

STATEMENT AS OF December 31, 2002 OF THE Ohio Referral Association Agency,2 Inc.

ASSETS

	Current Year	Previous Year
1. Bonds (Sch. D, Part 1 Col. 16)		
2. Stocks		
a. Preferred stocks (Sch. D, Part 2, Col. 6)		
b. Common stocks (Sch. D, Part 2, Section 2)		
3. Real estate, less encumbrances (Sch. A)		
4. Mortgage loans on real estate (Sch. A)		
5. Cash on hand and on deposit		
a. Cash in company's office		
b. Cash on deposit (Sch. N)	447,154	415,198
6. Other invested assets (Sch. A)		
7. Subtotals, Cash & Invested Assets (Items 1 to 6)	447,154	415,198
8. Home protection contract fees receivable		
9. Contract fees receivable		
10. Receivable from affiliates		
11. Federal income tax recoverable (Including \$ _____ Net deferred tax assets)	4,278	2,340
12. Electronic data processing equipment		
13. Interest, dividends and real estate income due and accrued		
14. Reinsurance recoverable on loss payments		
15. Other assets		
a. _____		
b. _____		
c. _____		
16. TOTALS (Lines 7 to 15)	451,432	417,538

Total, current year, to agree with page 8, Exhibit 1, Col 4, line 18.

LIABILITIES, SURPLUS AND OTHER FUNDS

	Current Year	Previous Year
1. Unpaid contract claims in process of settlement	7,883	5,424
2. Statutory reserve (pg. 24, Report 1, line 6, Col (1) + Col (2))	156,447	123,633
3. Unpaid claims adjustment expense	6,011	6,011
4. Other expenses (excluding taxes, licenses and fees)		
5. Taxes, licenses and fees (excluding federal and foreign income taxes)		
6. Federal and foreign income taxes (including \$ _____ net deferred tax liability)		
7. Borrowed money	11,504	5,129
8. Interest payable		
9. Unearned contract fees		
10. Dividends declared and unpaid		
11. Reinsurance in unauthorized companies		
a. Unearned contract fees		
b. Reinsurance recoverable		
1. paid claims		
2. unpaid claims		
c. Reinsurance recoverable on paid & unpaid claims adjustment expense		
12. Ceded reinsurance balances payable		
13. All other liabilities:		
a. <u>Withholding Taxes</u>	2,040	3,594
b. <u>Stockholder Loans</u>	1,612	1,612
c. _____		
14. Total liabilities (Items 1 to 13c)	185,497	145,403
15. a. Common capital stock	500	500
b. Preferred capital stock		
16. Gross paid-in and contributed surplus	80,150	80,150
17. Unassigned funds (surplus)	185,285	191,485
18. Less treasury stock, at cost		
19. Surplus as regards contractholders (Items 15 to 17 less 18)	265,935	272,135
20. Totals (Item 14 plus 19)	451,432	417,538

Line 19 to agree with Page 4, line 27.

STATEMENT AS OF December 31, 2002 OF THE Ohio Referral Association Agency, Inc.

