



ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

HOMETOWN INSURANCE GROUP, INC.

NAIC Group Code	3058 <small>(Current Period)</small>	0000 <small>(Prior Period)</small>	NAIC Company Code	11224	Employer's ID Number	34-1956845
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[X] Dental Service Corporation[] Other[]	Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X]	Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[]			
Date Incorporated or Organized	10/30/2001		Date Commenced Business	02/13/2002		
Statutory Home Office	100 Lillian Gish Blvd., Suite 301 <small>(Street and Number)</small>		Massillon, OH 44647 <small>(City, or Town, State and Zip Code)</small>			
Main Administrative Office	100 Lillian Gish Blvd., Suite 301 <small>(Street and Number)</small>					
	Massillon, OH 44647 <small>(City or Town, State and Zip Code)</small>		(877)236-2289 <small>(Area Code) (Telephone Number)</small>			
Mail Address	100 Lillian Gish Blvd., P.O. Box 4816 <small>(Street and Number or P.O. Box)</small>		Massillon, OH 44648 <small>(City, or Town, State and Zip Code)</small>			
Primary Location of Books and Records	100 Lillian Gish Blvd., Suite 301 <small>(Street and Number)</small>					
	Massillon, OH 44647 <small>(City, or Town, State and Zip Code)</small>		(877)236-2289 <small>(Area Code) (Telephone Number)</small>			
Internet Website Address	www.hometownhealthnet.com					
Statement Contact	John F. Strah <small>(Name)</small>		(330)834-2203 <small>(Area Code)(Telephone Number)(Extension)</small>			
	JStrah@Hometownhealthnet.com <small>(E-Mail Address)</small>		(330)834-2040 <small>(Fax Number)</small>			
Policyowner Relations Contact	100 Lillian Gish Blvd., P.O. Box 4816 <small>(Street and Number)</small>					
	Massillon, OH 44648 <small>(City, or Town, State and Zip Code)</small>		(877)236-2289 <small>(Area Code) (Telephone Number)(Extension)</small>			

OFFICERS

President William C. Epling
Secretary Richard J. Streck M.D.
Treasurer John F. Strah

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Michael Gallucci
Calvin Warren Jr., M.D.
Alan J. Bleyer
J. Gregory Feczko D.O.
Ramon Martinez #

Clifford Isroff
Thomas Stover M.D.
William C. Epling
Richard J. Streck M.D.

State of Ohio
County of Stark 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.

_____ <small>(Signature)</small> William C. Epling <small>(Printed Name)</small> President	_____ <small>(Signature)</small> Richard J. Streck, MD <small>(Printed Name)</small> Secretary	_____ <small>(Signature)</small> John F. Strah <small>(Printed Name)</small> Treasurer
---------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------

- 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

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

03/01/2003

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(Notary Public Signature)

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$..... encumbrances)			(a)	
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Cash (\$.....3,057,002, Schedule E - Part 1) and short-term investments (\$.....1,934,848, Schedule DA - Part 2)	4,991,850		4,991,850	2,921,534
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets				
9. Subtotal, cash and invested assets (Lines 1 to 8)	4,991,850		4,991,850	2,921,534
10. Accident and health premiums due and unpaid	174,281	3,789	170,492	
11. Health care receivables				
12. Amounts recoverable from reinsurers	72,622		72,622	
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued				
15. Amounts due from parent, subsidiaries and affiliates	200,000	200,000		
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment				
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets	349,094	190,158	158,936	
23. Total assets (Lines 9 plus 10 through 22)	5,787,847	393,947	5,393,900	2,921,534
DETAILS OF WRITE-INS				
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)				
2201. State Deposit (ODI)	100,000		100,000	
2202. Other Receivables - RX Rebates	58,936		58,936	
2203. Other Receivables - Refund	190,158	190,158	0	
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)	349,094	190,158	158,936	

