



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
Plans' Liability Insurance Company

NAIC Group Code 0023 (Current Period) 0023 (Prior Period) NAIC Company Code 26794 Employer's ID Number 36-3503382
Organized under the Laws of Ohio, State of Domicile or Port of Entry
Country of Domicile United States of America
Incorporated 05/15/1986 Commenced Business 06/17/1986
Statutory Home Office 6740 North High Street, Worthington, OH 43085
Main Administrative Office 676 North St. Clair Street, Chicago, IL 60611
Mail Address 676 North St. Clair Street, Chicago, IL 60611
Primary Location of Books and Records 676 North St. Clair Street, Chicago, IL 60611
Internet Website Address bcsigroup.com
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OFFICERS

President Edward John Baran Secretary Wendell Howard Berg
Treasurer Dale Edward Palka

VICE PRESIDENTS

William Frederick Cole

DIRECTORS OR TRUSTEES

Edward John Baran Andrew Paul Czajkowski Larry Clayborn Glasscock
James Matthew Mead Jed H. Pitcher

State of Illinois }
County of Cook } ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of 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 manual 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.

Edward John Baran President Wendell Howard Berg Secretary Dale Edward Palka Treasurer

Subscribed and sworn to before me this 13th day of February, 2003

Lisa Fath
Notary Public
April 24, 2006

- 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

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds .....	57,476,313	0	57,476,313	49,130,855
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1) .....	0	0	0	0
2.2 Common stocks (Schedule D, Part 2, Section 2) .....	0	0	0	7,394,397
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....	0	0	0	0
3.2 Other than first liens .....	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ .....0 encumbrances) .....	0	0	0	0
4.2 Properties held for the production of income (less \$ .....0 encumbrances) .....	0	0	0	0
4.3 Properties held for sale (less \$ .....0 encumbrances) .....	0	0	0	0
5. Cash (\$ .....175,446 Schedule E, Part 1) and short-term investments(\$ .....7,020,262 Schedule DA, Part 2) .....	7,195,708	0	7,195,708	5,397,575
6. Other invested assets (Schedule BA) .....	0	0	0	0
7. Receivable for securities .....	0	0	0	0
8. Aggregate write-ins for invested assets .....	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	64,672,021	0	64,672,021	61,922,827
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection .....	1,300,000	0	1,300,000	2,900
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$ .....0 earned but unbilled premiums) .....	0	0	0	0
10.3 Accrued retrospective premiums .....	0	0	0	0
11. Funds held by or deposited with reinsured companies .....	0	0	0	0
12. Bills receivable, taken for premiums .....	0	0	0	0
13. Amounts receivable under high deductible policies .....	0	0	0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8) .....	0	0	0	0
15. Federal and foreign income tax recoverable and interest thereon (including \$ .....314,895 net deferred tax asset) .....	1,474,024	1,159,129	314,895	1,442,106
16. Guaranty funds receivable or on deposit .....	0	0	0	0
17. Electronic data processing equipment and software .....	0	0	0	0
18. Interest, dividends and real estate income due and accrued .....	616,812	0	616,812	520,535
19. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0	0	0
20. Receivable from parent, subsidiaries and affiliates .....	63,763	0	63,763	0
21. Amount due from/to protected cells .....	0	0	0	0
22. Equities and deposits in pools and associations .....	0	0	0	0
23. Amounts receivable relating to uninsured accident and health plans .....	0	0	0	0
24. Other assets nonadmitted (Exhibit 1) .....	0	0	0	0
25. Aggregate write-ins for other than invested assets .....	23,503	23,503	0	61,160
26. Total assets excluding protected cell assets (Lines 9 through 25) .....	68,150,123	1,182,632	66,967,491	63,949,528
27. Protected cell assets .....	0	0	0	0
28. TOTALS (Lines 26 and 27)	68,150,123	1,182,632	66,967,491	63,949,528
<b>DETAILS OF WRITE-INS</b>				
0801. ....				
0802. ....				
0803. ....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above) .....	0	0	0	0
2501. Prepaid Business Expense .....	23,503	23,503	0	61,160
2502. ....				
2503. ....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above) .....	23,503	23,503	0	61,160

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8) .....	21,236,436	21,955,227
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6) .....	0	0
3. Loss adjustment expenses (Part 2A, Line 34, Column 9) .....	1,599,200	2,607,000
4. Commissions payable, contingent commissions and other similar charges .....	0	0
5. Other expenses (excluding taxes, licenses and fees) .....	253,356	351,600
6. Taxes, licenses and fees (excluding federal and foreign income taxes) .....	0	0
7. Federal and foreign income taxes (including \$ ..... on realized capital gains (losses)) (including \$ ..... net deferred tax liability) .....	1,324,004	0
8. Borrowed money \$ ..... and interest thereon \$ .....	0	0
9. Unearned premiums (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ ..... and including warranty reserves of \$ .....)	1,952,726	391,690
10. Advance premiums .....	0	0
11. Dividends declared and unpaid:		
11.1 Stockholders .....	0	0
11.2 Policyholders .....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions) .....	0	0
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19) .....	0	0
14. Amounts withheld or retained by company for account of others .....	0	0
15. Remittances and items not allocated .....	0	0
16. Provision for reinsurance (Schedule F, Part 7) .....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates .....	0	0
18. Drafts outstanding .....	0	0
19. Payable to parent, subsidiaries and affiliates .....	0	2,393,653
20. Payable for securities .....	0	0
21. Liability for amounts held under uninsured accident and health plans .....	0	0
22. Capital Notes \$ ..... and interest thereon \$ .....	0	0
23. Aggregate write-ins for liabilities .....	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23) .....	26,365,722	27,699,170
25. Protected cell liabilities .....	0	0
26. Total liabilities (Lines 24 and 25) .....	26,365,722	27,699,170
27. Aggregate write-ins for special surplus funds .....	0	0
28. Common capital stock .....	735,609	704,784
29. Preferred capital stock .....	0	0
30. Aggregate write-ins for other than special surplus funds .....	0	0
31. Surplus notes .....	0	0
32. Gross paid in and contributed surplus .....	25,387,599	23,861,216
33. Unassigned funds (surplus) .....	14,478,560	11,684,358
34. Less treasury stock, at cost:		
34.1 ..... shares common (value included in Line 28 \$ .....)	0	0
34.2 ..... shares preferred (value included in Line 29 \$ .....)	0	0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38) .....	40,601,768	36,250,358
36. TOTALS (Page 2, Line 28, Col. 3)	66,967,490	63,949,528
<b>DETAILS OF WRITE-INS</b>		
2301. ....		
2302. ....		
2303. ....		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	0	0
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page .....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 34, Column 4) .....	11,822,183	5,718,658
<b>DEDUCTIONS</b>		
2. Losses incurred (Part 2, Line 34, Column 7) .....	4,353,995	5,892,020
3. Loss expenses incurred (Part 3, Line 25, Column 1) .....	107,559	394,500
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2) .....	6,045,402	4,489,092
5. Aggregate write-ins for underwriting deductions .....	0	0
6. Total underwriting deductions (Lines 2 through 5) .....	10,506,956	10,775,612
7. Net income of protected cells .....	0	
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7) .....	1,315,227	(5,056,954)
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17) .....	3,168,376	3,353,698
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses)) .....	1,023,992	969,029
11. Net investment gain or (loss) (Lines 9 + 10) .....	4,192,368	4,322,727
<b>OTHER INCOME</b>		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ ..... amount charged off \$ ..... ) .....	0	0
13. Finance and service charges not included in premiums .....	0	0
14. Aggregate write-ins for miscellaneous income .....	31,797	0
15. Total other income (Lines 12 through 14) .....	31,797	0
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15) .....	5,539,392	(734,227)
17. Dividends to policyholders .....	0	0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17) .....	5,539,392	(734,227)
19. Federal and foreign income taxes incurred .....	1,858,353	(60,319)
20. Net income (Line 18 minus Line 19) (to Line 22) .....	3,681,039	(673,908)
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2) .....	36,250,357	37,354,908
<b>GAINS AND (LOSSES) IN SURPLUS</b>		
22. Net income (from Line 20) .....	3,681,039	(673,908)
23. Net unrealized capital gains or (losses) .....	(208,170)	(342,362)
24. Change in net unrealized foreign exchange capital gain (loss) .....	0	0
25. Change in net deferred income tax .....	(4,667)	(94,022)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3) .....	(192,749)	(989,883)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1) .....	0	0
28. Change in surplus notes .....	0	0
29. Surplus (contributed to) withdrawn from protected cells .....	0	
30. Cumulative effect of changes in accounting principles .....	0	1,465,474
31. Capital changes:		
31.1. Paid in .....	30,825	0
31.2. Transferred from surplus (Stock Dividend) .....	0	0
31.3. Transferred to surplus .....	0	0
32. Surplus adjustments:		
32.1. Paid in .....	1,526,383	0
32.2. Transferred to capital (Stock Dividend) .....	0	0
32.3. Transferred from capital .....	0	0
33. Net remittances from or (to) Home Office .....	0	0
34. Dividends to stockholders (cash) .....	(481,250)	(469,850)
35. Change in treasury stock (Page 3, Lines 34.1 and 34.2, Column 2 minus Column 1) .....	0	0
36. Aggregate write-ins for gains and losses in surplus .....	0	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36) .....	4,351,411	(1,104,551)
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35) .....	40,601,768	36,250,357
<b>DETAILS OF WRITE-INS</b>		
0501. ....		
0502. ....		
0503. ....		
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	0	0
1401. Interest Income on Tax Refund .....	31,797	0
1402. ....		
1403. ....		
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above) .....	31,797	0
3601. ....		
3602. ....		
3603. ....		
3698. Summary of remaining write-ins for Line 36 from overflow page .....	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above) .....	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance .....	12,086,119	5,986,341
2. Loss and loss adjustment expenses paid (net of salvage and subrogation) .....	6,188,145	4,576,967
3. Underwriting expenses paid .....	6,130,562	4,200,593
4. Other underwriting income (expenses) .....	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(232,588)	(2,791,219)
6. Net investment income .....	3,220,274	3,465,193
7. Other income (expenses):		
7.1 Agents' balances charged off .....	0	0
7.2 Net funds held under reinsurance treaties .....	0	0
7.3 Net amount withheld or retained for account of others .....	0	0
7.4 Aggregate write-ins for miscellaneous items .....	31,798	0
7.5 Total other income (Lines 7.1 to 7.4) .....	31,798	0
8. Dividends to policyholders on direct business , less \$ ..... dividends on reinsurance assumed or ceded (net) .....	0	0
9. Federal and foreign income taxes (paid) recovered .....	526,187	(512,011)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9) .....	3,545,671	161,963
<b>Cash from Investments</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds .....	21,574,019	40,205,334
11.2 Stocks .....	8,120,602	2,578,223
11.3 Mortgage loans .....	0	0
11.4 Real estate .....	0	0
11.5 Other invested assets .....	0	0
11.6 Net gains or (losses) on cash and short-term investments .....	0	0
11.7 Miscellaneous proceeds .....	0	0
11.8 Total investment proceeds (Lines 11.1 to 11.7) .....	29,694,621	42,783,557
12. Cost of investments acquired (long-term only):		
12.1 Bonds .....	29,579,317	42,670,863
12.2 Stocks .....	519,037	2,458,820
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Miscellaneous applications .....	0	0
12.7 Total investments acquired (Lines 12.1 to 12.6) .....	30,098,354	45,129,683
13. Net Cash from investments (Line 11.8 minus Line 12.7) .....	(403,733)	(2,346,126)
<b>Cash from Financing and Miscellaneous Sources</b>		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in .....	1,557,208	0
14.2 Capital notes \$ ..... less amounts repaid \$ .....	0	0
14.3 Net transfers from affiliates .....	0	3,077,044
14.4 Borrowed funds received .....	0	0
14.5 Other cash provided .....	37,657	0
14.6 Total (Lines 14.1 to 14.5) .....	1,594,865	3,077,044
15. Cash applied:		
15.1 Dividends to stockholders paid .....	481,250	469,850
15.2 Net transfers to affiliates .....	2,457,416	0
15.3 Borrowed funds repaid .....	0	0
15.4 Other applications .....	0	499,352
15.5 Total (Lines 15.1 to 15.4) .....	2,938,666	969,202
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5) .....	(1,343,801)	2,107,842
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16) .....	1,798,137	(76,321)
18. Cash and short-term investments:		
18.1 Beginning of year .....	5,397,575	5,473,896
18.2 End of year (Line 17 plus Line 18.1) .....	7,195,712	5,397,575
<b>DETAILS OF WRITE-INS</b>		
07.401 Interest Income on Tax Refund .....	31,798	0
07.402 .....		
07.403 .....		
07.498 Summary of remaining write-ins for Line 7.4 from overflow page .....	0	0
07.499 Totals (Lines 07.401 thru 07.403 plus 07.498) (Line 7.4 above) .....	31,798	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1 - PREMIUMS EARNED**