STATEMENT OF INCOME

UNDERWRITING INCOME	Current Year	Previous Year
1. Contract fees earned (Part 2B, Col 4)	1,191,416	1,197,396
DEDUCTIONS		
2. Claims incurred (Part 3, Col. 7)	298,586	320,407
3. Claims adjustment expenses incurred (Part 4, Col 1, line 22)	6,011	6,011
4. Other underwriting expenses incurred (Part 4, Col 2, line 22)	864,130	874,405
5. _____		
6. Total deductions (Lines 2 to 5)	1,168,727	1,200,823
7. Net underwriting gain or loss (-) (Item 1 less 6)	22,689	- 3,427
INVESTMENT INCOME		
8. Net investment income earned (Part 1, Col 8, ln 15)	4,868	5,679
9. Net realized capital gains or losses (Part 1A, Col 7, ln 11)	500	
10. Net investment gain or loss	5,368	5,679
OTHER INCOME		
11. E & O Writings (Net of Expenses)	- 170,530	- 137,325
12. <u>Fees & Other (Net of Expenses)</u>	184,453	152,756
13. Total other income (Lines 11 + 12)	13,923	15,431
14. Net income before federal income taxes (Lines 7 + 10 + 13)	41,980	17,683
15. Federal income taxes incurred	8,557	4,679
16. Net income (Item 14 less 15)	33,423	13,004
CAPITAL AND SURPLUS ACCOUNT		
17. Surplus as regards contract holders, Dec. 31 Previous year Gains (+) and Losses (-) in Surplus	272,135	252,445
18. Net income (from item 16)	+ 33,423	+ 13,004
19. Net unrealized capital gains and losses		
20. Change in non-admitted assets (Exhibit 2)	- 4,809	+ 7,580
21. Capital changes:		
a. Paid in		
b. Transferred from surplus		
c. Transferred to surplus		
22. Surplus adjustments:		
a. Paid in		
b. Transferred to capital		
c. Transferred from capital		
23. Dividends to stockholders (cash)	- 2,000	- 2,000
24. Change in treasury stock		
25. Change in Statutory reserve	- 32,814	+ 1,106
26. Change in surplus as regards contract holders (lines 18 to 25)	- 6,200	+ 19,690
27. Surplus as regards contractholders at statement date (line 17 + 26)	265,935	272,135

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - INTEREST, DIVIDENDS AND REAL ESTATE INCOME

1	2 Sch	3 Collected during yr - paid on accrued purchase	Paid in Advance		Due and accrued		8 Earned During year 3+5+6 -4 -7
			4 Current Year	5 Previous Year	6 Current Year	7 Previous Year	
1. Bonds	D*						
2. Preferred Stock	D						
3. Common Stock	D						
4. Mortgage loans	A''						
5. Real estate	A#						
6. Cash	N	4,868					4,868
7. Other assets	A						
8. _____							
9. _____							
10. Totals		4,868					4,868

11. Total investment expenses incurred Pg. 7, Col 3, line 22	Deductions 4,868
12. Depreciation on real estate	
13. _____	
14. Total deductions (Items 11 to 13)	
15. Net investment income earned (Item 10 less 14)	

*Includes \$ _____ accrual of discount less \$ _____ amortization of premium.
 "Includes \$ _____ accrual of discount less \$ _____ amortization of premium.
 #Includes \$ _____ for company's occupancy of its own buildings.

PART 1A - CAPITAL GAINS AND LOSSES ON INVESTMENTS

1	2 Profit on sales or maturity	3 Loss on sales or maturity	4 Increase by adj. in book value	5 Decrease by adj. in book value	6 Net Change in BV and admitted value	7 Total (2 - 3 + 4 - 5 + 6)
1. Bonds						
2. Preferred stock						
3. Common stock						
4. Mortgage loans						
5. Real estate						
6. Cash						
7. Other assets						
8. Auto _____	500					500
9. _____						
10. Totals	500					500
11. Net realized capital gains or losses						500
12. Net unrealized capital gains or losses (Pg. 4, line 19)						

STATEMENT AS OF December 31, 2002 OF THE Ohio Referral Association Agency Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

Part 2A - Contract Fees Written

Direct Fees Written 1	Reinsurance		Net Fees Written (Col. 1+2-3) 4
	Assumed 2	Ceded 3	
1,185,405			1,185,405

Part 2B - Contract Fees Earned

Net Fees Written 1	Unearned Fees Prior Year 2	Unearned Fees Current Year 3	Net Fees Earned (Col. 1+2-3) 4
1,185,405		6,011	1,191,416

Part 3 - Contract Claims Paid and Incurred

Direct Business 1	Claims Paid		Net Claim Payments (Col. 1+2-3) 4	Net Claims Unpaid Current Year 5	Net Claims Unpaid Prior Year 6	Claims Incurred Current Year 7
	Assumed 2	Ceded 3				
296,127			296,127	7,883	5,424	298,586