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$..... reinsurance ceded)	2,115,000		2,115,000	
2. Accrued medical incentive pool and bonus payments				
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	392,258		392,258	
7. General expenses due or accrued	103,868		103,868	
8. Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)	7,797		7,797	
9. Amounts withheld or retained for account of others				
10. Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
11. Amounts due to parent, subsidiaries and affiliates	81,721		81,721	
12. Payable to securities				
13. Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$..... current)				
18. Total liabilities (Lines 1 to 17)	2,700,645		2,700,645	
19. Common capital stock	X X X	X X X		
20. Preferred capital stock	X X X	X X X		
21. Gross paid in and contributed surplus	X X X	X X X	4,010,000	3,010,000
22. Surplus notes	X X X	X X X		
23. Aggregate write-ins for other than special surplus funds	X X X	X X X		
24. Unassigned funds (surplus)	X X X	X X X	(1,316,745)	11,534
25. Less treasury stock, at cost:	X X X	X X X		
25.1 shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2 shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26. Total capital and surplus (Lines 19 to 25)	X X X	X X X	2,693,255	3,021,534
27. Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	5,393,900	3,021,534
DETAILS OF WRITE-INS				
1701				
1702				
1703				
1798. Summary of remaining write-ins for Line 17 from overflow page				
1799. TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)				
2301	X X X	X X X		
2302	X X X	X X X		
2303	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	73,424	
2. Net premium income	X X X	12,725,709	
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$..... medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate Write-Ins for Other health care related revenues	X X X		
7. Total revenues (Lines 2 to 6)	X X X	12,725,709	
Medical and Hospital:			
8. Hospital/medical benefits		6,201,745	
9. Other Professional Services			
10. Outside Referrals		3,595,977	
11. Emergency room and out-of-area			
12. Prescription drugs		1,946,074	
13. Aggregate write-ins for other medical and hospital			
14. Incentive pool and withhold adjustments			
15. Subtotal (Lines 8 to 14)		11,743,796	
LESS:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Lines 15 minus 16)		11,743,796	
18. Claims adjustment expenses		1,287,823	
19. General administrative expenses		763,210	
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		13,794,829	
22. Net underwriting gain or (loss) (Lines 7 minus 21)	X X X	(1,069,120)	
23. Net investment income earned		56,713	
24. Net realized capital gains or (losses)			
25. Net investment gains or (losses) (Lines 23 plus 24)		56,713	
26. Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
27. Aggregate write-ins for other income or expenses		81,937	
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		(930,470)	
29. Federal and foreign income taxes incurred	X X X	3,861	
30. Net income (loss) (Lines 28 minus 29)	X X X	(934,331)	
DETAILS OF WRITE-INS			
0601	X X X		
0602	X X X		
0603	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
1301			
1302			
1303			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)			
2701. COB & Subrogation Recovery		16,999	
2702. RX Rebates		64,937	
2703			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)		81,937	

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
31. Capital and surplus prior reporting year	3,021,534	
GAINS AND LOSSES TO CAPITAL & SURPLUS		
32. Net income or (loss) from Line 30	(934,331)	
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	(393,947)	
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in	1,000,000	
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus		
46. Net change in capital and surplus (Lines 32 to 45)	(328,278)	
47. Capital and surplus end of reporting year (Line 31 plus 46)	2,693,256	
DETAILS OF WRITE-INS		
4501		
4502		
4503		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance	12,964,950	
2.	Claims and claims adjustment expenses	11,192,073	
3.	General administrative expenses paid	763,210	
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	1,009,667	
6.	Net investment income	56,713	
7.	Other income (expenses)		
8.	Federal and foreign income taxes (paid) recovered	3,936	
9.	Net cash from operations (Line 5 to 8)	1,070,316	
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds		
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments		
10.7	Miscellaneous proceeds		
10.8	Total investment proceeds (Lines 10.1 to 10.7)		
11.	Cost of investments acquired (long-term only):		
11.1	Bonds		
11.2	Stocks		
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets		
11.6	Miscellaneous applications		
11.7	Total investments acquired (Lines 11.1 to 11.6)		
12.	Net cash from investments (Line 10.8 minus Line 11.7)		
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in	1,000,000	
13.2	Net transfers from affiliates		
13.3	Borrowed funds received		
13.4	Other cash provided		
13.5	Total (Lines 13.1 to 13.4)	1,000,000	
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications		
14.5	Total (Lines 14.1 to 14.4)		
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	1,000,000	
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	2,070,316	
17.	Cash and short-term investments:		
17.1	Beginning of year	2,921,534	
17.2	End of year (Line 16 plus Line 17.1)	4,991,850	

