident and health (group and individual) .....				
15. Other accident and health .....				
16. Workers' compensation .....				
17.1 Other liability - occurrence .....				
17.2 Other liability - claims-made .....				
18.1 Products liability - occurrence .....				
18.2 Products liability - claims-made .....				
19.1 19.2 Private passenger auto liability .....				
19.3 19.4 Commercial auto liability .....				
21. Auto physical damage .....				
22. Aircraft (all perils) .....				
23. Fidelity .....				
24. Surety .....				
26. Burglary and theft .....				
27. Boiler and machinery .....				
28. Credit .....				
29. International .....				
30. Reinsurance-Nonproportional Assumed Property .....				
31. Reinsurance-Nonproportional Assumed Liability .....				
32. Reinsurance-Nonproportional Assumed Financial Lines .....				
33. Aggregate write-ins for other lines of business .....				
34. TOTALS .....	368,641,694	12,072,318	13,708,521	367,005,491
<b>DETAILS OF WRITE-INS</b>				
3301 .....				
3302 .....				
3303 .....				
3398. Summary of remaining write-ins for Line 33 from overflow page .....				
3399. TOTALS (Lines 3301 through 3303 + 3398) (Line 33 above) .....				

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience, viz:

	1	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less From Date of Policy) (b)	Amount Unearned (Running More Than One Year From Date of Policy) (b)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve For Unearned Premiums Columns 1 + 2 + 3 + 4
1. Fire .....					
2. Allied lines .....					
3. Farmowners multiple peril .....					
4. Homeowners multiple peril .....					
5. Commercial multiple peril .....					
6. Mortgage guaranty .....					
8. Ocean marine .....					
9. Inland marine .....					
10. Financial guaranty .....					
11.1 Medical malpractice - occurrence .....					
11.2 Medical malpractice - claims-made .....					
12. Earthquake .....					
13. Group accident and health .....	13,708,521				13,708,521
14. Credit accident and health (group and individual) .....					
15. Other accident and health .....					
16. Workers' compensation .....					
17.1 Other liability - occurrence .....					
17.2 Other liability - claims-made .....					
18.1 Products liability - occurrence .....					
18.2 Products liability - claims-made .....					
19.1 19.2 Private passenger auto liability .....					
19.3 19.4 Commercial auto liability .....					
21. Auto physical damage .....					
22. Aircraft (all perils) .....					
23. Fidelity .....					
24. Surety .....					
26. Burglary and theft .....					
27. Boiler and machinery .....					
28. Credit .....					
29. International .....					
30. Reinsurance-Nonproportional Assumed Property .....					
31. Reinsurance-Nonproportional Assumed Liability .....					
32. Reinsurance-Nonproportional Assumed Financial Lines .....					
33. Aggregate write-ins for other lines of business .....					
34. TOTALS .....	13,708,521				13,708,521
35. Accrued retrospective premiums based on experience .....					
36. Earned but unbilled premiums .....					
37. Balance (Line 34 through Line 36) .....					13,708,521
<b>DETAILS OF WRITE-INS</b>					
3301 .....					
3302 .....					
3303 .....					
3398. Summary of remaining write-ins for Line 33 from overflow page .....					
3399. TOTALS (Lines 3301 through 3303 plus 3398) (Line 33 above) .....					

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [ ] No[X]  
 (b) State here basis of computation used in each case:

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

**Gross Premiums (Less Return Premiums), Including Policy and Membership Fees Written and Renewed During Year**

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Columns 1+2+3-4-5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire .....						
2. Allied lines .....						
3. Farmowners multiple peril .....						
4. Homeowners multiple peril .....						
5. Commercial multiple peril .....						
6. Mortgage guaranty .....						
8. Ocean marine .....						
9. Inland marine .....						
10. Financial guaranty .....						
11.1 Medical malpractice - occurrence .....						
11.2 Medical malpractice - claims-made .....						
12. Earthquake .....						
13. Group accident and health .....	371,946,266				3,304,572	368,641,694
14. Credit accident and health (group and individual) .....						
15. Other accident and health .....						
16. Workers' compensation .....						
17.1 Other liability - occurrence .....						
17.2 Other liability - claims-made .....						
18.1 Products liability - occurrence .....						
18.2 Products liability - claims-made .....						
19.1 19.2 Private passenger auto liability .....						
19.3 19.4 Commercial auto liability .....						
21. Auto physical damage .....						
22. Aircraft (all perils) .....						
23. Fidelity .....						
24. Surety .....						
26. Burglary and theft .....						
27. Boiler and machinery .....						
28. Credit .....						
29. International .....						
30. Reinsurance-Nonproportional Assumed Property .....	X X X					
31. Reinsurance-Nonproportional Assumed Liability .....	X X X					
32. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X					
33. Aggregate write-ins for other lines of business .....						
34. TOTALS .....	371,946,266				3,304,572	368,641,694
<b>DETAILS OF WRITE-INS</b>						
3301 .....						
3302 .....						
3303 .....						
3398. Summary of remaining write-ins for Line 33 from overflow page .....						
3399. TOTALS (Lines 3301 through 3303 plus 3398) (Line 33 above) .....						

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No[X]

If yes, (1) The amount of such installment premiums \$.....

(2) Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Column 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Columns 4 + 5 - 6)	8 Percentage of Losses Incurred (Column 7, Part 2) to Premiums Earned (Column 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Columns 1 + 2 - 3)				
1. Fire								
2. Allied lines								
3. Farmowners multiple peril								
4. Homeowners multiple peril								
5. Commercial multiple peril								
6. Mortgage guaranty								
8. Ocean marine								
9. Inland marine								
10. Financial guaranty								
11.1 Medical malpractice - occurrence								
11.2 Medical malpractice - claims-made								
12. Earthquake								
13. Group accident and health	325,313,702		1,688,488	323,625,214	43,838,469	46,290,605	321,173,078	87.51
14. Credit accident and health (group and individual)								
15. Other accident and health								
16. Workers' compensation								
17.1 Other liability - occurrence								
17.2 Other liability - claims-made								
18.1 Products liability - occurrence								
18.2 Products liability - claims made								
19.1 19.2 Private passenger auto liability								
19.3 19.4 Commercial auto liability								
21. Auto physical damage								
22. Aircraft (all perils)								
23. Fidelity								
24. Surety								
26. Burglary and theft								
27. Boiler and machinery								
28. Credit								
29. International								
30. Reinsurance-Nonproportional Assumed Property	X X X							
31. Reinsurance-Nonproportional Assumed Liability	X X X							
32. Reinsurance-Nonproportional Assumed Financial Lines	X X X							
33. Aggregate write-ins for other lines of business								
34. TOTALS	325,313,702		1,688,488	323,625,214	43,838,469	46,290,605	321,173,078	87.51
<b>DETAILS OF WRITE-INS</b>								
3301								
3302								
3303								
3398. Summary of remaining write-ins for Line 33 from overflow page								
3399. TOTALS (Lines 3301 through 3303 plus 3398) (Line 33 above)								