Lines of Business		1	2	3	4
		Net Premiums Written per Column 6, Part 1B	Unearned Premiums Dec. 31 Prior Year - per Col. 3, Last Year's Part 2	Unearned Premiums Dec. 31 Current Year - per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire .....	0	0	0	0
2.	Allied lines .....	0	0	0	0
3.	Farmowners multiple peril .....	0	0	0	0
4.	Homeowners multiple peril .....	0	0	0	0
5.	Commercial multiple peril .....	0	0	0	0
6.	Mortgage guaranty .....	0	0	0	0
8.	Ocean marine .....	0	0	0	0
9.	Inland marine .....	0	0	0	0
10.	Financial guaranty .....	0	0	0	0
11.1	Medical malpractice - occurrence .....	0	0	0	0
11.2	Medical malpractice - claims-made .....	0	0	0	0
12.	Earthquake .....	0	0	0	0
13.	Group accident and health .....	0	0	0	0
14.	Credit accident and health (group and individual) .....	0	0	0	0
15.	Other accident and health .....	0	0	0	0
16.	Workers' compensation .....	0	0	0	0
17.1	Other liability - occurrence .....	0	0	0	0
17.2	Other liability - claims-made .....	13,383,219	391,690	1,952,726	11,822,183
18.1	Products liability - occurrence .....	0	0	0	0
18.2	Products liability - claims-made .....	0	0	0	0
19.1,19.2	Private passenger auto liability .....	0	0	0	0
19.3,19.4	Commercial auto liability .....	0	0	0	0
21.	Auto physical damage .....	0	0	0	0
22.	Aircraft (all perils) .....	0	0	0	0
23.	Fidelity .....	0	0	0	0
24.	Surety .....	0	0	0	0
26.	Burglary and theft .....	0	0	0	0
27.	Boiler and machinery .....	0	0	0	0
28.	Credit .....	0	0	0	0
29.	International .....	0	0	0	0
30.	Reinsurance - Nonproportional Assumed Property .....	0	0	0	0
31.	Reinsurance - Nonproportional Assumed Liability .....	0	0	0	0
32.	Reinsurance - Nonproportional Assumed Financial Lines .....	0	0	0	0
33.	Aggregate write-ins for other lines of business .....	0	0	0	0
34.	<b>TOTALS</b>	<b>13,383,219</b>	<b>391,690</b>	<b>1,952,726</b>	<b>11,822,183</b>
<b>DETAILS OF WRITE-INS</b>					
3301.	.....				
3302.	.....				
3303.	.....				
3398.	Summary of remaining write-ins for Line 33 from overflow page .....	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1A - RECAPITULATION OF ALL PREMIUMS

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

	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running More Than One Year from Date of Policy) (b)	3 Earned but Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols: 1 + 2 + 3 + 4
Line of Business					
1. Fire .....					0
2. Allied lines .....					0
3. Farmowners multiple peril .....					0
4. Homeowners multiple peril .....					0
5. Commercial multiple peril .....					0
6. Mortgage guaranty .....					0
8. Ocean marine .....					0
9. Inland marine .....					0
10. Financial guaranty .....					0
11.1 Medical malpractice - occurrence .....					0
11.2 Medical malpractice - claims-made .....					0
12. Earthquake .....					0
13. Group accident and health .....					0
14. Credit accident and health (group and individual) .....					0
15. Other accident and health .....					0
16. Workers' compensation .....					0
17.1 Other liability - occurrence .....					0
17.2 Other liability - claims-made .....	1,952,726				1,952,726
18.1 Products liability - occurrence .....					0
18.2 Products liability - claims-made .....					0
19.1,19.2 Private passenger auto liability .....					0
19.3,19.4 Commercial auto liability .....					0
21. Auto physical damage .....					0
22. Aircraft (all perils) .....					0
23. Fidelity .....					0
24. Surety .....					0
26. Burglary and theft .....					0
27. Boiler and machinery .....					0
28. Credit .....					0
29. International .....					0
30. Reinsurance - Nonproportional Assumed Property .....					0
31. Reinsurance - Nonproportional Assumed Liability .....					0
32. Reinsurance - Nonproportional Assumed Financial Lines .....					0
33. Aggregate write-ins for other lines of business .....	0	0	0	0	0
34. TOTALS .....	1,952,726	0	0	0	1,952,726
35. Accrued retrospective premiums based on experience .....					
36. Earned but unbilled premiums .....					
37. Balance (Sum of Line 34 through 36) .....					1,952,726
<b>DETAILS OF WRITE-INS</b>					
3301. ....					
3302. ....					
3303. ....					
3398. Summary of remaining write-ins for Line 33 from overflow page .....	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above) .....	0	0	0	0	0

(a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force.

