

ANNUAL STATEMENT
For the Year Ended December 31, 2002
of the condition and affairs of

RECEIVED

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THE N.E.W. Home Warranty Services of Ohio, Inc.

O.F.R.S.

Employer's ID No: 54-1909904

Organized under the Laws of the state of Ohio, made to the INSURANCE DEPARTMENT OF THE STATE OF Ohio, pursuant to the laws thereof.

Incorporated June 3, 1998 Commenced Business Not Yet

Home Office 22894 Pacific Blvd, Sterling, Virginia 20166 (Street and Number) (City or Town, State and Zip Code)

Mail Address 22894 Pacific Blvd, Sterling, Virginia 20166 (Street and Number) (City or Town, State and Zip Code)

Main Administrative Office (703) 318-7700 (Area Code and Telephone Number)

Primary Location of Books 22894 Pacific Blvd, Sterling, Virginia 20166 (703) 318-7700 (Street) (City, State and Zip Code) (Telephone)

Contact Person and Phone Number Clifford A. White (703) 742-5620

OFFICERS

Table with 3 columns of officer names and titles: Anthony P. Nader (President), Jeffrey B. Kramp (Secretary), Clifford A. White (Treasurer), Martin V. Bloom (Vice President), and three blank entries for Vice Presidents.

Directors of trustees \*\*

Table with 2 columns: Names of directors/trustees (Fredrick Schaufeld, Anthony P. Nader, Clifford A. White, Martin V. Bloom) and empty lines for additional names.

State of Virginia County of Loudoun SS.

Signature lines for Anthony P. Nader (President), Jeffrey B. Kramp (Secretary), and Clifford A. White (Treasurer).

of the N.E.W. Home Warranty Services of Ohio, Inc., being duly sworn, each for himself deposes and says that they are the above described officers of the said company, and that on the thirty first day of December last, all of the herein described assets were the absolute property of the said company, free and clear from any liens of claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to are a full and true statement of all the assets and liabilities and of the condition and affairs of the said company as of the thirty first day of December last, and of it's income and deductions therefrom for the year ended on that date, according to the best of their information, knowledge and belief, respectively.

Subscribed and sworn to before me this 26th day of February, 2003

Handwritten signatures for Anthony P. Nader (President), Jeffrey B. Kramp (Secretary), and Clifford A. White (Treasurer).

Handwritten signature of Marie Lenko (seal)

\*\*Or corresponding person having charge of the accounts of company



**LIABILITIES, SURPLUS AND OTHER FUNDS**

	Current Year To Date	Previous Year End
1. Unpaid contract claims in process of settlement		
2. Statutory reserve (pg. 13, Report 1, line 6, Col (1) + Col (2) )		
3. Unpaid claims adjustment expense		
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 (excluding deferred taxes)		
7. Borrowed money		
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		
12. Ceded reinsurance balances payable		
13. All other liabilities:		
a. <u>Intercompany Payable</u>	0.00	-
b. _____		
c. _____		
14. Total liabilities (Items 1 to 13c)	0.00	-
15. a. Common capital stock	1.00	1.00
b. Preferred capital stock		
16. Gross paid-in and contributed surplus	101,999.00	101,999.00
17. Unassigned funds (surplus)	16,019.00	14,543.49
18. Less treasury stock, at cost		
19. Surplus as regards contractholders (Items 15 to 17 less 18)	118,019.00	116,543.49
20. Totals (Item 14 plus 19)	118,019.00	116,543.49

Line 19 to agree with Page 4, line 27.

## STATEMENT OF INCOME

	Current Year To Date	Previous Year End
1. Contract fees earned		
DEDUCTIONS		
2. Claims incurred		
3. Claims adjustment expenses incurred		
4. Other underwriting expenses incurred	50.00	
5. _____		
6. Total deductions (Lines 2 to 5)	50.00	0.00
7. Net underwriting gain or loss (-) (Item 1 less 6)	(50.00)	0.00
INVESTMENT INCOME		
8. Net investment income earned	1,526.00	5,734.80
9. Net realized capital gains or losses		
10. Net investment gain or loss	1,526.00	5,734.80
OTHER INCOME		
11. _____		
12. _____		
13. Total other income (Lines 11 + 12)	0.00	0.00
14. Net income before federal income taxes (Lines 7 + 10 + 13)	1,476.00	5,734.80
15. Federal income taxes incurred		
16. Net income (Item 14 less 15)	1,476.00	5,734.80
CAPITAL AND SURPLUS ACCOUNT		
17. Surplus as regards contractholders, Dec. 31 Previous year	116,543.49	110,808.69
Gains (+) and Losses (-) in Surplus		
18. Net income (from item 16)	1,476.00	5,734.80
19. Net unrealized capital gains and losses	0.00	0.00
20. Change in non-admitted assets (Exhibit 2)	0.00	0.00
21. Capital changes:		
a. Paid in		
b. Transferred from surplus		
c. Transferred to surplus		
22. Surplus adjustments:		
a. Paid in		
b. Transferred to U.S. Treasury Bills*	0.00	0.00
c. Transferred from capital		
23. Dividends to stockholders (cash)	0.00	0.00
24. Change in treasury stock	0.00	0.00
25. Change in Statutory reserve	0.00	0.00
26. Change in surplus as regards contractholders	1,476.00	5,734.80
27. Surplus as regards contractholders at statement date	118,019.49	116,543.49