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred But Not Reported (Columns 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	Net Losses Unpaid (Columns 4 + 5 + 6 - 7)	Unpaid Loss Adjustment Expenses
1. Fire .....									
2. Allied Lines .....									
3. Farmowners multiple peril .....									
4. Homeowners multiple peril .....									
5. Commercial multiple peril .....									
6. Mortgage guaranty .....									
8. Ocean marine .....									
9. Inland marine .....									
10. Financial guaranty .....									
11.1 Medical malpractice - occurrence .....									
11.2 Medical malpractice - claims-made .....									
12. Earthquake .....									
13. Group accident & health .....	4,817,711			4,817,711	40,263,129		1,242,371	(a) 43,838,469	361,578
14. Credit accident & health (group & individual) .....								(a)	
15. Other accident & health .....									
16. Workers' compensation .....									
17.1 Other liability - occurrence .....									
17.2 Other liability - claims-made .....									
18.1 Products liability - occurrence .....									
18.2 Products liability - claims-made .....									
19.1 19.2 Private passenger auto liability .....									
19.3 19.4 Commercial auto liability .....									
21. Auto physical damage .....									
22. Aircraft (all perils) .....									
23. Fidelity .....									
24. Surety .....									
26. Burglary and theft .....									
27. Boiler and machinery .....									
28. Credit .....									
29. International .....									
30. Reinsurance-Nonproportional Assumed Property .....	X X X				X X X				
31. Reinsurance-Nonproportional Assumed Liability .....	X X X				X X X				
32. Reinsurance-Nonproportional Assumed Financial Lines .....	X X X				X X X				
33. Aggregate write-ins for other lines of business .....									
34. TOTALS .....	4,817,711			4,817,711	40,263,129		1,242,371	43,838,469	361,578
<b>DETAILS OF WRITE-INS</b>									
3301 .....									
3302 .....									
3303 .....									
3398. Summary of remaining write-ins for Line 33 from overflow page .....									
3399. TOTALS (Lines 3301 through 3303 plus 3398) (Line 33 above) .....									

(a) Including \$..... for present value of life indemnity claims.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 - EXPENSES

		1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1.	Claim adjustment services:				
1.1	Direct .....				
1.2	Reinsurance assumed .....				
1.3	Reinsurance ceded .....				
1.4	Net claim adjustment services (1.1 +1.2 - 1.3) .....				
2.	Commission and brokerage:				
2.1	Direct excluding contingent .....	89,199	10,486,369		10,575,568
2.2	Reinsurance assumed excluding contingent .....				
2.3	Reinsurance ceded excluding contingent .....				
2.4	Contingent - direct .....				
2.5	Contingent - reinsurance assumed .....				
2.6	Contingent - reinsurance ceded .....				
2.7	Policy and membership fees .....				
2.8	Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) ..	89,199	10,486,369		10,575,568
3.	Allowances to manager and agents .....				
4.	Advertising .....				
5.	Boards, bureaus and associations .....				
6.	Surveys and underwriting reports .....				
7.	Audit of assureds' records .....				
8.	Salary and related items:				
8.1	Salaries .....	223,000	26,216,281		26,439,281
8.2	Payroll taxes .....				
9.	Employee relations and welfare .....				
10.	Insurance .....				
11.	Directors' fees .....				
12.	Travel and travel items .....				
13.	Rent and rent items .....				
14.	Equipment .....				
15.	Cost or depreciation of EDP equipment and software .....				
16.	Printing and stationery .....				
17.	Postage, telephone and telegraph, exchange and express .....				
18.	Legal and auditing .....				
19.	TOTALS (Lines 3 to 18) .....	223,000	26,216,281		26,439,281
20.	Taxes, licenses and fees:				
20.1	State and local insurance taxes deducting guaranty association credits of \$.....	23,749	2,791,971		2,815,720
20.2	Insurance department licenses and fees .....				
20.3	Gross guaranty association assessments .....				
20.4	All other (excluding federal and foreign income and real estate) .....				
20.5	TOTAL taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	23,749	2,791,971		2,815,720
21.	Real estate expenses .....				
22.	Real estate taxes .....				
23.	Reimbursements by uninsured accident and health plans .....				
24.	Aggregate write-ins for miscellaneous expenses .....	25,631	3,013,248		3,038,879
25.	TOTAL expenses incurred .....	361,579	42,507,869		(a) 42,869,448
26.	Less unpaid expenses - current year .....	361,579	9,463,504		9,825,083
27.	Add unpaid expenses - prior year .....	591,650	8,895,291		9,486,941
28.	Amounts receivable relating to uninsured accident and health plans, prior year .....				
29.	Amounts receivable relating to uninsured accident and health plans, current year .....				
30.	TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29) .....	591,650	41,939,656		42,531,306
<b>DETAILS OF WRITE-INS</b>					
2401.	Bad debt expense .....	23,465	2,758,607		2,782,072
2402.	Service Fees .....	2,166	254,641		256,807
2403	.....				
2498.	Summary of remaining write-ins for Line 24 from overflow page .....				
2499.	TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above) .....	25,631	3,013,248		3,038,879