Are they so returned in this statement? Yes [ X ] No [ ]

(b) State here basis of computation used in each case . Pro-rata Basis .....

# UNDERWRITING AND INVESTMENT EXHIBIT

## PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written Cols. 1 + 2 + 3 - 4 - 5
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire						0
2. Allied lines						0
3. Farmowners multiple peril						0
4. Homeowners multiple peril						0
5. Commercial multiple peril						0
6. Mortgage guaranty						0
8. Ocean marine						0
9. Inland marine						0
10. Financial guaranty						0
11.1 Medical malpractice - occurrence						0
11.2 Medical malpractice - claims-made						0
12. Earthquake						0
13. Group accident and health						0
14. Credit accident and health (group and individual)						0
15. Other accident and health						0
16. Workers' compensation						0
17.1 Other liability - occurrence						0
17.2 Other liability - claims-made		13,383,219	0			13,383,219
18.1 Products liability - occurrence						0
18.2 Products liability - claims-made						0
19.1,19.2 Private passenger auto liability						0
19.3,19.4 Commercial auto liability						0
21. Auto physical damage						0
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft						0
27. Boiler and machinery						0
28. Credit						0
29. International						0
30. Reinsurance - Nonproportional Assumed Property	XXX					0
31. Reinsurance - Nonproportional Assumed Liability	XXX					0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX					0
33. Aggregate write-ins for other lines of business	0	0	0	0	0	0
34. TOTALS	0	13,383,219	0	0	0	13,383,219
<b>DETAILS OF WRITE-INS</b>						
3301.						
3302.						
3303.						
3398. Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0

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

If yes: 1. The amount of such installment premiums \$ .....

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

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Previous Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire				.0	.0	.0	.0	.0
2. Allied lines				.0	.0	.0	.0	.0
3. Farmowners multiple peril				.0	.0	.0	.0	.0
4. Homeowners multiple peril				.0	.0	.0	.0	.0
5. Commercial multiple peril				.0	.0	.0	.0	.0
6. Mortgage guaranty				.0	.0	.0	.0	.0
8. Ocean marine				.0	.0	.0	.0	.0
9. Inland marine				.0	.0	.0	.0	.0
10. Financial guaranty				.0	.0	.0	.0	.0
11.1 Medical malpractice - occurrence				.0	.0	.0	.0	.0
11.2 Medical malpractice - claims-made				.0	.0	.0	.0	.0
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health				.0	.0	.0	.0	.0
14. Credit accident and health (group and individual)				.0	.0	.0	.0	.0
15. Other accident and health				.0	.0	.0	.0	.0
16. Workers' compensation				.0	.0	.0	.0	.0
17.1 Other liability - occurrence		.0		.0	.0	.0	.0	.0
17.2 Other liability - claims-made		5,072,786		5,072,786	21,236,436	21,955,227	4,353,995	36.8
18.1 Products liability - occurrence				.0	.0	.0	.0	.0
18.2 Products liability - claims-made				.0	.0	.0	.0	.0
19.1,19.2 Private passenger auto liability				.0	.0	.0	.0	.0
19.3,19.4 Commercial auto liability				.0	.0	.0	.0	.0
21. Auto physical damage				.0	.0	.0	.0	.0
22. Aircraft (all perils)				.0	.0	.0	.0	.0
23. Fidelity				.0	.0	.0	.0	.0
24. Surety				.0	.0	.0	.0	.0
26. Burglary and theft				.0	.0	.0	.0	.0
27. Boiler and machinery				.0	.0	.0	.0	.0
28. Credit				.0	.0	.0	.0	.0
29. International				.0	.0	.0	.0	.0
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	.0	.0	.0	.0
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	.0	.0	.0	.0
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	.0	.0	.0	.0
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	0	5,072,786	0	5,072,786	21,236,436	21,955,227	4,353,995	36.8
<b>DETAILS OF WRITE-INS</b>								
3301.								
3302.								
3303.								
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 +5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excl. Incurred But Not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire				.0				.0	
2. Allied lines				.0				.0	
3. Farmowners multiple peril				.0				.0	
4. Homeowners multiple peril				.0				.0	
5. Commercial multiple peril				.0				.0	
6. Mortgage guaranty				.0				.0	
8. Ocean marine				.0				.0	
9. Inland marine				.0				.0	
10. Financial guaranty				.0				.0	
11.1 Medical malpractice - occurrence				.0				.0	
11.2 Medical malpractice - claims-made				.0				.0	
12. Earthquake				.0				.0	
13. Group accident and health				.0			(a)	.0	
14. Credit accident and health (group and individual)				.0			(a)	.0	
15. Other accident and health				.0				.0	
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence		.0		.0		.0		.0	.0
17.2 Other liability - claims-made		14,636,436		14,636,436		6,600,000		21,236,436	1,599,200
18.1 Products liability - occurrence				.0				.0	
18.2 Products liability - claims-made				.0				.0	
19.1,19.2 Private passenger auto liability				.0				.0	
19.3,19.4 Commercial auto liability				.0				.0	
21. Auto physical damage				.0				.0	
22. Aircraft (all perils)				.0				.0	
23. Fidelity				.0				.0	
24. Surety				.0				.0	
26. Burglary and theft				.0				.0	
27. Boiler and machinery				.0				.0	
28. Credit				.0				.0	
29. International				.0				.0	
30. Reinsurance - Nonproportional Assumed Property	XXX			.0	XXX			.0	
31. Reinsurance - Nonproportional Assumed Liability	XXX			.0	XXX			.0	
32. Reinsurance - Nonproportional Assumed Financial Lines	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business	.0	.0	.0	.0	.0	.0	.0	.0	.0
34. TOTALS	0	14,636,436	0	14,636,436	0	6,600,000	0	21,236,436	1,599,200
<b>DETAILS OF WRITE-INS</b>									
3301.									
3302.									
3303.									
3398. Summary of remaining write-ins for Line 33 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	0	0	0	0	0	0	0	0

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

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UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct .....				0
1.2 Reinsurance assumed .....	.631,355			.631,355
1.3 Reinsurance ceded .....				0
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3) .....	.631,355	0	0	.631,355
2. Commission and brokerage:				
2.1 Direct excluding contingent .....				0
2.2 Reinsurance assumed excluding contingent .....		3,902,975		3,902,975
2.3 Reinsurance ceded excluding contingent .....				0
2.4 Contingent-direct .....				0
2.5 Contingent-reinsurance assumed .....				0
2.6 Contingent-reinsurance ceded .....				0
2.7 Policy and membership fees .....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7) .....	0	3,902,975	0	3,902,975
3. Allowances to managers and agents .....				0
4. Advertising .....		134,999		134,999
5. Boards, bureaus and associations .....				0
6. Surveys and underwriting reports .....				0
7. Audit of assureds' records .....				0
8. Salary and related items:				
8.1 Salaries .....		1,098,432	60,831	1,159,263
8.2 Payroll taxes .....		33,271	369	33,640
9. Employee relations and welfare .....		263,257	18,376	281,633
10. Insurance .....		50,000	2,742	52,742
11. Directors' fees .....				0
12. Travel and travel items .....		85,383	426	85,809
13. Rent and rent items .....		73,000		73,000
14. Equipment .....		414	1	415
15. Cost or depreciation of EDP equipment and software .....		2,268		2,268
16. Printing and stationery .....		34,656	9	34,665
17. Postage, telephone and telegraph, exchange and express .....		1,220		1,220
18. Legal and auditing .....	750,000	361,937	114,661	1,226,598
19. Totals (Lines 3 to 18) .....	750,000	2,138,837	197,415	3,086,252
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$ .....		200		200
20.2 Insurance department licenses and fees .....		890		890
20.3 Gross guaranty association assessments .....				0
20.4 All other (excluding federal and foreign income and real estate) .....				0
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4) .....	0	1,090	0	1,090
21. Real estate expenses .....				0
22. Real estate taxes .....				0
23. Reimbursements by uninsured accident and health plans .....				0
24. Aggregate write-ins for miscellaneous expenses .....	(1,273,796)	2,500	0	(1,271,296)
25. Total expenses incurred .....	107,559	6,045,402	197,415	(a) 6,350,376
26. Less unpaid expenses - current year .....	1,599,200	238,340	15,016	1,852,556
27. Add unpaid expenses - prior year .....	2,607,000	323,500	28,100	2,958,600
28. Amounts receivable relating to uninsured accident and health plans, prior year .....	0	0	0	0
29. Amounts receivable relating to uninsured accident and health plans, current year .....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29)	1,115,359	6,130,562	210,499	7,456,420
<b>DETAILS OF WRITE-INS</b>				
2401. Change in Loss Adjustment Expense Reserve .....	(1,273,796)			(1,273,796)
2402. Donations .....		2,500		2,500
2403. ....				
2498. Summary of remaining write-ins for Line 24 from overflow page .....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above)	(1,273,796)	2,500	0	(1,271,296)