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1. Net premium income	12,725,709	12,725,709											
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$..... medical expenses)													
4. Risk revenue													
5. Aggregate write-ins for other health care related revenues													
6. Total revenues (Lines 1 to 5)	12,725,709	12,725,709											
7. Medical/hospital benefits	6,201,745	6,201,745											
8. Other professional services													
9. Outside referrals	3,595,977	3,595,977											
10. Emergency room and out-of-area													
11. Prescription drugs	1,946,074	1,946,074											
12. Aggregate write-ins for other medical and hospital													
13. Incentive pool and withhold adjustments													
14. Subtotal (Lines 7 to 13)	11,743,796	11,743,796											
15. Net reinsurance recoveries													
16. Total medical and hospital (Lines 14 minus 15)	11,743,796	11,743,796											
17. Claims adjustment expenses	1,287,823	1,287,823											
18. General administrative expenses	763,210	763,210											
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	13,794,829	13,794,829											
21. Net underwriting gain or (loss) (Line 6 minus Line 20)	(1,069,120)	(1,069,120)											
DETAILS OF WRITE-INS													
0501													
0502													
0503													
0598. Summary of remaining write-ins for Line 5 from overflow page													
0599. TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above)													
1201													
1202													
1203													
1298. Summary of remaining write-ins for Line 12 from overflow page													
1299. TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above)													

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (medical and hospital)	12,468,367	443,793	186,451	12,725,709
2.	Medicare Supplement				
3.	Dental only				
4.	Vision only				
5.	Federal Employees Health Benefits Plan Premiums				
6.	Title XVIII - Medicare				
7.	Title XIX - Medicaid				
8.	Other				
9.	TOTALS	12,468,367	443,793	186,451	12,725,709

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	9,628,796	9,628,796							
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	9,628,796	9,628,796							
2. Paid medical incentive pools and bonuses									
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	2,115,000	2,115,000							
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	2,115,000	2,115,000							
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year									
6. Amounts recoverable from reinsurers December 31, current year	72,622	72,622							
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct									
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net									
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year									
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred benefits:									
11.1 Direct	11,743,796	11,743,796							
11.2 Reinsurance assumed									
11.3 Reinsurance ceded	72,622	72,622							
11.4 Net	11,671,174	11,671,174							
12. Incurred medical incentive pools and bonuses									

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1 Direct	358,486	358,486							
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	358,486	358,486							
2. Incurred but Unreported:									
2.1 Direct	1,756,514	1,756,514							
2.2 Reinsurance assumed									
2.3 Reinsurance ceded									
2.4 Net	1,756,514	1,756,514							
3. Amounts Withheld from Paid Claims and Capitations:									
3.1 Direct									
3.2 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net									
4. TOTALS									
4.1 Direct	2,115,000	2,115,000							
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net	2,115,000	2,115,000							

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

	Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (medical and hospital)		9,628,796		2,115,000		
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan Premiums						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid						
8.	Other						
9.	Subtotal		9,628,796		2,115,000		
10.	Medical incentive pools, accrual and disbursements						
11.	TOTALS		9,628,796		2,115,000		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Grand Total

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	9,629

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior					
2.	1998					
3.	1999	X X X				
4.	2000	X X X	X X X			
5.	2001	X X X	X X X	X X X		
6.	2002	X X X	X X X	X X X	X X X	11,744

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998	X X X			X X X		X X X				X X X
2.	1998										
3.	1999										
4.	2000										
5.	2001										
6.	2002	12,726	9,629	1,288	13	10,917	86	2,115		13,032	102
7.	TOTAL (Lines 1 through 6)	X X X	9,629	1,288	X X X	10,917	X X X	2,115		13,032	X X X
8.	TOTAL (Lines 2 through 6)	12,726	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

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Claims

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	9,629

Section B - Incurred Claims

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior					
2. 1998					
3. 1999	X X X				
4. 2000	X X X	X X X			
5. 2001	X X X	X X X	X X X		
6. 2002	X X X	X X X	X X X	X X X	11,744