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds .....	(a)..... 1,392,771	..... 1,218,132
1.1 Bonds exempt from U.S. tax .....	(a).....	.....
1.2 Other bonds (unaffiliated) .....	(a)..... 1,970,515	..... 1,780,285
1.3 Bonds of affiliates .....	(a).....	.....
2.1 Preferred stocks (unaffiliated) .....	(b).....	.....
2.11 Preferred stocks of affiliates .....	(b).....	.....
2.2 Common stocks (unaffiliated) .....	..... 455,124	..... 473,045
2.21 Common stocks of affiliates .....	.....	.....
3. Mortgage loans .....	(c).....	.....
4. Real estate .....	(d).....	.....
5. Contract loans .....	.....	.....
6. Cash/short-term investments .....	(e)..... 196,403	..... 185,637
7. Derivative instruments .....	(f).....	.....
8. Other invested assets .....	.....	.....
9. Aggregate write-ins for investment income .....	.....	.....
10. Total gross investment income .....	..... 4,014,813	..... 3,657,099
11. Investment expenses .....	.....	(g).....
12. Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g).....
13. Interest expense .....	.....	(h)..... 109,608
14. Depreciation on real estate and other invested assets .....	.....	(i).....
15. Aggregate write-ins for deductions from investment income .....	.....	.....
16. Total deductions (Lines 11 through 15) .....	.....	..... 109,608
17. Net Investment income (Line 10 minus Line 16) .....	.....	..... 3,547,491
<b>DETAILS OF WRITE-INS</b>		
0901 .....	.....	.....
0902 .....	.....	.....
0903 .....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501 .....	.....	.....
1502 .....	.....	.....
1503 .....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....

- (a) Includes \$..... accrual of discount less \$.....277,374 amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

## EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. Government bonds .....	298,690	.....	(232,548)	232,548	298,690
1.1 Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2 Other bonds (unaffiliated) .....	(1,311,938)	.....	(44,825)	44,825	(1,311,938)
1.3 Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1 Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11 Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2 Common stocks (unaffiliated) .....	(2,788,502)	.....	(2,660,817)	(1,590,153)	(7,039,472)
2.21 Common stocks of affiliates .....	.....	.....	.....	.....	.....
3. Mortgage loans .....	.....	.....	.....	.....	.....
4. Real estate .....	.....	.....	.....	.....	.....
5. Contract loans .....	.....	.....	.....	.....	.....
6. Cash/short-term investments .....	.....	.....	.....	.....	.....
7. Derivative instruments .....	.....	.....	.....	.....	.....
8. Other invested assets .....	.....	.....	.....	.....	.....
9. Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10. Total capital gains (losses) .....	(3,801,750)	.....	(2,938,190)	(1,312,780)	(8,052,720)
<b>DETAILS OF WRITE-INS</b>					
0901 .....	.....	.....	.....	.....	.....
0902 .....	.....	.....	.....	.....	.....
0903 .....	.....	.....	.....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2 .....	3,588,432	3,332,878	(255,554)
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....			
2.2 Furniture, equipment and supplies .....			
2.3 Leasehold improvements .....			
2.4 Loans on personal security, endorsed or not .....			
3. Total (Lines 2.1 to 2.4) .....			
4. Aggregate write-ins for other assets .....	2,762,185	2,235,156	(527,029)
5. TOTAL (Line 1 plus Lines 3 and 4) .....	6,350,617	5,568,034	(782,583)
<b>DETAILS OF WRITE-INS</b>			
0401. Subrogation receivable .....	796,516	296,516	(500,000)
0402. Pharmacy rebate receivable .....	1,887,171	1,758,101	(129,070)
0403. AR Metro .....	78,498	180,539	102,041
0498. Summary of remaining write-ins for Line 4 from overflow page .....			
0499. TOTALS (Line 0401 through 0403 plus 0498) (Line 4, above) .....	2,762,185	2,235,156	(527,029)

# Notes to Financial Statement

## 1. Basis of Presentation

The accompanying financial statement of QualChoice Health Plan, Inc. (the Company) has been prepared in conformity with the NAIC annual statement and accounting practices and procedures manuals.

The Company was incorporated in April 1993. In September 1993, the Company was granted a license in the State of Ohio. Although operations commenced in 1993, substantial activities were devoted to obtaining a certificate of authority and to develop markets.

## 2. Basis of Valuation of Invested Assets

- A. Asset values are generally stated as follows: Bonds not backed by other loans collateralized mortgage obligations at amortized cost. Equities are recorded at market value.
- B. The Company holds no invested assets which are depreciated or depleted
- C. Admitted Common stocks are reported on a market value basis. Admitted Preferred stocks are valued at lower of cost or market.
- D. Loan-backed bonds and structured securities are valued by KeyBank, our trustee.

## 3. The company does not hold derivative instruments.

## 4. Federal Income Tax Allocation

- A. The Company's federal income tax return is not consolidated with any other company.
- B. The Company is subject to income taxes.

The 2002 federal income tax expense is different from the amount computed by applying the normal tax rate of 34% to income before federal income taxes as follows:

	<b>2002</b>	<b>%</b>
Expected Tax Expense	\$ 380,308	34
Reserves and Accrued Liabilities	(293,233)	(26)
Dividends Received Deduction	(87,076)	(8)
	\$ 0	0

There was no federal income tax at December 31, 2001 due to the net loss recognized by the company.

- C. The amount of losses carried forward and available to offset future net income subject to federal income taxes is approximately \$67,099,894 at 12/31/2002

## 5. Information Concerning Parent, Subsidiary and Affiliates

- A. The Company is a wholly-owned subsidiary of University Hospitals Health System
- B. The company has contracted with its sister company, QualChoice, Inc., a licensed third party administrator in the state of Ohio, to perform all sales, management and claims processing functions for the Company. During 2002, the Company paid QualChoice, Inc. \$26,216,281 for services rendered.
- C. The Company has no investment in its parent or affiliate
- D. The Company has no guarantees or undertakings for the benefit of an affiliate.
- E. A management and service contract between the Company and QualChoice Inc. is described in (B) above.

## 6. Retirement Plans, Deferred Compensation and Other Post Retirement Benefit Plans

The Company does not sponsor any of the above noted benefit plans

## 7. Capital and Surplus Shareholders' and Policyholders' Dividend Restrictions

- A. The maximum amount of dividends which can be paid by State of Ohio insurance companies to shareholders without prior approval of the insurance commission is subject to restrictions related to statutory surplus. Statutory surplus at 12/31/2002 was \$37,863,709. No dividends were paid in 2002.
- B. The company has no preferred stock authorized or outstanding.
- C. No restrictions have been placed on unassigned surplus.
- D. The Company holds no stock as of 12/31/2002 for special purposes.
- E. The Company has no surplus debentures outstanding during the year.
- F. The Company has no surplus debentures or similar obligations outstanding during the year.