(a) Includes management fees of \$ 1,763,654 paid to affiliates and \$ paid to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 525,515	507,969
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 2,584,936	2,702,028
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	66,067	66,067
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 92,997	89,727
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	3,269,515	3,365,791
11. Investment expenses		(g) 197,415
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		0
16. Total (Lines 11 through 15)		197,415
17. Net Investment Income - (Line 10 minus Line 16)		3,168,376
<b>DETAILS OF WRITE-INS</b>		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 82,164 accrual of discount less \$ 243,422 amortization of premium and less \$ 120,877 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 excludes \$ 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 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds	216,959				216,959
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	288,463		(4,009)		284,454
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)	518,570		(311,401)		207,169
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	1,023,992	0	(315,410)	0	708,582
<b>DETAILS OF WRITE-INS</b>					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

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

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2 .....	1,159,129	989,883	(169,246)
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....		0	0
2.2 Furniture, equipment and supplies .....		0	0
2.3 Leasehold improvements .....		0	0
2.4 Loans on personal security, endorsed or not .....		0	0
3. Total (Lines 2.1 to 2.4) .....	0	0	0
4. Aggregate write-ins for other assets .....	23,503	0	(23,503)
5. Total (Line 1 plus Lines 3 and 4)	1,182,632	989,883	(192,749)
0401. Prepaid Business Expense.....	23,503	0	(23,503)
0402. ....			
0403. ....			
0498. Summary of remaining write-ins for Line 4 from overflow page .....	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	23,503	0	(23,503)

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

#### a. Accounting Practices

The accompanying financial statements of the Company have been prepared on the basis of accounting procedures prescribed or permitted by the Ohio Insurance Department. The state of Ohio requires insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Ohio Insurance Department.

#### b. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported in the financial statements.

#### c. Accounting Policies

Premiums are earned over the terms of the related policies and reinsurance contracts. Unearned premium is assumed from BCS Insurance Company (BCSIC) and is established to cover the unexpired portion of premiums written. Such reserves are computed by the pro rata method.

Net investment income earned consists primarily of interest and dividends. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed. Short-term investments are stated at cost. Long term bonds are generally stated at their amortized value.

Non-investment grade securities with NAIC designations of 3 through 6 are stated at the lower of amortized value or fair value. If a security is deemed to be other than temporarily impaired, it is written down to its fair value through a charge to earnings.

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported.

### 2. Accounting Changes and Corrections of Errors

#### a. Accounting Changes Other than Codification and Correction of Errors

Not Applicable

#### b. Accounting Changes as a Result of Codification

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Ohio Insurance Department. The state of Ohio requires Insurance companies domiciled in the state of Ohio to prepare their statutory financial statements in accordance with the NAIC Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the Ohio Insurance Department.

The 2001 accounting changes adopted to conform with the provisions of the new NAIC *Accounting Practices and Procedures Manual* were reported as changes in accounting principles. The cumulative effect of changes in accounting principles is the difference between the amount of policyholder's surplus at the beginning of 2001 and the amount of policyholder's surplus that would have been reported at that date if the new accounting principle had been applied retroactively for all prior periods. As a result of these changes, in 2001, the Company reported a cumulative effect of changes in accounting principles that increased unassigned funds by \$1,465,474 on 1/1/01. All of this adjustment is attributable to the recognition of a deferred tax asset. There was no cumulative effect of changes in accounting principles in 2002.

### 3. Business Combinations and Goodwill

#### a. Statutory Purchase Method

None

#### b. Statutory Merger

None

#### c. Impairment Loss

None

### 4. Discontinued Operations

Not Applicable

### 5. Investments

#### a. Mortgage Loans

None

#### b. Troubled Debt Restructuring for Creditors

None

#### c. Reverse Mortgages

None

#### d. Loan Backed Securities

Anticipated prepayments for loan-backed and structured securities are used to determine the effective yield of an issue at purchase. Changes in the estimated cash flows of the issue are incorporated when determining the statement value at the end of each quarter and year-end. Prepayments for loan-backed and structured securities were obtained from the broker dealer survey or Bloomberg Systems. These assumptions are consistent with the current interest rate and economic environment. The retrospective scientific method is used to value all loan-backed and structured securities.

#### e. Repurchase Agreements

None

## NOTES TO FINANCIAL STATEMENTS

### 6. Joint Ventures, Partnerships and Limited Liability Companies

#### a. Detail for Those Greater than 10 % of Admitted Assets

Not Applicable

#### b. Write-downs for Impairments

Not Applicable

### 7. Investment Income

#### a. Accrued Investment Income

The Company nonadmits investment income due and accrued if amounts are over 90 days past due.

#### b. Amounts Nonadmitted

Not Applicable

### 8. Derivative Instruments

#### a. The Company does not have positions in derivative instruments.

### 9. Income Taxes

#### a. The Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities(DTLs)

	December 31, 2002	December 31, 2001
Total gross deferred tax assets	1,510,981	1,713,742
Total gross deferred tax liabilities	<u>36,957</u>	<u>342,290</u>
Net deferred tax asset	1,474,024	1,371,452
Nonadmitted deferred tax assets	<u>1,159,129</u>	<u>989,883</u>
Net admitted deferred tax assets	314,895	381,569

#### b. Unrecognized DTL's

Not Applicable

#### c. Current Tax and Change in Deferred Tax

The current provisions for Federal income tax expense (benefit) incurred on earnings were \$1,858,353 and (\$60,319) in 2002 and 2001, respectively.

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

Deferred Tax Asset	December 31, 2002	December 31, 2001
Discounting of unpaid losses and LAE	1,297,376	1,491,660
Change in unearned premium reserve	132,785	26,635
Non-deductible post-retirement expense	76,976	0
Unrealized capital losses	0	195,447
Other	<u>3,844</u>	<u>0</u>
Total deferred tax assets	1,510,981	1,713,742
Nonadmitted deferred tax assets	<u>1,159,129</u>	<u>989,883</u>
Admitted deferred tax assets	351,852	723,859
Deferred Tax Liabilities		
Unrealized capital gains	0	309,088
Bond discount accrual	36,957	30,129
Other	<u>0</u>	<u>3,073</u>
Total deferred tax liabilities	<u>36,957</u>	<u>342,290</u>
Net admitted deferred tax assets	314,895	381,569

#### d. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The significant items that cause the difference between the statutory federal income tax rate of 34% and PLIC's effective income tax rate are as follows:

	December 31, 2002	Effective Tax Rate %
Provision computed at statutory rate	1,883,393	34.0
Discount of unpaid loss and LAE	(194,344)	(3.5)
Change in Unearned Premium Reserve	106,150	1.9
Nondeductible post-retirement expenses	18,594	.3
Dividends Received Deduction	(14,949)	(.3)
Other	<u>59,509</u>	<u>1.1</u>
Total	1,858,353	33.5

#### e. Operating Loss and Tax Credit Carry Forwards

At December 31, 2002, the Company did not have any unused operating loss carry-forwards available to offset against future taxable income.

The income tax expense of \$ 1,858,353 for 2002 is available for recoupment in the event of future net losses.

#### f. Consolidated Federal Income Tax Return

The Company's federal income tax return is not consolidated.

## NOTES TO FINANCIAL STATEMENTS

### 10. Information Concerning Parent, Subsidiaries, and Affiliates

#### a. Nature of Relationships

Outstanding stock of the Company is distributed among fifty-five corporate shareholders, with no shareholder owning greater than ten percent. PLIC reinsures directors' and officers' professional liability insurance on a claims-made basis for certain Blue Cross Blue Shield Plans (Plans) written through BCS Insurance Company (BCSIC). The Plans purchasing liability insurance through BCSIC are required to purchase a proportionate share of PLIC's common stock. PLIC is under common management with BCSIC and BCSIC's parent, BCSI Holdings, Inc (BCSIH).