Part 3A - Claims and Claim Adjustment Expenses to Net Fees Earned Ratios

Calendar Year 1	Net Fees Earned 2	Claims Incurred 3	Claims Expense Incurred Pg 7 ln 21 col. 1 4	Ratio 1 Col. 3 / Col. 2 5	Ratio 2 Col. 4 / Col. 2 6
1997	1,046,250	306,498	-0-	.292949	-0-
1998	1,149,764	321,313	-0-	.279460	-0-
1999	1,202,228	370,716	-0-	.308357	-0-
2000	1,246,530	339,256	-0-	.272160	-0-
2001	1,191,385	320,407	-0-	.268937	-0-
2002	1,185,405	298,586	-0-	.251885	-0-

Part 3B - Contract Fees Written - OHIO BUSINESS ONLY

Direct Fees Written 1	Direct Fees Earned 2	Dividends Paid 3	Direct Claims Paid (deduct salvage) 4	Direct Claims Incurred 5	Direct Claims Unpaid 6
2,262	764,490	-0-	200,147	194,891	5,256

Part 4 B - Development of Prior Year Unpaid Contract Claims Reserve

Prior Year Unpaid Contract Claims Reserve 1	Claims Paid Current Year Incurred Prior Year 2	Col. (2) - Col. (1) Difference 3
5,424	5,424	-0-

PART 4 - EXPENSE EXHIBIT

	Claims Adjustment Expense	Underwriting Expense	Investment Expense	Total Expense
1. Claims adjustment expense	6,011			6,011
2. Commission and brokerage:				
a. Direct		84,871		84,871
b. Reinsurance ceded				
c. Reinsurance assumed				
d. Net commission				
3. Allowance to managers and agents				
4. Advertising		155,418		155,418
5. Salaries		381,782		381,782
6. Employee relations and welfare		33,495		33,495
7. Insurance		4,323		4,323
8. Interest Interest		658		658
9. Travel and travel items		18,561		18,561
10. Rent and rent items		24,037		24,037
11. Conventions Conventions		2,217		2,217
12. Printing and stationery		22,505		22,505
13. Postage, telephone and telegraph		36,885		36,885
14. Legal and auditing		31,978		31,978
15. Miscellaneous Miscellaneous		4,797		4,797
16. Taxes, licenses and fees:				
a. State & local insurance taxes				
b. Ins. department licenses & Fees		1,150		1,150
c. Payroll taxes		32,675		32,675
d. All other (excl federal and foreign income and real estate)		2,774		2,774
17. Repairs Repairs		5,240		5,240
18. Real Estate taxes				
19. Depreciation & Amortization Depreciation & Amortization		5,033		5,033
20. Profit Sharing Profit Sharing		15,731		15,731
21. Total expenses incurred (Lines 1 to 20)	6,011	864,130		870,141
22. Less unpaid expenses - current year	6,011	-0-		6,011
23. Add unpaid expenses - previous year	-0-	-0-		-0-
24. Total expenses paid (Line 21-22+23)	-0-	864,130		864,130

EXHIBIT 1 - ANALYSIS OF ASSETS

	Ledger Assets	Non-ledger (include excess of MV over BV)	Asset not Admitted (include excess BV over MV)	Net Admitted Assets
1. Bonds				
2. Stocks				
a. Preferred stocks				
b. Common stocks				
3. Real estate, less encumbrances				
4. Mortgage loans on real estate				
5. Cash on hand and on deposit				
a. Cash in company's office				
b. Cash on deposit	447,154			447,154
6. Other invested assets				
7. Home protection contract fees receivable				
8. Service fees receivable				
9. Receivable from affiliates				
10. Federal income tax recoverable (Including net DTA)	4,278			4,278
11. Electronic data processing equip				
12. Interest, dividends & real estate income due and accrued				
13. Reinsurance recoverable on loss payments				
14. Equip., furniture & supplies	95		95	XXXXXXXXXX
15. Deferred acquisition cost				XXXXXXXXXX
16. Other assets:				
a. Autos	12,322		12,322	
b. Deposits	2,189		2,189	
c.				
17. Prepaid expenses:				
a. Taxes	1,218		1,218	XXXXXXXXXX
b. Advances	21,980		21,980	XXXXXXXXXX
c.				XXXXXXXXXX
18. Totals	489,236		37,804	451,432

Line 18, Col. 4 to agree with Page 2, Col 1, Line 16.