## 8. Capital Notes

As of December 31, 2002, the company has no capital note obligations.

## 9. Borrowed Money

As of December 31, 2002, the Company has no liability for borrowed money.

## 10. Contingent Liabilities

- A. As of 12/31/2002, the company has no contingent liabilities
- B. The Company has no reserves to cover contingent liabilities
- C. No material pending legal proceedings exist against the Company.
- D. The Company did not hold any derivatives during 2002.

## 11. Leases

During 2002, the company entered into lease agreements for office equipment.

## 12. Subscriber Savings Accounts

At 12/31/2002, the Company has \$0 identified to subscriber savings accounts.

## 13. Unsecured Reinsurance Recoverables

Not Applicable

## 14. Reinsurance Recoverable in Dispute

## Notes to Financial Statement

Not Applicable

15. Reinsurance Assumed and Ceded

Not Applicable

16. Structured Settlements

Not Applicable

17. Uncollectible Reinsurance

Not Applicable

18. Commutation of Ceded Reinsurance

Not Applicable

19. Retroactive Reinsurance

Not Applicable

20. Intercompany Pooling Arrangements

Not Applicable

21. Accrued Retrospective Premiums

Asset has been determined based on the timing difference in billed versus actual enrollment at year end.

22. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expense

The Company does not discount unpaid losses or unpaid loss adjustment expense.

23. Financial Guaranty Insurance Exposures

None to Report

24. Information Concerning Asset Transfers with Put Options

Not Applicable

25. Direct Premium Written by Managing General Agents /Third Party Administrators

Not Applicable

26. Gain or Loss to the Insurer from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

27. Asbestos/ Environmental (Mass) Tort Reserves

Not Applicable

28. Events Subsequent

Not Applicable

29. Other Items

The Company has reported amounts rounded to the nearest dollar.

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....	7,989,615	8.737	7,989,615	8.737
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....				
1.22 Issued by U.S. government sponsored agencies .....				
1.3 Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43 Revenue and assessment obligations .....				
1.44 Industrial development and similar obligations .....				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA .....	137,003	0.150	137,003	0.150
1.512 Issued by FNMA and FHLMC .....	17,265,862	18.882	17,265,862	18.882
1.513 Privately issued .....				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....	1,450,450	1.586	1,450,450	1.586
1.523 All other privately issued .....				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	27,395,309	29.959	27,395,309	29.959
2.2 Unaffiliated foreign securities .....				
2.3 Affiliated securities .....				
3. Equity interests:				
3.1 Investments in mutual funds .....				
3.2 Preferred stocks:				
3.21 Affiliated .....				
3.22 Unaffiliated .....				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....				
3.32 Unaffiliated .....	25,871,156	28.292	25,871,156	28.292
3.4 Other equity securities:				
3.41 Affiliated .....				
3.42 Unaffiliated .....				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....				
3.52 Unaffiliated .....				
4. Mortgage loans:				
4.1 Construction and land development .....				
4.2 Agricultural .....				
4.3 Single family residential properties .....				
4.4 Multifamily residential properties .....				
4.5 Commercial loans .....				
5. Real estate investments:				
5.1 Property occupied by company .....				
5.2 Property held for production of income (includes \$..... of property acquired in satisfaction of debt) .....				
5.3 Property held for sale (\$..... including property acquired in satisfaction of debt) .....				
6. Policy loans .....				
7. Receivables for securities .....				
8. Cash and short-term investments .....	11,333,725	12.394	11,333,725	12.394
9. Other invested assets .....				
10. Total invested assets .....	91,443,120	100.000	91,443,120	100.000

# GENERAL INTERROGATORIES

## PART 1 - COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[ ] N/A[ ]
- 1.3 State Regulating? Ohio
- 
- 2.1 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]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended. .....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .....12/31/2002.....
- 3.2 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. .....12/31/2002.....
- 3.3 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). .....04/30/2002.....
- 3.4 By what department or departments?  
Department of Financial Regulation - Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[ ] No[X]
- 4.12 renewals? Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[ ] No[X]
- 4.22 renewals? 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 the 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
.....	.....	.....

- 6.1 Has the 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]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
- 7.2 If yes, ..... %
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
.....	.....

## GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
KPMG Peat Marwick, One Cleveland Center, 1375 East 9th Street Suite 2600, Cleveland, OH 44114-1796
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Milliman and Robertson, Inc, 259 North Radnor-Chester Rd., Radnor, PA 19087-5260
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
None
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[ ] No[ ] N/A[X]
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes[ ] No[ ] N/A[X]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes[ ] No[ ] N/A[X]

### BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes[X] No[ ]
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes[X] No[ ]
13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes[X] No[ ]

### FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11 To directors or other officers \$ .....
  - 14.12 To stockholders not officers \$ .....
  - 14.13 Trustees, supreme or grand (Fraternal only) \$ .....
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21 To directors or other officers \$ .....
  - 14.22 To stockholders not officers \$ .....
  - 14.23 Trustees, supreme or grand (Fraternal only) \$ .....
- 15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[ ] No[X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- 15.21 Rented from others \$ .....
  - 15.22 Borrowed from others \$ .....
  - 15.23 Leased from others \$ .....
  - 15.24 Other \$ .....
- Disclose in Notes to Financial the nature of each obligation.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes[ ] No[X]
- 16.2 If answer is yes:
- 16.21 Amount paid as losses or risk adjustment \$ .....
  - 16.22 Amount paid as expenses \$ .....
  - 16.23 Other amounts paid \$ .....