#### b. Detail of Transactions Greater than 1/2 % of Admitted Assets

The Company paid cash dividends to shareholders of \$481,250 and \$469,850 in 2002 and 2001, respectively.

#### c. Change in Intercompany Arrangements

None

#### d. Amounts Due to or from Related Parties

At December 31, 2002, the Company reported \$ 63,763 due from affiliates. The balance is composed of a receivable of \$508,390 owed to the Company by BCSIC, and a payable due BCSIH of \$ 444,627.

#### e. Guarantees or Contingencies for Related Parties

None

#### f. Management or Service Contracts and Cost Sharing Arrangements

The Company has a management agreement with BCSIC, whereby BCSIC provides all insurance management, administrative and advisory services as well as investment management and general office administrative services.

#### g. Nature of Control Relationship Disclosure

Not Applicable

#### h. Disclosure About Transactions with Affiliated and Other Related Entities

Not Applicable

#### i. Investments in SCA Entity that Exceeds 10% of Admitted Assets

Not Applicable

#### j. Investments in Impaired SCA Entities Disclosure

Not Applicable

### 11. Debt

#### a. Capital Notes

Not Applicable

#### b. All Other Debt

Not Applicable

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

#### a. Defined Benefit Plan

Not Applicable

#### b. Defined Contribution Plans

None

#### c. Multiemployer Plans

None

#### d. Consolidated/Holding Company Plans

BCSIC's ultimate parent, BCS Financial, sponsors a defined benefit pension plan covering substantially all Company employees. The Company has not been charged any allocated expenses related to this plan. Additionally, BCSIH sponsors a postretirement health care benefit plan. The allocated postretirement health care benefit expense for 2002 was \$ 54,690.

#### e. Postemployment Benefits and Compensated Absences

The liability for earned but untaken absences and vacation has been accrued.

## NOTES TO FINANCIAL STATEMENTS

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

#### a. Outstanding Shares

The Company has 1,000 shares of \$ 1,500 par value common stock authorized and 490.40 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

#### b. Dividend Rate of Preferred Stock

Not Applicable

#### c. d. and e. Dividend Restrictions

All dividends require notification to and prior approval from the State of Ohio Commissioner. Statutory surplus at December 31, 2002 was \$40,601,768 and net income for the 12 months ended December 31, 2002 was \$ 3,681,039. The company paid dividends totaling \$481,250 to its stockholders during 2002.

#### f. Mutual Surplus Advances

Not Applicable

#### g. Company Stock Held for Special Purposes

Not Applicable

#### h. Changes in Special Surplus Funds

Not Applicable

#### i. Changes in Unassigned Funds

The portion of unassigned funds represented or reduced by each item below is as follows:

Description	Cumulative Increase (Decrease) in Surplus
1. Unrealized gains (losses)	(208,170)
2. Change in net deferred income tax	(4,667)
3. Change in nonadmitted assets	(192,749)
4. Change in paid in capital stock	30,825
5. Change in paid in surplus	1,526,383
6. Dividends to stockholders	( 481,250)

The unrealized losses include the applicable tax effect. The change in nonadmitted assets is primarily due to the change in nonadmitted deferred tax assets. The change in capital stock and paid in surplus is attributable to the addition of two corporate shareholders.

#### j. Surplus Notes

Not Applicable

#### k. Quasi Reorganizations

Not Applicable

### 14. Contingencies

#### a. Contingent Commitments

None

#### b. Assessments

None

#### c. Gain Contingencies

None

#### d. All Other Contingencies

None

### 15. Leases

#### a. b. and c. Disclosures Related to Lessee Leasing Arrangements

None

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

#### a. Financial Instruments With Off-Balance Sheet Risk

None

#### b. Financial Instruments with Concentrations of Credit Risk

None

## NOTES TO FINANCIAL STATEMENTS

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

a. Transfer of Receivables Reported as Sales

Not Applicable

b. Transfer and Servicing of Financial Assets

Not Applicable

c. Wash Sales

The Company historically has not acquired securities with an NAIC designation of 3 or below. Nor has the Company sold and reacquired a security within a 30 day period of its original sale.

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

a. Administrative Services Only (ASO) Plans

Not Applicable

b. Administrative Services Contract (ASC) Plans

Not Applicable

c. Medicare or Similarly Structured Cost Based Reimbursement Contracts.

Not Applicable

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

a. b. c. d. e. and f. None

20. Other Items

a. Extraordinary Items

None

b. Troubled Debt Restructuring Debtors

None

c. Other Disclosures

None

d. Balances Uncollectible for Assets

None

21. Events Subsequent

a. There are no events occurring subsequent to December 31, 2002 through the date of this filing meriting disclosure.

22. Reinsurance

a. Unsecured Reinsurance Recoverables

None

b. Reinsurance Recoverables in Dispute

None

c. Reinsurance Assumed and Ceded

The following table summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2002:

	Assumed Premium Reserve	Reinsurance Commission Equity	Ceded Premium Reserve	Reinsurance Commission Equity	Net Premium Reserve	Reinsurance Commission Equity
a. Affiliates	1,952,726	195,272	0	0	1,952,726	195,272
b. All Other	0	0	0	0	0	0
c. Totals	1,952,726	195,272	0	0	1,952,726	195,272

d. Uncollectible Reinsurance

None

e. Commutation of Ceded Reinsurance

None

f. Retroactive Reinsurance

None

## NOTES TO FINANCIAL STATEMENTS

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

a. Methods Used to Estimate

None

b. Amount and Percent of Net Retrospective Premiums

None

c. Calculation of Nonadmitted Accrued Retrospective Premiums

None

24. Changes in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years decreased by \$5,836,000 during 2002. The decrease is due to favorable development of case reserves and IBNR on the Other Liability-claims made basis line of business.

25. Intercompany Pooling Arrangements

Not Applicable

26. Structured Settlements

a. Reserves Released Due to Purchase of Annuities

Not Applicable

b. Annuity Insurers with Balances Due Greater than 1% of Policyholders' Surplus

Not Applicable

27. High Deductibles

Not Applicable

28. Discounting of Liabilities for Unpaid Losses and Loss Adjustment Expenses

a. Tabular Discounts

Not Applicable

b. Non-Tabular Discounts

Not Applicable

c. Changes in Discount Assumptions

Not Applicable

29. Asbestos/ Environmental Reserves

Not Applicable

30. Subscriber Savings Accounts

Not Applicable

31. Financial Guaranty Insurance Exposures

Not Applicable

## SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
<b>1. Bonds:</b>				
1.1 U.S. Treasury securities .....	1,730,284	2.675	1,730,284	2.675
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....	0	0.000	0	0.000
1.22 Issued by U.S. government sponsored agencies .....	0	0.000	0	0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....	1,711,507	2.646	1,711,507	2.646
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....	0	0.000	0	0.000
1.43 Revenue and assessment obligations .....	7,423,615	11.479	7,423,615	11.479
1.44 Industrial development and similar obligations .....	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA .....	6,334,586	9.795	6,334,586	9.795
1.512 Issued by FNMA and FHLMC .....	6,205,561	9.595	6,205,561	9.595
1.513 Privately issued .....	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....	0	0.000	0	0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....	19,405,398	30.006	19,405,398	30.006
1.523 All other privately issued .....	0	0.000	0	0.000
<b>2. Other debt and other fixed income securities (excluding short-term):</b>				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....	14,665,361	22.677	14,665,361	22.677
2.2 Unaffiliated foreign securities .....	0	0.000	0	0.000
2.3 Affiliated securities .....	0	0.000	0	0.000
<b>3. Equity interests:</b>				
3.1 Investments in mutual funds .....	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated .....	0	0.000	0	0.000
3.22 Unaffiliated .....	0	0.000	0	0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....	0	0.000	0	0.000
3.32 Unaffiliated .....	0	0.000	0	0.000
3.4 Other equity securities:				
3.41 Affiliated .....	0	0.000	0	0.000
3.42 Unaffiliated .....	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....	0	0.000	0	0.000
3.52 Unaffiliated .....	0	0.000	0	0.000
<b>4. Mortgage loans:</b>				
4.1 Construction and land development .....	0	0.000	0	0.000
4.2 Agricultural .....	0	0.000	0	0.000
4.3 Single family residential properties .....	0	0.000	0	0.000
4.4 Multifamily residential properties .....	0	0.000	0	0.000
4.5 Commercial loans .....	0	0.000	0	0.000
<b>5. Real estate investments:</b>				
5.1 Property occupied by the company .....	0	0.000	0	0.000
5.2 Property held for the production of income (includes \$ .....0 of property acquired in satisfaction of debt) .....	0	0.000	0	0.000
5.3 Property held for sale (\$ .....0 including property acquired in satisfaction of debt) .....	0	0.000	0	0.000
6. Policy loans .....	0	0.000	0	0.000
7. Receivables for securities .....	0	0.000	0	0.000
8. Cash and short-term investments .....	7,195,708	11.126	7,195,708	11.126
9. Other invested assets .....	0	0.000	0	0.000
<b>10. Total invested assets</b>	<b>64,672,020</b>	<b>100.000</b>	<b>64,672,020</b>	<b>100.000</b>