EXHIBIT 2 - ANALYSIS OF NON-ADMITTED ASSETS

	End of Previous Year	End of Current Year	Change increase - decrease + Col. 2-3
19. Company's stock owned			
20. Deposits in suspended depositories, less estimated amount recoverable			
21. Equip., furniture and supplies	1,893	95	+ 1,798
22. Prepaid expenses:			
a. Taxes	1,387	1,218	+ 169
b. Advances	21,158	21,980	- 822
c.			
23. Other assets not admitted :			
a. Autos	6,368	12,322	- 5,954
b. Deposits	2,189	2,189	-0-
c.			
24. Total change	XXXXXXXXXX	XXXXXXXXXX	- 4,809

Line 24 to agree with Page 4, line 20.

(Name) Ohio Referral Association Agency, Inc. 9

Note: In case the following schedules do not afford sufficient space, companies may furnish them on separate forms, provided the same are upon paper of like size and arrangements and contain the information asked for herein and have the name of the Company printed or stamped at the top thereof.

SPECIAL DEPOSIT SCHEDULE None

Showing all deposits or investments NOT held for the protection of ALL the policyholders of the Company

1 Where Deposited	2 Description and Purpose of Deposit (Indicating literal form of registration of Securities)	3 Par Value	4 Statement Value	5 Market Value

SCHEDULE OF ALL OTHER DEPOSITS None
 Showing all deposits made with any Government, Province, State, District, County, Municipality, Corporation, firm or individual, except those shown in Schedule N, and those shown in "Special Deposit Schedule"

1 Where Deposited	2 Description and Purpose of Deposit (Indicating literal form of registration of Securities)	3 Par Value	4 Statement Value	5 Market Value

STATEMENT AS OF December 31, 2002 OF THE Ohio Referral Association Agency, Inc.

GENERAL INTERROGATORIES

(attach additional sheets where necessary)

1. Provide the number and type of stock authorized, outstanding and the par value.
2. Report any changes in the By-laws or Articles of Incorporation and attach to statement if not already filed with Department. Yes () No () If yes explain.
3. Does the company have any material contingent liabilities that affect its financial condition? Yes () No (). If yes explain.
4. When was the last report of examination done and by whom. Date _____ State _____
5. Have there been any changes in contract fee rates on contracts issued during the year in Ohio? Yes () No (). If yes explain.
6. Explain the methods used for asset valuation.
7. Give information about relationships with parents, subsidiaries and affiliates (see Schedule Y).
8. Have any of the company assets been pledged or hypothecated at any time during the year? Yes () No (). If yes explain.
9. Have any loans been made to officers or directors at any time during the year? Yes () No (). If yes explain.
10. Are all securities in actual possession of company (except for special and other deposits)? Yes () No (). If they differentiate explain.
11. What is the Company's maximum liability on any one contract \$ _____.
12. Has the Company been under any disciplinary action or regulatory restrictions by a regulatory agency at any time during the year? Yes () No () If yes, provide a complete explanation.
 1. 500 shares of authorized No Par Common Stock
 2. No changes
 3. No
 4. December 31, 1999 State of Ohio Department of Insurance
 5. No
 6. Assets are valued at Cost
 7. None
 8. No
 9. No
 10. Yes
 11. Depends on the type of Repair or Replacement that needs to be made
 12. No

STATEMENT AS OF December 31, 2002 OF THE Ohio Referral Association Agency, Inc.