# GENERAL INTERROGATORIES (continued)

## INVESTMENT

17. List the following capital stock information for the reporting entity:

	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred .....	.....	.....	.....	.....	Yes[ ] No[ ] N/A[X]	Yes[ ] No[ ] N/A[X]
2. Common .....	1,000,000	1,000,000	1,500,000	X X X	X X X	X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[ ] No[X]

18.2 If no, give full and complete information, relating thereto:  
Held by Trustee, Key Bank

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1). Yes[ ] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

- 19.21 Loaned to others \$
- 19.22 Subject to repurchase agreements \$
- 19.23 Subject to reverse repurchase agreements \$
- 19.24 Subject to dollar repurchase agreements \$
- 19.25 Subject to reverse dollar repurchase agreements \$
- 19.26 Pledged as collateral \$
- 19.27 Placed under option agreements \$
- 19.28 Letter stock or securities restricted as to sale \$
- 19.29 Other \$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....

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

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[ ] No[ ] N/A[X]  
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[ ] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year. \$

22. 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[X] No[ ]

22.1 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
22.1001 Key Bank .....	Cleveland, Ohio .....

## GENERAL INTERROGATORIES (continued)

### INVESTMENT

22.02 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)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?

Yes [ ] No [X]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisers, 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 Number(s)	2 Name	3 Address
	Key Bank	Cleveland, Ohio

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$ .....

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

24.1 Amount of payments for legal expenses, if any?

\$ .....

24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$ .....

25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid

# GENERAL INTERROGATORIES (continued)

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- |  |                     |
|--|---------------------|
| 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?  | Yes[ ] No[X]        |
| 1.2 If yes, indicate premium earned on U.S. business only.   | \$ .....            |
| 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?  | \$ .....            |
| 1.31 Reason for excluding:   |                     |
| 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.  | \$ .....            |
| 1.5 Indicate total incurred claims on all Medicare Supplement insurance.   | \$ .....            |
| 1.6 Individual policies  |                     |
| Most current three years:  |                     |
| 1.61 Total premium earned  | \$ .....            |
| 1.62 Total incurred claims   | \$ .....            |
| 1.63 Number of covered lives   | \$ .....            |
| All years prior to most current three years:   |                     |
| 1.64 Total premium earned  | \$ .....            |
| 1.65 Total incurred claims   | \$ .....            |
| 1.66 Number of covered lives   | \$ .....            |
| 1.7 Group policies   |                     |
| Most current three years:  |                     |
| 1.71 Total premium earned  | \$ .....            |
| 1.72 Total incurred claims   | \$ .....            |
| 1.73 Number of covered lives   | \$ .....            |
| All years prior to most current three years:   |                     |
| 1.74 Total premium earned  | \$ .....            |
| 1.75 Total incurred claims   | \$ .....            |
| 1.76 Number of covered lives   | \$ .....            |
| 2.1 Does the reporting entity issue both participating and non-participating policies?   | Yes[ ] No[X]        |
| 2.2 If yes, state the amount of calendar year premiums written on:   |                     |
| 2.21 Participating   | \$ .....            |
| 2.22 Non-participating policies  | \$ .....            |
| 3. For Mutual Reporting Entities and Reciprocal Exchange only:   |                     |
| 3.1 Does the reporting entity issue assessable policies?   | Yes[ ] No[ ] N/A[X] |
| 3.2 Does the reporting entity issue non-assessable policies?   | Yes[ ] No[ ] N/A[X] |
| 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?  | ..... %             |
| 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.  | \$ .....            |
| 4. For Reciprocal Exchanges Only:  |                     |
| 4.1 Does the exchange appoint local agents?  | Yes[ ] No[ ] N/A[X] |
| 4.2 If yes, is the commission paid:  |                     |
| 4.21 Out of Attorney's-in-fact compensation  | Yes[ ] No[ ] N/A[X] |
| 4.22 As a direct expense of the exchange   | Yes[ ] No[ ] N/A[X] |
| 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact?  |                     |
| 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?  | Yes[ ] No[ ] N/A[X] |
| 4.5 If yes, give full information:   |                     |
| 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss:  |                     |
| 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising the probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models). If any, used in the estimation process: |                     |
| 5.3 What provision has this reporting entity made (such as a catastrophic insurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  |                     |
| 5.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?   | Yes[ ] No[X]        |
| 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:   |                     |
| 6.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?                                | Yes[ ] No[X]        |
| 6.2 If yes, indicate the number of reinsurance contracts containing such provisions.   | ..... 0             |

# GENERAL INTERROGATORIES

## PART 2 - PROPERTY & CASUALTY INTERROGATORIES (Continued)

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes[ ] No[X]
- 7.2 If yes, give full information:
8. If the reporting entity has assumed risks from another entity, there should be a charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes[ ] No[ ] N/A[X]
- 9.1 Has the reporting entity guaranteed policies issued by any other entity and now in force? Yes[ ] No[X]
- 9.2 If yes, give full information:
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the asset schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses \$ .....
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses) \$ .....
- 10.2 Of the amount on Line 10.3 of the assets schedule Page 2, state the amount which is secured by letters of credit, collateral and other funds? \$ .....
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes[ ] No[ ] N/A[X]
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From .....%
- 10.42 To .....%
- 10.5 Are letters of credit or collateral or other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes[ ] No[X]
- 10.6 If yes, state the amount thereof at December 31 of current year:
- 10.61 Letters of Credit \$ .....
- 10.62 Collateral and other funds \$ .....
- 11.1 What amount of installment notes is owned and now held by the reporting entity? \$ .....
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes[ ] No[X]
- 11.3 If yes, what amount? \$ .....
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ ..... 340,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes[ ] No[X]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount. ..... 0
- 13.1 Has the reporting entity guaranteed any financial premium accounts? Yes[ ] No[X]
- 13.2 If yes, give full information:
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate directly? Yes[ ] No[X]
- 14.11 Name of real estate holding company:
- 14.12 Number of parcels involved ..... 0
- 14.13 Total book/adjusted carrying value \$ .....
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business? Yes[ ] No[X]
- If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
15.11 Home .....	.....	.....	.....	.....	.....
15.12 Products .....	.....	.....	.....	.....	.....
15.13 Automobile .....	.....	.....	.....	.....	.....
15.14 Other * .....	.....	.....	.....	.....	.....