# 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 [  ]
- 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 [  ] NA [  ]
- 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 [  ]
- 2.2 If yes, date of change: .....  
 If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. ....12/31/1998
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....12/31/1998
- 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). ....08/09/2000
- 3.4 By what department or departments? Ohio .....
- 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 [  ]
- 4.12 renewals? ..... Yes [  ] No [  ]
- 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 [  ]
- 4.22 renewals? ..... Yes [  ] No [  ]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [  ] No [  ]
- 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 [  ]
- 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 [  ]
- 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 or 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  
 Sears Tower, 233 S. Wacker Dr., Chicago, IL 60606-6301.....
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?  
 John Pierce, Consulting Actuary  
 1420 Renaissance Dr., Suite 104, Park Ridge, IL 60068.....
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?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? ..... Yes [ ] No [ ]
- 10.3 Have there been any changes made to any of the trust indentures during the year? ..... Yes [ ] No [ ]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? ..... Yes [ ] No [ ] NA [ ]

### BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? ..... Yes [ X ] No [ ]
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? ..... Yes [ X ] No [ ]
13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or 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 ..                 | \$ ..... | 0 |  |
|  | 14.12 To stockholders not officers ...                  | \$ ..... | 0 |  |
|  | 14.13 Trustees, supreme or grand (Fraternal only) ..... | \$ ..... | 0 |  |
- 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 ...                | \$ ..... | 0 |  |
|  | 14.22 To stockholders not officers ...                  | \$ ..... | 0 |  |
|  | 14.23 Trustees, supreme or grand (Fraternal only) ..... | \$ ..... | 0 |  |
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? ..... Yes [ ] No [ X ]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- |  |                                  |          |   |  |
|--|----------------------------------|----------|---|--|
|  | 15.21 Rented from others .....   | \$ ..... | 0 |  |
|  | 15.22 Borrowed from others ..... | \$ ..... | 0 |  |
|  | 15.23 Leased from others .....   | \$ ..... | 0 |  |
|  | 15.24 Other .....                | \$ ..... | 0 |  |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 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:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	.0	.0	.000	.0	[ ]	[ ]	[ ]	[ ]
Common	1,000	490	1,500.000	XXX	XXX	XXX	XXX	XXX

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 [ X ] No [ ]

18.2 If no, give full and complete information relating thereto:

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 the 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 other securities restricted as to sale	\$	.....
19.29	Other	\$	.....

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

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

For categories (19.21) and (19.23) above, and for any other 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 [ ] NA [ X ]  
If no, attach a description with this statement.

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

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

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

22.01 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
The Northern Trust Company.....	50 South LaSalle Street, Chicago, IL 60675.....

## 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 [  ]

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 advisors, 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
109875.....	Asset Allocation Management.....	30 North LaSalle Street, Chicago, IL 60602.....
106595.....	Wellington Management.....	75 State Street, Boston, MA 02109.....

### OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....0

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?..... \$.....108,968

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

1 Name	2 Amount Paid
Kerns, Pitroff, Frost & Pearlman.....	\$.....95,756

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....0

25.2 List the name of the 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 departments of government during the period covered by this statement.

1 Name	2 Amount Paid

## GENERAL INTERROGATORIES

(continued)

### PART 2 - PROPERTY & CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? ..... Yes [ ] No [ X ]
- 1.2 If yes, indicate premium earned on U. S. business only ..... \$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? ..... \$ .....
- 1.31 Reason for excluding .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. .... \$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. .... \$ .....
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned ..... \$ .....0
- 1.62 Total incurred claims ..... \$ .....0
- 1.63 Number of covered lives ..... \$ .....0
- All years prior to most current three years:
- 1.64 Total premium earned ..... \$ .....0
- 1.65 Total incurred claims ..... \$ .....0
- 1.66 Number of covered lives ..... \$ .....0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned ..... \$ .....0
- 1.72 Total incurred claims ..... \$ .....0
- 1.73 Number of covered lives ..... \$ .....0
- All years prior to most current three years:
- 1.74 Total premium earned ..... \$ .....0
- 1.75 Total incurred claims ..... \$ .....0
- 1.76 Number of covered lives ..... \$ .....0
- 2.1 Does the reporting entity issue both participating and non-participating policies? ..... Yes [ ] No [ X ]
- 2.2 If yes, state the amount of calendar year net premiums written on:
- 2.21 Participating policies ..... \$ .....
- 2.22 Non-participating policies ..... \$ .....
3. For Mutual Reporting Entities and Reciprocal Exchanges Only:
- 3.1 Does the reporting entity issue assessable policies? ..... Yes [ ] No [ X ]
- 3.2 Does the reporting entity issue non-assessable policies? ..... Yes [ ] No [ X ]
- 3.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders? ..... %
- 3.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums? ..... \$ .....
4. For Reciprocal Exchanges Only:
- 4.1 Does the Exchange appoint local agents? ..... Yes [ ] No [ X ]
- 4.2 If yes, is the commission paid:
- 4.21 Out of Attorney's-in-fact compensation ..... Yes [ ] No [ ] NA [ X ]
- 4.22 As a direct expense of the Exchange ..... Yes [ ] No [ ] NA [ X ]
- 4.3 What expenses of the Exchange are not paid out of the compensation of the Attorney-in-fact? .....
- 4.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? ..... Yes [ ] No [ ]
- 4.5 If yes, give full information .....
- 5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? .....
- No workers' compensation issued in 2002. ....
- 5.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process. ....
- N/A. ....
- 5.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss? .....
- N/A. ....
- 5.4 Does the reporting entity carry catastrophe reinsurance protection, with provision for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? ..... Yes [ ] No [ X ]
- 5.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss. ....
- N/A. ....
- 6.1 Has this reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss ratio cap, an aggregate limit or any similar provision)? ..... Yes [ ] No [ X ]
- 6.2 If yes, indicate the number of reinsurance contracts containing such provisions: .....

**GENERAL INTERROGATORIES**  
**PART 2 - PROPERTY & CASUALTY INTERROGATORIES (continued)**

- 7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?..... Yes [ ] No [ X ]
- 7.2 If yes, give full information .....
8. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?..... Yes [X] No [ ] NA [ ]
- 9.1 Has this reporting entity guaranteed policies issued by any other entity and now in force?..... Yes [ ] No [ X ]
- 9.2 If yes, give full information .....
- 10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 10.11 Unpaid losses..... \$ .....
- 10.12 Unpaid underwriting expenses (including loss adjustment expenses)..... \$ .....
- 10.2 Of the amount on Line 10.3 of the assets schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds..... \$ .....
- 10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? ..... Yes [ ] No [ ] NA [X]
- 10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 10.41 From..... %
- 10.42 To..... %
- 10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by the reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?..... Yes [ ] No [ X ]
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$ .....
- 10.62 Collateral and other funds..... \$ .....
- 11.1 What amount of installment notes is owned and now held by the reporting entity?..... \$ .....
- 11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year?..... Yes [ ] No [ X ]
- 11.3 If yes, what amount?..... \$ .....
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): ..... \$ ..... 1,900,000
- 12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? ..... Yes [ ] No [ X ]
- 12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount. .... 1
- 13.1 Has this reporting entity guaranteed any financed premium accounts?..... Yes [ ] No [ X ]
- 13.2 If yes, give full information .....
- 14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? ..... Yes [ ] No [ X ]
- 14.11 Name of real estate holding company .....
- 14.12 Number of parcels involved .....
- 14.13 Total book/adjusted carrying value ..... \$ .....
- 14.2 If yes, provide explanation:
- 15.1 Does the reporting entity write any warranty business? ..... Yes [ ] No [ X ]
- If yes, disclose the following information for each of the following types of warranty coverage:

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

\* Disclose type of coverage:

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**FIVE-YEAR HISTORICAL DATA**