**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*	0.00					0.00
2 Preferred Stock	D	0.00					0.00
3 Common Stock	D	0.00					0.00
4 Mortgage loans	A"	0.00					0.00
5 Real estate	A#	0.00					0.00
6 Cash	N	1,526.00					1,526.00
7 Other assets	A	0.00					0.00
8							0.00
9							0.00
10 Totals		1,526.00	0.00	0.00	0.00	0.00	1,526.00

**Deductions**

11 Total investment expenses incurred Pg. 7, Col 3, line 22	420.00
12 Depreciation on real estate	
13	
14 Total deductions (Item 11 to 13)	
15 Net investment income earned (item 10 less 14)	1,106.00

\*Includes \$ \_\_\_\_\_ accrual of discount less \$ \_\_\_\_\_ amortization of premium  
 "Includes \$ \_\_\_\_\_ accrual of discount less \$ \_\_\_\_\_ amortization of premium  
 #Includes \$ \_\_\_\_\_ for company's occupancy of it's 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						
9						
10 Totals						
11 Net realized capital gains or losses						
12 (Pg. 4, line 19)						

UNDER WRITING AND INVESTMENT EXHIBIT

**NOT APPLICABLE**

Part 2A - Contract Fees Written			
Direct Fees Written 1	Reinsurance		Net Fees Written (Col. 1+2-3) 4
	Assumed 2	Ceded 3	

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

Part 3 - Contract Claims Paid and Incurred						
Direct Business 1	Claims Paid		Claims 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				

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 in 21 col. 1 4	Ratio 1 Col. 3/ Col. 2/ 5	Ratio 2 Col. 4/ Col. 2 6
1993					
1994					
1995					
1996					
1997					
1998					

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

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



## EXHIBIT 1 - ANALYSIS OF ASSETS

	Ledger Assets	Nonledger (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	118,019.00			118,019.00
6. Other invested assets				
7. Home protection contract fees receivable				
8. Service fees receivable				
9. Receivable from affiliates				
10. Federal income tax recoverable				
11. Electronic data processing equipment				
12. Interest, dividends & real estate income due and accrued				
13. Reinsurance recoverable on loss payments				
14. Equip., furniture & supplies				XXXXXXXX
15. Deferred acquisition cost				XXXXXXXX
16. Other assets:				
a. _____				
b. _____				
c. _____				
17. Prepaid expenses:				
a. _____				XXXXXXXX
b. _____				XXXXXXXX
c. _____				XXXXXXXX
18. Totals	118,019.00			118,019.00

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			
22. Prepaid expenses:			
a. _____			
b. _____			
c. _____			
23. Other assets not admitted:			
a. _____			
b. _____			
c. _____			
24. Total change	XXXXXXXXXXXX	XXXXXXXXXXXX	

Line 24 to agree with Page 4, line 20.

**EXHIBIT 3 - RECONCILIATION OF LEDGER ASSETS**

Increase in ledger assets	
1. Contract fees written	
2. Interest, dividends and real estate income received	1,526.00
3. From sale or maturity of ledger assets	
4. Other income items or increases:	
a. Funds held under reinsurance treaties (net)	
b. Borrowed money (gross)	
c. Amounts withheld or retained for account of others	
d. Ceded reinsurance balances	
e. _____	
f. _____	
g. _____	
5. Adjustment in book value of ledger assets	
6. Capital paid in	
7. Surplus paid in	0.00
8. Total (Items 1 to 7)	1,526.00
Decrease in ledger assets	
9. Net contract claims paid	
10. Expenses paid	50.00
11. From sale or maturity of ledger assets	
12. Other disbursement items or decreases:	
a. Funds held under reinsurance treaties (net)	
b. Borrowed money (gross)	
c. Amounts withheld or retained for account of others	
d. Ceded reinsurance balances	
e. _____	
f. _____	
g. _____	
13. Adjustments in book value of ledger assets and depreciation	
14. Federal and foreign income taxes paid	
15. Dividends paid stockholders	
16. _____	
17. _____	
18. _____	
19. Total (Items 9 to 18)	50.00
Reconciliation between years	
20. Amount of ledger assets as per balance Dec.31 of previous year	116,543.49
21. Increase (+) or decrease (-) in ledger assets during the year (Item 8 less 19)	1,476.00
22. Balance = ledger assets as of statement date	118,019.49

Line 22 to agree with page 2, line 16, col 1.