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1. Prior to 1998	X X X			X X X		X X X				X X X
2. 1998										
3. 1999										
4. 2000										
5. 2001										
6. 2002	12,726	9,629	1,288	13	10,917	86	2,115		13,032	102
7. TOTAL (Lines 1 through 6)	X X X	9,629	1,288	X X X	10,917	X X X	2,115		13,032	X X X
8. TOTAL (Lines 2 through 6)	12,726	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

12 Hospital and Medical

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other.	NONE
13	Underwriting Invest Exh Pt 2D - A & H Reserve -	NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

		1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
1.	Rent (\$..... for occupancy of own building)	45,299	1,724		47,023
2.	Salaries, wages and other benefits	256,969	376,612		633,581
3.	Commissions (less \$..... ceded plus \$..... assumed)	771,651			771,651
4.	Legal fees and expenses		3,187		3,187
5.	Certifications and accreditation fees		500		500
6.	Auditing, actuarial and other consulting services	27,335	14,456		41,791
7.	Traveling expenses	1,393	10,205		11,598
8.	Marketing and advertising	340	54,263		54,603
9.	Postage, express and telephone	3,429	54,462		57,891
10.	Printing and office supplies	4,770	57,887		62,657
11.	Occupancy, depreciation and amortization	3,665	75,734		79,399
12.	Equipment		25,173		25,173
13.	Cost or depreciation of EDP equipment and software				
14.	Outsourced services including EDP, claims, and other services	22,406	14,490		36,896
15.	Boards, bureaus and association fees	62	706		768
16.	Insurance, except on real estate		2,272		2,272
17.	Collection and bank service charges	21,557	3,342		24,899
18.	Group service and administration fees	111,841	23,955		135,796
19.	Reimbursements by uninsured accident and health plans				
20.	Reimbursements from fiscal intermediaries				
21.	Real estate expenses				
22.	Real estate taxes				
23.	Taxes, licenses and fees:				
23.1	State and local insurance taxes				
23.2	State premium taxes		7,797		7,797
23.3	Regulator authority licenses and fees				
23.4	Payroll taxes	17,106	33,479		50,585
23.5	Other (excluding federal income and real estate taxes)		2,966		2,966
24.	Investment expenses not included elsewhere				
25.	Aggregate write-ins for expenses				
26.	Total expenses incurred (Lines 1 to 25)	1,287,823	763,210		(a) 2,051,033
27.	Add expenses unpaid December 31, prior year				
28.	Less expenses unpaid December 31, current year				
29.	Amounts receivable relating to uninsured accident and health plans, prior year				
30.	Amounts receivable relating to uninsured accident and health plans, current year				
31.	Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30)	1,287,823	763,210		2,051,033
DETAILS OF WRITE-INS					
2501	.....			
2502	.....			
2503	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page				
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)				

(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) .....	.....
1.1 Bonds exempt from U.S. tax	(a) .....	.....
1.2 Other bonds (unaffiliated)	(a) .....	.....
1.3 Bonds of affiliates	(a) .....	.....
2.1 Preferred stocks (unaffiliated)	(b) .....	.....
2.11 Preferred stocks of affiliates	(b) .....	.....
2.2 Common stocks (unaffiliated) .....	.....	.....
2.21 Common stocks of affiliates .....	.....	.....
3. Mortgage loans	(c) .....	.....
4. Real estate	(d) .....	.....
5. Contract loans .....	.....	.....
6. Cash/short-term investments	(e) 56,713	56,713
7. Derivative instruments	(f) .....	.....
8. Other invested assets .....	.....	.....
9. Aggregate write-ins for investment income .....	.....	.....
10. Total gross investment income	56,713	56,713
11. Investment expenses .....	.....	(g)
12. Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g)
13. Interest expense .....	.....	(h)
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) .....	.....	.....
17. Net Investment income (Line 10 minus Line 16) .....	.....	56,713
DETAILS OF WRITE-INS		
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 \$..... 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
1.1 Bonds exempt from U.S. tax
1.2 Other bonds (unaffiliated)
1.3 Bonds of affiliates
2.1 Preferred stocks (unaffiliated)
2.11 Preferred stocks of affiliates
2.2 Common stocks (unaffiliated)
2.21 Common stocks of affiliates
3. Mortgage loans
4. Real estate
5. 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)
DETAILS OF WRITE-INS					
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 13 and 15 to 20, Column 2	203,789		(203,789)
2. Other Nonadmitted Assets:			
2.1 Bills receivable			
2.2 Leasehold improvements			
2.3 Cash advanced to or in the hands of officers and agents			
2.4 Loans on personal security, endorsed or not			
2.5 Commuted commissions			
3. Total (Lines 2.1 to 2.5)			
4. Aggregate write-ins for other assets	190,158		(190,158)
5. TOTAL (Line 1 plus Line 3 and Line 4)	393,947		(393,947)
DETAILS OF WRITE-INS			
0401. Other Receivables - Refund	190,158		(190,158)
0402			
0403			
0498. Summary of remaining write-ins for Line 4 from overflow page			
0499. TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above)	190,158		(190,158)