\* Disclose type of coverage:

## FIVE - YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>Gross Premiums Written (Page 8, Part 1B, Columns 1, 2 &amp; 3)</b>					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2, & 19.3, 19.4) .....					
2. Property Lines (Lines 1, 2, 9, 12, 21, & 26) .....					
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....					
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, & 33) .....	371,946,266	319,134,257	261,358,477	210,597,806	168,106,742
5. Nonproportional Reinsurance Lines (Lines 30, 31, & 32) .....					
6. TOTAL (Line 34) .....	371,946,266	319,134,257	261,358,477	210,597,806	168,106,742
<b>Net Premiums Written (Page 8, Part 1B, Column 6)</b>					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....					
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....					
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....					
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	368,641,694	315,630,338	256,802,430	204,277,976	166,776,638
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32) .....					
12. TOTAL (Line 34) .....	368,641,694	315,630,338	256,802,430	204,277,976	166,776,638
<b>Statement of Income (Page 4)</b>					
13. Net Underwriting Gain or (loss) (Line 8) .....	2,962,965	(8,503,766)	(22,948,760)	(6,156,035)	(14,496,853)
14. Net Investment Gain or (loss) (Line 11) .....	(1,844,413)	3,016,412	17,790	2,320,299	2,323,689
15. Total Other Income (Line 15) .....					
16. Dividends to Policyholders (Line 17) .....					
17. Federal and Foreign Income Taxes Incurred (Line 19) .....					
18. Net Income (Line 20) .....	1,118,552	(5,487,354)	(22,930,970)	(3,835,736)	(12,173,164)
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. TOTAL admitted assets excluding Protected Cell (Page 2, Line 26, Column 3) .....	102,181,896	97,679,513	82,432,508	61,750,650	57,516,496
Agents' balances or uncollected premiums (Page 2, Column 3)					
20.1 In Course of Collection (Line 10.1) .....	6,534,099	4,147,216	1,104,875	1,190,110	1,884,982
20.2 Deferred and Not Yet Due (Line 10.2) .....					
20.3 Accrued Retrospective Premiums (Line 10.3) .....					
21. TOTAL Liabilities excluding Protected Cell (Page 3, Line 24) .....	64,318,187	61,513,328	57,901,197	42,335,253	41,302,046
22. Losses (Page 3, Lines 1 and 2) .....	43,838,469	46,290,605	44,034,718	28,283,930	30,467,911
23. Loss Adjustment Expenses (Page 3, Line 3) .....	361,578	591,650	633,394	500,000	450,000
24. Unearned premiums (Page 3, Line 9) .....	13,708,521	12,072,318	11,165,118	9,284,841	7,359,418
25. Capital Paid Up (Page 3, Lines 28 & 29) .....	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26. Surplus as Regards Policyholders (Page 3, Line 35) .....	37,863,709	36,166,185	24,531,311	19,415,397	16,214,450
<b>Risk-Based Capital Analysis</b>					
27. TOTAL adjusted capital .....	37,863,709	36,166,185	24,531,311	19,369,837	16,214,450
28. Authorized control level risk-based capital .....	18,918,503	17,953,683	12,131,648	9,529,602	8,018,110
<b>Percentage Distribution of Cash and Invested Assets (Page 2, Column 3) (Item divided by Page 2, Line 9, Column 3) x 100.0</b>					
29. Bonds (Line 1) .....	59.3	55.5	59.4	41.9	28.8
30. Stocks (Lines 2.1 & 2.2) .....	28.3	31.1	36.7	45.2	19.3
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2) .....					
32. Real Estate (Lines 4.1, 4.2 & 4.3) .....					
33. Cash and Short-Term Investments (Line 5) .....	12.4	13.4	3.8	13.0	51.9
34. Other Invested Assets (Line 6) .....					
35. Receivable for Securities (Line 7) .....					
36. Aggregate Write-ins for Invested Assets (Line 8) .....					
37. Cash and Invested Assets (Line 9) .....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
38. Affiliated Bonds, (Schedule D, Summary, Line 25, Column 1) .....					
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Column 1) .....					
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Column 2) .....					
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Column 5, Line 11) .....					
42. Affiliated mortgage loans on real estate .....					
43. All other affiliated .....					
44. TOTAL of above Lines 38 to 43 .....					
45. Percentage of Investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Column 1, Line 35 x 100.0) .....					

## FIVE - YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>Capital and Surplus Accounts (Page 4)</b>					
46. Net unrealized capital gains or (Losses) (Line 23) .....	(2,660,817)	(750,502)	(1,321,681)	(473,321)	(4,019,584)
47. Dividends to stockholders (Line 34) .....					
48. Change in surplus as regards policyholders for the year (Line 37) .....	1,697,527	11,634,871	5,115,914	3,200,947	7,866,517
<b>Gross Losses Paid (Page 9, Part 2, Columns 1 and 2)</b>					
49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....					
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....					
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....					
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	325,313,702	286,177,550	233,892,674	187,407,642	161,808,709
53. Nonproportional reinsurance lines (Lines 30, 31 & 32) .....					
54. TOTAL (Line 34) .....	325,313,702	286,177,550	233,892,674	187,407,642	161,808,709
<b>Net Losses Paid (Page 9, Part 2, Column 4)</b>					
55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....					
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....					
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22, & 27) .....					
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, & 33) .....	323,625,214	283,424,387	232,073,751	181,126,129	158,755,818
59. Nonproportional reinsurance lines (Lines 30, 31 & 32) .....					
60. TOTAL (Line 34) .....	323,625,214	283,424,387	232,073,751	181,126,129	158,755,818
<b>Operating Percentages (Page 4)</b>					
<b>(Item divided by Page 4, Line 1) x 100.0</b>					
61. Premiums earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
62. Losses incurred (Line 2) .....	87.5	90.8	97.2	89.9	94.6
63. Loss expenses incurred (Line 3) .....	0.1	0.2	0.2	0.2	
64. Other underwriting expenses incurred (Line 4) .....	11.6	11.7	11.5	12.9	14.2
65. Net underwriting gain (loss) (Line 8) .....	0.8	(2.7)	(9.0)	(3.0)	(8.8)
<b>Other Percentages</b>					
66. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Column 6, Line 34 x 100.0) .....	11.5	11.7	11.5	12.8	14.0
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	87.6	91.0	97.5	90.2	94.6
68. Net premiums written to policyholders' surplus (Page 8 Part 1B, Column 6, Line 34 divided by Page 3, Line 35, Column 1 x 100.0) .....	973.6	987.4	1,046.8	1,052.1	1,028.6
<b>One Year Loss Development (000 omitted)</b>					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2 - Summary, Line 12, Column 11) .....	(16,441)	(6,630)	469	(6,257)	(3,491)
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Column 1 x 100.0) .....	(45.5)	(27.0)	2.4	(38.6)	(41.8)
<b>Two Year Loss Development (000 omitted)</b>					
71. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Column 12) .....	(9,279)	108	(6,417)	(3,649)	(3,334)
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 71 above divided by Page 4, Line 21, Column 2 x 100.0) .....	(37.8)	0.6	(39.6)	(43.7)	(81.1)