NAME N.E.W. Home Warranty Services of Ohio, Inc.

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 arrangement and contain the information asked for herein and have the name of the company printed or stamped at the top thereof.

**NOT APPLICABLE**

**SPECIAL DEPOSIT SCHEDULE**

Showing all deposits or investments NOT held for the protection of ALL the policyholders of thr 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
<p><b>SCHEDULE OF ALL OTHER DEPOSITS</b>                      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"</p>				
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

**GENERAL INTERROGATORIES**

(attach additional sheets where necessary)

1. Provide the number and type of stock authorized, outstanding and the par value.  
**1000 shares common stock authorized and outstanding, par value .001**
2. Report any changes in the Bi-laws or Articles of Incorporation and attach to statement if not already filed with department.  
**NONE**
3. Does the company have any material contingent liabilities that affect it's financial condition.  
**NO**
4. When was the last report of examination done and by whom. Date   N/A   State   N/A
5. Have there been any changes in contract fee rates on contracts issued during the year in Ohio?  
**NO**
6. Explain the methods used for asset valuation.  
**N/A**
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.  
**NO**
9. Have any loans been made to officers or directors at any time during the year  
**NO**
10. Are all securities in actual possession of company (except for special and other deposits).  
**N/A**
11. What is the company's maximum liability on any one contract \$   N/A
12. Has the Company been under any disciplinary action or regulatory restrictions by a regulatory agency at any time during the year. If yes, provide a complete explanation.  
**NO**

**FOUR - YEAR HISTORICAL DATA**

Show amounts in whole dollars; shoe ratios to one decimal place

	2002	2001	2000	1999
<b>Balance sheet Items (pg 2,3)</b>				
Total Assets (pg 2, In 16)	118,019	116,543	110,809	106,618
Total Liabilities (pg 3, In 14)	0	0	0	0
Capital (pg 3, In 15)	1	1	1	1
Total Surplus (pg 3, In 19)	118,019	116,543	110,809	106,618
<b>Income Statement Items (pg 4)</b>				
Net underwriting Gain (In &)	0	0	0	0
Net Investment Gain (In 10)	1,526	5,735	4,191	3,865
Total Other Income (In 13)	0	0	0	0
Federal Income Tax Incurred (In 15)	0	0	0	0
Net Income (In 6)	1,526	5,735	4,191	3,865
<b>Ratios (pg 4)</b>				
Claims Incurred (In 2) divided by (pg 4, In 1) x 100	0.0	0.0	0.0	0.0
Claims Adjustment Expense divided by (pg 4, In 1) x 100	0.0	0.0	0.0	0.0
Combined Ratio: (pg 4 Ins 2+3) divided by (pg 4 IN 1) x 100	0.0	0.0	0.0	0.0
(pg 4 Ins 4 + 5 - 13) divided by (pg 9 In 1) x 100	0.0	0.0	0.0	0.0
<b>Contracts</b>	0.0	0.0	0.0	0.0
Total contracts issued (number of)	0	0	0	0
Total claims paid (dollar amount)	0	0	0	0
	0	0	0	0

**SCHEDULE A**

**NOT APPLICABLE**

DESCRIPTION (1)	DATE ACQUIRED (2)	ACTUAL COST OF INVESTMENT OR AMOUNT OF LOAN (3)	AMOUNT OF ENCUMBRANCES (4)	DEPRECIATION (5)	BOOK VALUE NET OF ENCUMBRANCES AND DEPRECIATION AND DEPRECIATION (6)	MARKET VALUE LESS DEPRECIATION (7)	AMOUNT OF		INCOME INTEREST EARNED (9)
							PRINCIPAL	UNPAID (8)	
<b>SECTION A - INVESTMENT IN REAL ESTATE</b>									
<b>TOTAL STATEMENT VALUE (TO PAGE 2, LINE 3)</b>									
<b>TOTAL FOR RENTAL &amp; INTEREST EARNED (TO PART 1, PG. 5, COL. 8)</b>									
<b>SECTION B - INVESTMENT IN MORTGAGE LOANS</b>									
<b>TOTAL BALANCE ON LOANS (TO PAGE 2, LINE 3)</b>									
<b>TOTAL INTEREST EARNED (TO PART 1, PG. 5, LINE 4, COL. 8)</b>									
<b>SECTION C - OTHER INVESTED ASSETS</b>									
<b>TOTAL STATEMENT VALUE (TO PAGE 2, LINE 6)</b>									
<b>TOTAL INTEREST OR INCOME EARNED (TO PART 1, PG. 5, LINE 7, COL. 8)</b>									