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations			1,458	2,086	2,410	15,193
4. Point of Service			6,529	6,409	6,133	58,231
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. TOTAL			7,987	8,495	8,543	73,424
DETAILS OF WRITE-INS						
0601						
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Hometown Insurance Group (HIG or the Company) have been prepared in conformity with the accounting practices prescribed or permitted by the Ohio Department of Insurance. The statements have been completed in accordance with the NAIC *Accounting Practices and Procedures* manual except to the extent that state law differs.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the Annual Statement Instructions and *Accounting Practices and Procedures* manual requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

C. Accounting Policy

The Company's statutory-basis financial statements are prepared in accordance with accounting practices prescribed or permitted by the Ohio Department of Insurance. The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' Accounting Practices and Procedures manual has been adopted as a component of prescribed or permitted practices by the state of Ohio. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices. Such practices vary from accounting principles generally accepted in the United States (GAAP). The more significant variances from GAAP as to these statements are as follows:

Nonadmitted Assets—Certain assets designated as "nonadmitted", principally accounts receivable greater than ninety days old, prepaid expenses and other assets not specifically identified as an admitted asset within the Accounting Practices and Procedures Manual, are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet.

Statements of Cash Flows—Cash and short term investments in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

Premiums—Premiums are earned pro rata over the terms of the policies. The reserve for unearned premiums is determined on a monthly pro rata basis.

Reclassification—Certain prior year amounts have been reclassified to conform to current year presentation.

In addition, the company uses the following accounting policies:

- (1) The Company has no short-term investments.
- (2) The Company has no investments in bonds.
- (3) The Company has no investment in common stocks.
- (4) The Company has no invested preferred stock.
- (5) The Company has no mortgage loans.
- (6) The Company has no single class or multi-class mortgage-backed/asset-backed securities (e.g., CMOs).
- (7) The Company holds no investments with respect to any subsidiaries controlled or affiliated

Notes to Financial Statement

companies.

(8) The Company has no ownership interests in joint ventures, partnerships or limited liability companies.

(9) The Company has no derivatives.

(10 & 11) Health claims payable represents management's best estimate of ultimate net cost of all reported and unreported claims incurred through December 31. The method for estimating health claims payable is based on a review of historical claim payment patterns and claim trends. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the amounts reported for health claims payable are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

2. Accounting Changes and Corrections of Errors

A. There were no material changes in accounting principles and/or correction of errors.

B. Illustrative Disclosure for Insurers Upon Initial Implementation of Codification:

(1) The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures Manual subject to any deviations prescribed or permitted by the State of Ohio insurance commissioner. Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures Manual are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned surplus in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods.

(2) These adjustments were not applicable to the Company.

3. Business Combinations and Goodwill

A. Not Applicable

B. Not Applicable

C. Not Applicable

4. Discontinued Operations

Not Applicable

5. Investments

A. Mortgage Loans – not applicable

B. Debt Restructuring – not applicable

C. Reverse Mortgages – not applicable

D. Loan-Backed Securities – not applicable

E. Repurchase Agreements – not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Notes to Financial Statement

Not Applicable

7. Investment Income

There was no due and accrued income excluded from surplus.