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

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>Gross Premiums Written</b> (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	13,383,219	5,959,487	7,296,836	5,438,864	4,378,489
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
3. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
4. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	13,383,219	5,959,487	7,296,836	5,438,864	4,378,489
<b>Net Premiums Written</b> (Page 8, Part 1B, Col. 6)					
7. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	13,383,219	5,959,487	7,296,836	5,438,864	4,378,489
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	0	0	0	0	0
9. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27)	0	0	0	0	0
10. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	0	0	0	0	0
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	13,383,219	5,959,487	7,296,836	5,438,864	4,378,489
<b>Statement of Income</b> (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	1,315,227	(5,056,953)	(163,071)	1,799,617	(8,752,376)
14. Net Investment Gain (Loss) (Line 11)	4,192,368	4,322,726	2,483,618	4,886,503	4,036,438
15. Total Other Income (Line 15)	31,797	0	10	0	0
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	1,858,353	(60,319)	725,233	1,690,000	(1,184,656)
18. Net Income (Line 20)	3,681,039	(673,908)	1,595,324	4,996,120	(3,531,282)
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	66,967,491	63,949,528	60,862,235	57,681,739	63,727,186
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	1,300,000	2,900	29,754	0	12,500
20.2 Deferred and not yet due (Line 10.2)	0	0	0	0	0
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	26,365,722	27,699,170	23,507,327	23,336,204	30,789,683
22. Losses (Page 3, Lines 1 and 2)	21,236,436	21,955,227	20,419,167	18,672,828	23,529,032
23. Loss Adjustment Expenses (Page 3, Line 3)	1,599,200	2,607,000	2,433,508	1,975,000	2,778,000
24. Unearned premiums (Page 3, Line 9)	1,952,726	391,690	150,860	75,092	60,629
25. Capital Paid Up (Page 3, Lines 28 & 29)	735,609	704,784	704,784	704,784	704,784
26. Surplus as Regards Policyholders (Page 3, Line 35)	40,601,768	36,250,358	37,354,908	34,345,534	32,937,502
<b>Risk-Based Capital Analysis</b>					
27. Total Adjusted Capital	40,601,768	36,250,358	37,354,908	34,345,534	32,937,502
28. Authorized Control Level Risk-Based Capital	3,433,827	3,977,705	3,547,606	3,346,500	5,024,453
<b>Percentage Distribution of Cash and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	88.9	79.3	77.9	82.3	69.2
30. Stocks (Lines 2.1 & 2.2)	0.0	11.9	12.9	13.1	29.4
31. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
32. Real Estate (Lines 4.1, 4.2 & 4.3)	0.0	0.0	0.0	0.0	0.0
33. Cash and Short-Term Investments (Line 5)	11.1	8.7	9.3	4.5	1.4
34. Other Invested Assets (Line 6)	0.0	0.0	0.0	0.0	0.0
35. Receivable for Securities (Line 7)	0.0	0.0	0.0	0.0	0.0
36. Aggregate Write-Ins for Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
37. Cash and Invested Assets (Line 9)	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
38. Affiliated Bonds (Schedule D, Summary, Line 25, Col. 1)	0	0	0	0	0
39. Affiliated Preferred Stocks (Schedule D, Summary, Line 39, Col. 1)	0	0	0	0	0
40. Affiliated Common Stocks (Schedule D, Summary, Line 53, Col. 2)	0	0	0	0	0
41. Affiliated Short-Term Investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
42. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
43. All Other Affiliated	0	0	0	0	0
44. Total of above Lines 38 to 43	0	0	0	0	0
45. Percentage of Investments in Parent, Subsidiaries and Affiliates to Surplus as Regards Policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0	0.0	0.0	0.0	0.0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**FIVE-YEAR HISTORICAL DATA**

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>Capital and Surplus Accounts (Page 4)</b>					
46. Net Unrealized Capital Gains (Losses) (Line 23) .....	(208,170)	(342,362)	1,883,902	(3,118,237)	236,170
47. Dividends to Stockholders (Line 34) .....	(481,250)	(469,850)	(469,850)	(469,850)	(515,218)
48. Change in surplus as regards policyholders for the year (Line 37) .....	4,351,411	(1,104,550)	3,009,376	1,408,033	(3,703,830)
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
49. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	5,072,786	4,355,959	976,315	4,387,541	2,049,608
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
51. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
52. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	0	0	0	0	0
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32) .....	0	0	0	0	0
54. Total (Line 34) .....	5,072,786	4,355,959	976,315	4,387,541	2,049,608
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
55. Liability Lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4) .....	5,072,786	4,355,959	976,315	4,387,541	2,049,608
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26) .....	0	0	0	0	0
57. Property and Liability Combined Lines (Lines 3, 4, 5, 8, 22 & 27) .....	0	0	0	0	0
58. All Other Lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33) .....	0	0	0	0	0
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32) .....	0	0	0	0	0
60. Total (Line 34) .....	5,072,786	4,355,959	976,315	4,387,541	2,049,608
<b>Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0</b>					
61. Premiums Earned (Line 1) .....	100.0	100.0	100.0	100.0	100.0
62. Losses Incurred (Line 2) .....	36.8	103.0	37.7	(8.6)	177.0
63. Loss Expenses Incurred (Line 3) .....	0.9	6.9	16.4	20.2	41.1
64. Other Underwriting Expenses Incurred (Line 4) .....	51.1	78.5	48.2	55.3	83.0
65. Net Underwriting gain (loss) (Line 8) .....	11.1	(88.4)	(2.3)	33.2	(201.1)
<b>Other Percentages</b>					
66. Other Underwriting Expenses to Net Premiums Written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0) .....	44.9	75.3	47.7	55.1	82.5
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0) .....	37.7	109.9	54.1	11.6	218.1
68. Net Premiums Written to Policyholders' Surplus (Page 8, Part 1B, Col. 6, Line 34 divided by Page 3, Line 35, Col. 1 x 100.0) .....	33.0	16.4	19.5	15.8	13.3
<b>One Year Loss Development (000 omitted)</b>					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11) .....	(4,492)	(1,007)	(2,544)	(4,134)	2,740
70. Percent of Development of Loss and Loss Expenses Incurred to Policyholders' Surplus of Previous Year End (Line 69 above divided by Page 4, Line 21, Col. 1 x 100.0) .....	(12.4)	(2.7)	(7.4)	(12.6)	7.5
<b>Two Year Loss Development (000 omitted)</b>					
71. Development in Estimated Losses and Loss Expenses Incurred 2 years before the current year and prior year (Schedule P, Part 2 - Summary, Line 12, Col. 12) .....	(5,523)	(6,341)	(5,984)	(1,726)	2,035
72. Percent of Development of Loss and Loss Expenses Incurred to Reported Policyholders' Surplus of Second Previous Year End (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0) .....	(14.8)	(18.5)	(18.2)	(4.7)	5.7

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**SCHEDULE D - SUMMARY BY COUNTRY**

**Long-Term Bonds and Stocks OWNED December 31 of Current Year**

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States ..... 8,064,873 2. Canada ..... 0 3. Other Countries ..... 0 4. Totals ..... 8,064,873	8,470,062 0 0 8,470,062	8,032,648 0 0 8,032,648	7,817,655 0 0 7,817,655
States, Territories and Possessions (Direct and guaranteed)	5. United States ..... 1,711,506 6. Canada ..... 0 7. Other Countries ..... 0 8. Totals ..... 1,711,506	1,882,501 0 0 1,882,501	1,717,656 0 0 1,717,656	1,650,000 0 0 1,650,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States ..... 0 10. Canada ..... 0 11. Other Countries ..... 0 12. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States ..... 20,423,595 14. Canada ..... 0 15. Other Countries ..... 0 16. Totals ..... 20,423,595	21,541,681 0 0 21,541,681	20,469,919 0 0 20,469,919	20,136,557 0 0 20,136,557
Public Utilities (unaffiliated)	17. United States ..... 2,018,589 18. Canada ..... 0 19. Other Countries ..... 0 20. Totals ..... 2,018,589	2,106,672 0 0 2,106,672	2,027,081 0 0 2,027,081	1,990,000 0 0 1,990,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States ..... 25,257,750 22. Canada ..... 0 23. Other Countries ..... 0 24. Totals ..... 25,257,750	26,951,903 0 0 26,951,903	25,303,846 0 0 25,303,846	24,985,244 0 0 24,985,244
Parent, Subsidiaries and Affiliates	25. Totals ..... 0 26. <b>Total Bonds</b> ..... 57,476,313	0 60,952,819	0 57,551,150	0 56,579,456
<b>PREFERRED STOCKS</b>				
Public Utilities (unaffiliated)	27. United States ..... 0 28. Canada ..... 0 29. Other Countries ..... 0 30. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States ..... 0 32. Canada ..... 0 33. Other Countries ..... 0 34. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States ..... 0 36. Canada ..... 0 37. Other Countries ..... 0 38. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals ..... 0 40. <b>Total Preferred Stocks</b> ..... 0	0 0	0 0	0 0
<b>COMMON STOCKS</b>				
Public Utilities (unaffiliated)	41. United States ..... 0 42. Canada ..... 0 43. Other Countries ..... 0 44. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States ..... 0 46. Canada ..... 0 47. Other Countries ..... 0 48. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States ..... 0 50. Canada ..... 0 51. Other Countries ..... 0 52. Totals ..... 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals ..... 0 54. <b>Total Common Stocks</b> ..... 0 55. <b>Total Stocks</b> ..... 0 56. <b>Total Bonds and Stocks</b> ..... 57,476,313	0 0 0 60,952,819	0 0 0 57,551,150	0 0 0 56,579,456

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ .....0 .