## SCHEDULE D - SUMMARY BY COUNTRY

### Long-term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States .....	17,188,299	17,580,487	17,266,080	16,451,185
	2. Canada .....				
	3. Other Countries .....				
	4. Totals .....	17,188,299	17,580,487	17,266,080	16,451,185
States, Territories and Possessions (Direct and Guaranteed)	5. United States .....	2,534,851	2,715,625	2,543,359	2,500,000
	6. Canada .....				
	7. Other Countries .....				
	8. Totals .....	2,534,851	2,715,625	2,543,359	2,500,000
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	5,669,330	5,758,010	5,709,716	5,576,826
	14. Canada .....				
	15. Other Countries .....				
	16. Totals .....	5,669,330	5,758,010	5,709,716	5,576,826
Public Utilities (unaffiliated)	17. United States .....	4,880,871	5,085,584	4,886,843	4,740,000
	18. Canada .....				
	19. Other Countries .....				
	20. Totals .....	4,880,871	5,085,584	4,886,843	4,740,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	23,964,888	24,093,434	24,000,846	23,657,193
	22. Canada .....				
	23. Other Countries .....				
	24. Totals .....	23,964,888	24,093,434	24,000,846	23,657,193
Parent, Subsidiaries and Affiliates	25. Totals .....				
	26. Total Bonds .....	54,238,239	55,233,140	54,406,844	52,925,204
<b>PREFERRED STOCKS</b>					
Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals .....				
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals .....				
Parent, Subsidiaries and Affiliates	39. Totals .....				
	40. Total Preferred Stocks .....				
<b>COMMON STOCKS</b>					
Public Utilities (unaffiliated)	41. United States .....	738,068	738,068	1,034,154	
	42. Canada .....				
	43. Other Countries .....				
	44. Totals .....	738,068	738,068	1,034,154	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....	2,440,229	2,440,229	2,997,330	
	46. Canada .....				
	47. Other Countries .....				
	48. Totals .....	2,440,229	2,440,229	2,997,330	
Industrial and Miscellaneous (unaffiliated)	49. United States .....	22,692,859	22,692,859	27,737,864	
	50. Canada .....				
	51. Other Countries .....				
	52. Totals .....	22,692,859	22,692,859	27,737,864	
Parent, Subsidiaries and Affiliates	53. Totals .....				
	54. Total Common Stocks .....	25,871,156	25,871,156	31,769,348	
	55. Total Stocks .....	25,871,156	25,871,156	31,769,348	
	56. Total Bonds and Stocks .....	80,109,395	81,104,296	86,176,192	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

## SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year .....	74,592,181	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3 .....	275,638,187	6.1 Column 17, Part 1 .....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1 .....	
3.1 Column 16, Part 1 .....	(152,065)	6.3 Column 11, Part 2, Section 2 .....	
3.2 Column 12, Part 2, Section 1 .....		6.4 Column 11, Part 4 .....	
3.3 Column 10, Part 2, Section 2 .....	(5,082,040)	7. Book/adjusted carrying value at end of current period .....	80,110,329
3.4 Column 10, Part 4 .....	711,289	8. Total valuation allowance .....	
4. Total gain (loss), Column 14, Part 4 .....	(3,801,754)	9. Subtotal (Lines 7 plus 8) .....	80,110,329
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets .....	
Column 6, Part 4 .....	261,795,469	11. Statement value of bonds and stocks, current period .....	80,110,329

# SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

## SCHEDULE P - PART 1 - SUMMARY

(\$000 omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							12 Number of Claims Reported - Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Columns 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received		11 Total Net Paid (Columns 4 - 5 + 6 - 7 + 8 - 9)
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	X X X	X X X	X X X									X X X
2. 1993	151		151	118							118	X X X
3. 1994	20,503		20,503	20,707	446						20,261	X X X
4. 1995	68,621	3,352	65,269	74,684	2,507						72,177	X X X
5. 1996	82,577	2,500	80,077	85,464	2,191						83,273	X X X
6. 1997	122,498	2,716	119,782	113,337	1,368						111,969	X X X
7. 1998	166,440	1,330	165,110	154,180	865						153,315	X X X
8. 1999	206,807	4,454	202,353	192,367	2,542						189,825	X X X
9. 2000	257,425	2,503	254,922	244,703	993						243,710	X X X
10. 2001	318,227	3,504	314,723	282,900	1,653						281,247	X X X
11. 2002	370,333	3,328	367,005	290,112	1,688						288,424	X X X
12. Totals	X X X	X X X	X X X	1,458,572	14,253						1,444,319	X X X

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Expenses Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior												X X X	
2. 1993												X X X	
3. 1994												X X X	
4. 1995												X X X	
5. 1996												X X X	
6. 1997												X X X	
7. 1998												X X X	
8. 1999												X X X	
9. 2000												X X X	
10. 2001			1,162								1,162	X X X	
11. 2002	4,817		39,102	1,242			362				43,039	X X X	
12. Totals	4,817		40,264	1,242			362				44,201	X X X	

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	X X X	X X X	X X X	X X X	X X X	X X X			X X X		
2. 1993	118		118	78.146		78.146					
3. 1994	20,707	446	20,261	100.995		98.820					
4. 1995	74,684	2,507	72,177	108.835	74.791	110.584					
5. 1996	85,464	2,191	83,273	103.496	87.640	103.991					
6. 1997	113,337	1,368	111,969	92.522	50.368	93.477					
7. 1998	154,180	865	153,315	92.634	65.038	92.856					
8. 1999	192,367	2,542	189,825	93.018	57.072	93.809					
9. 2000	244,703	993	243,710	95.058	39.672	95.602					
10. 2001	284,062	1,653	282,409	89.264	47.175	89.733				1,162	
11. 2002	334,393	2,930	331,463	90.295	88.041	90.316				42,677	362
12. Totals	X X X	X X X	X X X	X X X	X X X	X X X			X X X	43,839	362