8. Derivative Instruments

Not Applicable

9. Income Taxes

As of December 31, 2002, the Company has incurred net operating losses amounting to approximately \$922,755 for federal income tax purposes, which are available to offset future taxable income and which expire in 2013. There are no federal income taxes incurred that will be available for recoupment in the event of future net losses. The potential tax benefit of the net operating loss carryforward has not been reported in the financial statements as the Company has recorded a valuation allowance against the 100% of the net deferred tax assets due to the uncertainty of realizing these benefits in the foreseeable future.

10. Information Concerning Parent, Subsidiaries and Affiliates (disclosure of relationships)

The Company is affiliated with Akron General Health System (AGHS), a not-for-profit Ohio corporation, organized for the purposes of planning, fund-raising, health education, and other activities related to the promotion of health care professionals within its service area. Certain members of the Board of Trustees and management of the Company are members of the Board of Trustees and management of Akron General Health System and affiliates.

Hometown Insurance Group, Inc. is wholly owned by Akron General Health System and is domiciled in Ohio. HIG commenced operations on September 14, 2001 and began writing commercial and point-of-service health insurance policies on April 1, 2002. The Company's primary business is providing health insurance to small groups and individuals through its network of sales offices. The Company's business is concentrated in Stark and Summit counties in Northeastern Ohio.

The Company is operated pursuant to a management services contract (Contract) with HHP Services. AGHS is the sole member (shareholder) of HHP Services. The Contract requires the Company to pay a fixed percentage of its monthly premium revenue to HHP Services in return for executive management, administration, marketing, accounting, and claims administration services. The Contract extends through October 31, 2005 unless terminated earlier by the mutual consent of the Company and HHP Services. For the years ended December 31, 2002 the Company paid \$1,141,365 to HHP Services pursuant to the Contract.

In addition to the Contract, HIG advanced \$200,000 to HHP Services, Inc. during 2002 as collateral for a letter of credit obtained by HHP Services, Inc. from a bank. The advance to HHP Services, Inc. is recorded as a nonadmitted receivable in the Company's 2002 financial statements.

11. Debt

The Plan has no capital note obligation or any other debt obligations.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit plans

Not applicable

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

Not applicable

14. Contingencies

Notes to Financial Statement

A liability for guaranty fund assessments is accrued after an insolvency has occurred.

15. Leases

Not Applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

Not Applicable

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

Not Applicable

20. Other items

None

21. Events Subsequent

None

22. Reinsurance

- A. Unsecured Reinsurance Recoverables – Not Applicable
- B. Reinsurance Recoverable in Dispute – Not Applicable
- C. Reinsurance Assumed and Ceded

Certain premiums and benefits are assumed from and ceded to other insurance companies under various reinsurance agreements. The ceded reinsurance agreements provide HIG with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. HIG remains obligated for amounts ceded in the event that the reinsurers do not meet their obligations.

On April 1, 2002, the Company entered into an agreement (the Reinsurance Agreement) with Employers Reinsurance Corporation (ERC) to assume 100% of the premiums and claims on out-of-area policies written by Clarendon National Insurance Company and ceded to ERC. HIG has agreed to pay a fee of .25% of the premium assumed to ERC as consideration for entering into the Reinsurance Agreement. For the year ended December 31, 2002, the premiums and claims assumed under the Reinsurance Agreement were \$443,793 and \$456,978, respectively. These amounts have been recorded in the statement of operations for the year ended December 31, 2002, as an increase to premiums earned and medical services, respectively.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

24. Salvage and Subrogation

Not Applicable

Notes to Financial Statement

25. Change in Incurred Claims and Claim Adjustment Expenses

Not Applicable

26. Organization and Operation

Hometown Insurance Group, Inc. is wholly owned by Akron General Health System and is domiciled in Ohio. HIG commenced operations on September 14, 2001 and began writing commercial and point-of-service health insurance policies on April 1, 2002. The Company's primary business is providing health insurance to small groups and individuals through its network of sales offices. The Company's business is concentrated in Stark and Summit counties in Northeastern Ohio.