FOUR-YEAR HISTORICAL DATA
 Show amounts in whole dollars; show ratios to one decimal place

	2002	2001	2000	1999
Balance Sheet Items (pg 2,3)				
Total Assets (pg 2, ln 16)	451,432	417,538	403,019	427,762
Total Liabilities (pg 3, ln 14)	185,497	145,403	150,574	122,092
Capital (pg 3, ln 15)	500	500	500	500
Total Surplus (pg 3, ln 19)	265,935	272,135	252,445	305,670
Income Statement Items (pg 4)				
Net Underwriting Gain (ln 7)	22,689	- 3,427	80,792	167,235
Net Investment Gain (ln 10)	5,368	5,679	7,180	6,730
Total Other Income (ln 13)	13,923	15,431	-103,596	-186,853
Federal Income Tax Incurred (ln 15)	8,557	4,679	4,393	3,525
Net Income (ln 16)	33,423	13,004	- 20,017	- 16,413
Ratios (pg 4)				
Claims Incurred (ln 2) divided by (pg 4, ln 1) x 100	25.1	26.8	27.1	30.8
Claims Adjustment Expense Divided by (pg 4, ln 1) x 100	.5	.5	.48	-0-
Combined Ratio: (pg 4 lns 2+3) divided by (pg 4 ln 1) x 100	25.6	27.3	27.6	30.8
(pg 4 lns 4 + 5 - 13) divided by (pg 9 ln 1) x 100	71.3	72.1	74.6	70.3
Contracts				
Total contracts issued (number of)	3,568	3,598	3,767	3,661
Total claims paid (dollar amount)	296,127	321,325	349,681	370,716

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Ohio Referral Association Agency, Inc.
 (Name)

SCHEDULE D - PART 1 None
 Showing all Long-Term BONDS Owned December 31 of Current Year

1 Description	2 Interest		3 Date of			4 Book Value	5 Par Value	6 Rate Used to Obtain Market Value	7 Market Value (excluding accrued interest)	8 Actual Cost (excluding accrued interest)	9 Interest		10 Increase by Adjustment in Book Value During Year	11 Decrease by Adjustment in Book Value During Year	12 Amount of Interest Due and accrued Dec 31 Current Year, on Bonds in Default as to Principal or Interest	13 NAIC Designation	14 Year Acquired	15 Effective Rate of Interest at Which Purchase Was Made	Am or In Valu of Cur				
	Rate Of	How Paid	Maturity		Option						9.1 Amount due & Accrued Dec 31 of Current Year on Bonds not in default	9.2 Gross Amt Received During Year											
			Year	Month																Year	Call Price		
<i>Totals</i>																			XXX	XXX	XXX	XXX	XXX

(a) Total of \$ _____ commercial property mortgages related securities are included in the other structural securities portion of this schedule.

REPORT 1 - RESERVE CALCULATION

	Ohio Business (1)	Non-Ohio Business (2)
1. Contract fees collected – on contracts issued and renewed during 2002 and all other contracts still in force (un-expired) at the end of 2002	\$ 829,050	440,715 1.
2. Less: Reinsurance ceded	- 0-	-0- 2.
3. Net contract fees	829,050	440,715 3.
	X .40	.40
4. Sub-total reserve amount	331,620	176,286 4.
5. Less: Claims paid during current year and prior years on those contract policies issued or renewed during the year and all other contracts in force (un-expired) at the end of 2002.	- 240,297	111,162 5.
6. Current year end statutory reserve **	\$ 91,323	65,124 6.

** Show line 6 (sum of Col. (1) + Col. (2)) on Page 3, line 2, current year, If line 6 is negative enter 0 (zero) on page 3, line 2, current year.

REPORT 2 - SURPLUS REQUIREMENT CALCULATION

Calculated company required surplus is based on contracts issued or renewed representing Ohio and Non-Ohio business in the previous calendar year.

If company is commencing business for the first time, surplus is based on the projected number of contracts to be issued representing Ohio and Non-Ohio business.