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior												
2. 1993	138	118	118	118	118	118	118	118	118	118		
3. 1994	X X X	18,215	18,546	20,183	20,261	20,261	20,261	20,261	20,261	20,261		
4. 1995	X X X	X X X	73,120	71,782	72,165	72,173	72,174	72,175	72,177	72,177		2
5. 1996	X X X	X X X	X X X	87,009	83,150	83,206	83,268	83,270	83,271	83,273	2	3
6. 1997	X X X	X X X	X X X	X X X	115,811	112,256	112,035	111,998	111,966	111,969	3	(29)
7. 1998	X X X	X X X	X X X	X X X	X X X	159,570	153,471	153,345	153,389	153,315	(74)	(30)
8. 1999	X X X	X X X	X X X	X X X	X X X	X X X	189,921	190,550	190,174	189,825	(349)	(725)
9. 2000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	252,210	245,941	243,710	(2,231)	(8,500)
10. 2001	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	296,201	282,409	(13,792)	X X X
11. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	331,463	X X X	X X X
12. TOTALS											(16,441)	(9,279)

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	000										X X X	X X X
2. 1993	97	118	118	118	118	118	118	118	118	118	X X X	X X X
3. 1994	X X X	13,330	18,509	20,183	20,261	20,261	20,261	20,261	20,261	20,261	X X X	X X X
4. 1995	X X X	X X X	54,233	71,729	72,165	72,173	72,174	72,175	72,177	72,177	X X X	X X X
5. 1996	X X X	X X X	X X X	68,633	83,878	83,206	83,268	83,270	83,271	83,273	X X X	X X X
6. 1997	X X X	X X X	X X X	X X X	82,388	111,396	112,023	111,998	111,966	111,969	X X X	X X X
7. 1998	X X X	X X X	X X X	X X X	X X X	129,512	152,998	153,345	153,389	153,315	X X X	X X X
8. 1999	X X X	X X X	X X X	X X X	X X X	X X X	161,622	190,168	190,174	189,825	X X X	X X X
9. 2000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	207,921	244,072	243,710	X X X	X X X
10. 2001	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	251,187	281,247	X X X	X X X
11. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	288,424	X X X	X X X

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)									
	1	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior										
2. 1993	135	21								
3. 1994	X X X	4,864	37							
4. 1995	X X X	X X X	18,887	53						
5. 1996	X X X	X X X	X X X	18,376	272					
6. 1997	X X X	X X X	X X X	X X X	33,423					
7. 1998	X X X	X X X	X X X	X X X	X X X	860				
8. 1999	X X X	X X X	X X X	X X X	X X X	X X X	473			
9. 2000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	39,455		
10. 2001	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	40,348	1,162
11. 2002	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	38,222

# SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

## Allocated by States and Territories

1	1a	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4	5	6	7	8	9
		2	3						
States, Etc.	Is Insurer Licensed? (Yes or No)	Direct Premiums Written	Direct Premiums Earned	Dividends Paid or Credited to Policyholders on Direct Business	Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges Not Included in Premiums	Direct Premium Written for Federal Purchasing Groups (Included in Column 2)
1. Alabama	AL	Yes							
2. Alaska	AK	Yes							
3. Arizona	AZ	Yes							
4. Arkansas	AR	Yes							
5. California	CA	Yes							
6. Colorado	CO	Yes							
7. Connecticut	CT	Yes							
8. Delaware	DE	Yes							
9. District of Columbia	DC	Yes							
10. Florida	FL	Yes							
11. Georgia	GA	Yes							
12. Hawaii	HI	Yes							
13. Idaho	ID	Yes							
14. Illinois	IL	Yes							
15. Indiana	IN	Yes							
16. Iowa	IA	Yes							
17. Kansas	KS	Yes							
18. Kentucky	KY	Yes							
19. Louisiana	LA	Yes							
20. Maine	ME	Yes							
21. Maryland	MD	Yes							
22. Massachusetts	MA	Yes							
23. Michigan	MI	Yes							
24. Minnesota	MN	Yes							
25. Mississippi	MS	Yes							
26. Missouri	MO	Yes							
27. Montana	MT	Yes							
28. Nebraska	NE	Yes							
29. Nevada	NV	Yes							
30. New Hampshire	NH	Yes							
31. New Jersey	NJ	Yes							
32. New Mexico	NM	Yes							
33. New York	NY	Yes							
34. North Carolina	NC	Yes							
35. North Dakota	ND	Yes							
36. Ohio	OH	Yes	371,946,266	371,310,063	325,313,702	324,103,937	45,080,840		
37. Oklahoma	OK	Yes							
38. Oregon	OR	Yes							
39. Pennsylvania	PA	Yes							
40. Rhode Island	RI	Yes							
41. South Carolina	SC	Yes							
42. South Dakota	SD	Yes							
43. Tennessee	TN	Yes							
44. Texas	TX	Yes							
45. Utah	UT	Yes							
46. Vermont	VT	Yes							
47. Virginia	VA	Yes							
48. Washington	WA	Yes							
49. West Virginia	WV	Yes							
50. Wisconsin	WI	Yes							
51. Wyoming	WY	Yes							
52. American Samoa	AS	Yes							
53. Guam	GU	Yes							
54. Puerto Rico	PR	Yes							
55. U.S. Virgin Islands	VI	Yes							
56. Canada	CN	Yes							
57. Aggregate other alien	OT	XXX							
58. TOTALS	(a) 55	371,946,266	371,310,063		325,313,702	324,103,937	45,080,840		
<b>DETAILS OF WRITE-INS</b>									
5701		XXX							
5702		XXX							
5703		XXX							
5798.	Summary of remaining write-ins for Line 57 from overflow page	XXX							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)	XXX							

(a) Insert the number of yes responses except for Canada and Other Alien.  
 Explanation of basis of allocation of premiums by states, etc.:

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART**