27. Minimum Net Worth

Health Insurance companies are subject to certain Risk-Based Capital (RBC) requirements as specified by the NAIC. Under these requirements, the amount of capital and surplus maintained by a health insurance company is to be determined based on the various risk factors related to it. At December 31, 2002, the Company meets the RBC requirements.

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				
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				
1.512 Issued by FNMA and FHLMC				
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				
1.523 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)				
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				
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	4,991,850	100.000	4,991,850	100.000
9. Other invested assets				
10. Total invested assets	4,991,850	100.000	4,991,850	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[] No[X]
- 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[] No[] N/A[X]
- 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.
- 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.
- 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).
- 3.4 By what department or departments?
- 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 Name of Entity	2 NAIC Company Code	3 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 Nationality	2 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?
Ernst & Young LLP, Suite 300, 222 South Main Street, Akron, OH 44308
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?
Ernst & Young LLP, Suite 300, 222 South Main Street, Akron, OH 44308
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? Yes[] No[] N/A[X]
 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?

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[] No[X]
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	750,000	750,000	2,000,000	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:
Advest, Inc.

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[] No[X]

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

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

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 - HEALTH 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 premium earned 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 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? | Yes[] No[X] |
| 2.2 If yes, give particulars: | |
|
 | |
| 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? | Yes[X] No[] |
| 3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? | Yes[] No[X] |
|
 | |
| 4.1 Does the reporting entity have stop-loss reinsurance? | Yes[X] No[] |
| 4.2 If no, explain: | |
| 4.3 Maximum retained risk (see instructions): | |
| 4.31 Comprehensive Medical | \$ 75,000 |
| 4.32 Medical Only | \$ |
| 4.33 Medicare Supplement | \$ |
| 4.34 Dental | \$ |
| 4.35 Other Limited Benefit Plan | \$ |
| 4.36 Other | \$ |
|
 | |
| 5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Contractual agreement with providers to continue to provide services & insolvency coverage under the reinsurance contract | |
|
 | |
| 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? | Yes[X] No[] |
| 6.2 If no, give details: | |
|
 | |
| 7. Provide the following information regarding participating providers: | |
| 7.1 Number of providers at start of reporting year | 1959 |
| 7.2 Number of providers at end of reporting year | 1960 |
|
 | |
| 8.1 Does the reporting entity have business subject to premium rate guarantees? | Yes[] No[X] |
| 8.2 If yes, direct premium earned: | |
| 8.21 Business with rate guarantees between 15-36 months | 0 |
| 8.22 Business with rate guarantees over 36 months | 0 |
|
 | |
| 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts? | Yes[] No[X] |
| 9.2 If yes: | |
| 9.21 Maximum amount payable bonuses | \$ |
| 9.22 Amount actually paid for year bonuses | \$ |
| 9.23 Maximum amount payable withholds | \$ |
| 9.24 Amount actually paid for year withholds | \$ |
|
 | |
| 10. List service areas in which reporting entity is licensed to operate: | |

1
Name of Service Area
.....

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	5,393,900	2,921,534			
2. Total liabilities (Page 3, Line 18)	2,700,645				
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	2,693,255	3,021,534			
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	12,725,709				
6. Total medical and hospital expenses (Line 17)	11,743,796				
7. Total administrative expenses (Line 19)	763,210				
8. Net underwriting gain (loss) (Line 22)	(1,069,120)				
9. Net investment gain (loss) (Line 25)	56,713				
10. Total other income (Lines 26 plus 27)	81,937				
11. Net income or (loss) (Line 30)	(934,331)				
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	2,693,255				
13. Authorized control level risk-based capital	852,063				
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	8,543				
15. Total members months (Column 6, Line 7)	73,424				
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	92.3				
18. Total underwriting deductions (Line 21)	108.4				
19. Total underwriting gain (loss) (Line 22)	(8.4)				
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)					
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..					