Surplus	Number of Contracts
\$ 50,000 minimum	1,000
70,000	1,500
90,000	2,000
110,000	2,500
130,000	3,000
150,000	3,500
170,000	4,000
210,000	5,000
410,000	10,000
610,000	15,000

	Ohio Business (1)	Non-Ohio Business (2)
1. Total contracts issued or renewed (2000) (2001)	1. 2,375	1,223
2. Less 1,000 contracts	2. - 1,000	XXXXXXXXXXXXXXXXXXXX x
3. Additional contracts	3. 1,375	1,223
4. Divided by 500	4. / 500	/ 500
5. Surplus factor (round up; no decimal)	5. 3	3
6. Multiply by \$20,000	6. x \$20,000	x \$20,000
7. Additional surplus required	7. 60,000	\$ 60,000

SURPLUS REQUIREMENT CALCULATION (cont'd)

8. Plus \$50,000 minimum	8.	+	\$50,000
9. Total minimum surplus required - Ohio Business (lines 7 + 8, Col. (1))	9.	\$	<u>110,000</u>
10. Total surplus required - Non-Ohio business (line 7, Col. 2)	10.	\$	<u>60,000</u>
11. Total (lines 9 + 10)	11.	\$	<u>170,000</u>
12. Enter amount from page 3, line 19	12.	\$	<u>265,935</u>
13. Difference (line 12 - line 11)	13.	\$	<u>95,935</u>

SCHEDULE N - CASH

1 Depository - Give full name and location. Give interest rate and maturity date for certificate of deposits.	2 Amount of interest received during year	3 Amount of interest accrued Dec. 31 (current)	4 Balance
OPEN DEPOSITORIES			
1. Keybank (Checking)	-0-	-0-	103,013
2. Keybank (Claims)	2,983	-0-	319,141
3. Keybank (State Bond)	1,885	-0-	25,000
4.			
5.			
6.			
7.			
8.			
SUB-TOTAL	4,868	-0-	447,154
SUSPENDED DEPOSITORIES			
9.			
10.			
SUB-TOTAL			
GRAND TOTAL - ALL DEPOSITORIES	4,868	-0-	447,154

TOTALS OF DEPOSITORY BALANCES ON THE LAST
DAY OF EACH MONTH DURING THE CURRENT YEAR

Jan	421,128	Apr	380,957	Jul	435,762	Oct	449,242
Feb	413,313	May	388,648	Aug	470,980	Nov	449,747
Mar	404,759	Jun	405,510	Sep	465,527	Dec	447,154

CONTRACT FEES WRITTEN
Allocated by States and Territories

1 STATES			2 Number of Contracts Written	3 Direct Fees Written	4 Direct Claims Paid	5 Number of Contracts In Force
1	Alabama	AL				
2	Alaska	AK				
3	Arizona	AZ				
4	Arkansas	AR				
5	California	CA				
6	Colorado	CO				
7	Connecticut	CT				
8	Delaware	DE				
9	Wash D.C.	DC				
10	Florida	FL				
11	Georgia	GA				
12	Hawaii	HI				
13	Idaho	ID				
14	Illinois	IL	23	7,405	1,608	24
15	Indiana	IN	151	48,965	11,046	156
16	Iowa	IA				
17	Kansas	KS				
18	Kentucky	KY	1	470	116	1
19	Louisiana	LA				
20	Maine	ME				
21	Maryland	MD				
22	Massachusetts	MA				
23	Michigan	MI	778	241,980	59,394	801
24	Minnesota	MN				
25	Mississippi	MS				
26	Missouri	MO	239	84,705	19,297	258
27	Montana	MT				
28	Nebraska	NE				
29	Nevada	NV				
30	New Hampshire	NH				
31	New Jersey	NJ				
32	New Mexico	NM				
33	New York	NY				
34	North Carolina	NC				
35	North Dakota	ND				
36	Ohio	OH	2,262	764,490	200,147	2,436
37	Oklahoma	OK				
38	Oregon	OR				
39	Pennsylvania	PA	112	36,700	3,931	117
40	Rhode Island	RI				
41	South Carolina	SC				
42	South Dakota	SD				
43	Tennessee	TN				
44	Texas	TX				
45	Utah	UT				
46	Vermont	VT				
47	Virginia	VA				
48	Washington	WA				
49	West Virginia	WV				
50	Wisconsin	WI	2	690	588	3
51	Wyoming	WY				
52						
53						
54						
55	Totals		3,568	1,185,405	296,127	3,796

Col 3 - Gross premiums, agree with Part 2A, Col 1

Col 4 agree with Part 3, Col 1