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

35	Schedule A - Verification -	NONE
35	Schedule B - Verification -	NONE
35	Schedule BA - Verification -	NONE
36	Schedule D - Summary by Country -	NONE
36	Schedule D - Verification -	NONE
37	Schedule D Part 1A Sn 1 - #1 -	NONE
38	Schedule D Part 1A Sn 1 - #2 -	NONE
39	Schedule D Part 1A Sn 1 - #3 -	NONE
40	Schedule D Part 1A Sn 2 - #1 -	NONE
41	Schedule D Part 1A Sn 2 - #2 -	NONE
42	Schedule D Part 1A Sn 2 - #3 -	NONE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

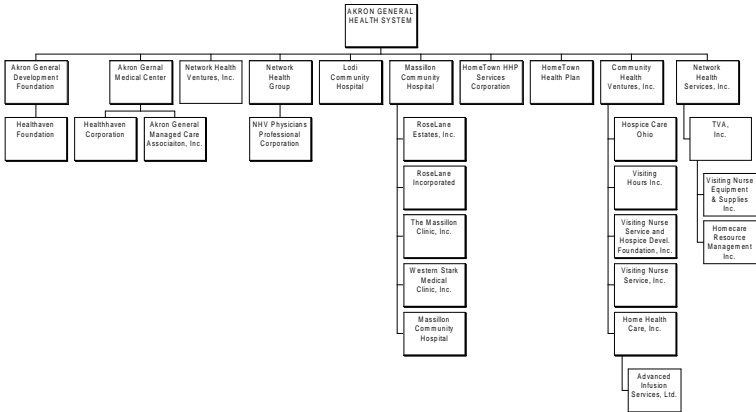
	State, Etc.	1	2	Direct Business Only			6
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No	No			
2.	Alaska	AK	No	No			
3.	Arizona	AZ	No	No			
4.	Arkansas	AR	No	No			
5.	California	CA	No	No			
6.	Colorado	CO	No	No			
7.	Connecticut	CT	No	No			
8.	Delaware	DE	No	No			
9.	District of Columbia	DC	No	No			
10.	Florida	FL	No	No			
11.	Georgia	GA	No	No			
12.	Hawaii	HI	No	No			
13.	Idaho	ID	No	No			
14.	Illinois	IL	No	No			
15.	Indiana	IN	No	No			
16.	Iowa	IA	No	No			
17.	Kansas	KS	No	No			
18.	Kentucky	KY	No	No			
19.	Louisiana	LA	No	No			
20.	Maine	ME	No	No			
21.	Maryland	MD	No	No			
22.	Massachusetts	MA	No	No			
23.	Michigan	MI	No	No			
24.	Minnesota	MN	No	No			
25.	Mississippi	MS	No	No			
26.	Missouri	MO	No	No			
27.	Montana	MT	No	No			
28.	Nebraska	NE	No	No			
29.	Nevada	NV	No	No			
30.	New Hampshire	NH	No	No			
31.	New Jersey	NJ	No	No			
32.	New Mexico	NM	No	No			
33.	New York	NY	No	No			
34.	North Carolina	NC	No	No			
35.	North Dakota	ND	No	No			
36.	Ohio	OH	No	Yes	12,468,367		
37.	Oklahoma	OK	No	No			
38.	Oregon	OR	No	No			
39.	Pennsylvania	PA	No	No			
40.	Rhode Island	RI	No	No			
41.	South Carolina	SC	No	No			
42.	South Dakota	SD	No	No			
43.	Tennessee	TN	No	No			
44.	Texas	TX	No	No			
45.	Utah	UT	No	No			
46.	Vermont	VT	No	No			
47.	Virginia	VA	No	No			
48.	Washington	WA	No	No			
49.	West Virginia	WV	No	No			
50.	Wisconsin	WI	No	No			
51.	Wyoming	WY	No	No			
52.	American Samoa	AS	No	No			
53.	Guam	GU	No	No			
54.	Puerto Rico	PR	No	No			
55.	U.S. Virgin Islands	VI	No	No			
56.	Canada	CN	No	No			
57.	Aggregate other alien	OT	X X X	X X X			
58.	TOTAL (Direct Business)	X X X	(a) 1		12,468,367		
DETAILS OF WRITE-INS							
5701							
5702							
5703							
5798.	Summary of remaining write-ins for Line 57 from overflow page						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)						

(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

AKRON GENERAL HEALTH SYSTEM ORGANIZATION CHART



July 13, 2001