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year ..... 56,525,259	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 ..... 30,098,354	6.1 Column 17, Part 1 ..... 0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 ..... 0
3.1 Column 16, Part 1 ..... (54,475)	6.3 Column 11, Part 2, Sec. 2 ..... 0
3.2 Column 12, Part 2, Sec. 1 ..... 0	6.4 Column 11, Part 4 ..... 0
3.3 Column 10, Part 2, Sec. 2 ..... 0	7. Book/adjusted carrying value at end of current period ..... 57,476,313
3.4 Column 10, Part 4 ..... (422,193) ..... (476,668)	8. Total valuation allowance ..... 0
4. Total gain (loss), Col. 14, Part 4 ..... 1,023,989	9. Subtotal (Lines 7 plus 8) ..... 57,476,313
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 ..... 29,694,621	10. Total nonadmitted amounts ..... 0
	11. Statement value of bonds and stocks, current period ..... 57,476,313

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES  
SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported - Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior	XXX	XXX	XXX	0	0	47	0	40	0	0	87	XXX
2. 1993	5,992	0	5,992	1,282	0	1,063	0	366	0	0	2,711	XXX
3. 1994	6,588	0	6,588	2,262	0	131	0	223	0	0	2,616	XXX
4. 1995	6,387	0	6,387	2,800	0	23	0	466	0	0	3,289	XXX
5. 1996	6,772	0	6,772	1,844	0	208	0	410	0	0	2,462	XXX
6. 1997	5,923	0	5,923	2,385	0	121	0	209	0	0	2,715	XXX
7. 1998	4,353	0	4,353	933	0	203	0	386	0	0	1,522	XXX
8. 1999	5,424	0	5,424	1,293	0	90	0	396	0	0	1,779	XXX
9. 2000	7,221	0	7,221	4,144	0	264	0	476	0	0	4,884	XXX
10. 2001	5,719	0	5,719	999	0	409	0	337	0	0	1,746	XXX
11. 2002	11,822	0	11,822	1,900	0	210	0	1	0	0	2,112	XXX
12. Totals	XXX	XXX	XXX	19,842	0	2,770	0	3,310	0	0	25,922	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding - Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13	14	15	16	17	18	19	20					
	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded	Direct and Assumed	Ceded					
1. ....	90	0	0	0	115	0	0	0	0	0	0	205	XXX
2. ....	0	0	0	0	0	0	0	0	0	0	0	0	XXX
3. ....	580	0	0	0	11	0	0	0	0	0	0	591	XXX
4. ....	185	0	0	0	30	0	0	0	0	0	0	215	XXX
5. ....	995	0	0	0	61	0	0	0	0	0	0	1,056	XXX
6. ....	510	0	0	0	60	0	0	0	0	0	0	570	XXX
7. ....	1,150	0	300	0	85	0	0	0	0	0	0	1,535	XXX
8. ....	1,095	0	300	0	191	0	0	0	36	0	0	1,622	XXX
9. ....	3,799	0	0	0	100	0	0	0	0	0	0	3,899	XXX
10. ....	4,548	0	0	0	338	0	0	0	72	0	0	4,958	XXX
11. ....	1,685	0	6,000	0	283	0	0	0	217	0	0	8,185	XXX
12. Totals	14,636	0	6,600	0	1,273	0	0	0	326	0	0	22,836	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves After Discount					
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid				
												Loss and Loss Expense Percentage (Incurred/Premiums Earned)		Nontabular Discount	
												Loss and Loss Expense Percentage (Incurred/Premiums Earned)		Nontabular Discount	
1. ....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	90	115				
2. ....	2,711	0	2,711	45.2	0.0	45.2	0	0		0	0				
3. ....	3,207	0	3,207	48.7	0.0	48.7	0	0		580	11				
4. ....	3,504	0	3,504	54.9	0.0	54.9	0	0		185	30				
5. ....	3,518	0	3,518	51.9	0.0	51.9	0	0		995	61				
6. ....	3,285	0	3,285	55.5	0.0	55.5	0	0		510	60				
7. ....	3,057	0	3,057	70.2	0.0	70.2	0	0		1,450	85				
8. ....	3,401	0	3,401	62.7	0.0	62.7	0	0		1,395	227				
9. ....	8,782	0	8,782	121.6	0.0	121.6	0	0		3,799	100				
10. ....	6,704	0	6,704	117.2	0.0	117.2	0	0		4,548	410				
11. ....	10,297	0	10,297	87.1	0.0	87.1	0	0		7,685	500				
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	21,236	1,599				

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

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE Plans' Liability Insurance Company**

**SCHEDULE P - PART 2 - SUMMARY**

Years in Which Losses Were Incurred	INCURRED NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	4,160	4,195	4,712	4,801	4,570	4,542	3,819	3,602	3,682	3,784	102	182
2. 1993	3,375	3,682	2,793	3,064	2,668	3,540	2,877	2,531	2,530	2,345	(185)	(186)
3. 1994	XXX	2,198	3,256	3,457	4,052	4,101	3,207	3,110	3,088	2,984	(104)	(126)
4. 1995	XXX	XXX	3,501	4,930	4,272	4,362	3,936	3,762	3,115	3,038	(77)	(724)
5. 1996	XXX	XXX	XXX	3,613	4,851	5,329	4,233	4,205	3,800	3,108	(692)	(1,097)
6. 1997	XXX	XXX	XXX	XXX	5,210	6,489	5,825	5,608	3,535	3,076	(459)	(2,532)
7. 1998	XXX	XXX	XXX	XXX	XXX	6,096	6,428	5,657	4,796	2,671	(2,125)	(2,986)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	4,610	3,916	4,048	2,969	(1,079)	(947)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	5,414	8,204	8,306	102	2,892
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,269	6,294	25	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,078	XXX	XXX
											12. Totals	
											(4,492)	
											(5,523)	

**SCHEDULE P - PART 3 - SUMMARY**

Years in Which Losses Were Incurred	CUMULATIVE PAID NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	000	1,044	1,307	2,707	2,709	2,907	3,403	3,434	3,532	3,579	XXX	XXX
2. 1993	73	353	641	920	1,153	2,012	2,337	2,340	2,340	2,345	XXX	XXX
3. 1994	XXX	23	38	1,111	2,311	2,386	2,396	2,399	2,387	2,393	XXX	XXX
4. 1995	XXX	XXX	1	458	523	688	2,883	3,145	2,800	2,823	XXX	XXX
5. 1996	XXX	XXX	XXX	3	105	1,198	1,563	2,029	2,030	2,052	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	0	159	1,922	1,936	2,485	2,506	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	1	483	683	880	1,136	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	0	73	902	1,383	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	13	2,556	4,408	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	193	1,408	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,110	XXX	XXX

**SCHEDULE P - PART 4 - SUMMARY**

Years in Which Losses Were Incurred	BULK AND IBNR RESERVES ON NET LOSSES AND DEFENSE AND COST CONTAINMENT EXPENSES REPORTED AT YEAR END (\$000 OMITTED)										
	1	2	3	4	5	6	7	8	9	10	
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
1. Prior	490	526	689	839	804	804	250	100	100	100	0
2. 1993	117	129	389	494	494	454	100	100	100	100	0
3. 1994	XXX	200	265	306	300	300	100	100	100	100	0
4. 1995	XXX	XXX	2,200	1,820	1,685	1,565	100	0	0	0	0
5. 1996	XXX	XXX	XXX	2,100	2,130	2,040	1,050	950	575	575	0
6. 1997	XXX	XXX	XXX	XXX	2,700	1,485	600	520	375	375	0
7. 1998	XXX	XXX	XXX	XXX	XXX	3,500	2,790	2,410	1,670	1,670	300
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	2,600	975	675	675	300
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,800	800	800	0
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,300	2,300	0
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,000

**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges Not Included in Premiums	9 Direct Premium Written for Federal Purchasing Groups (Included in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
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. District of Columbia DC									
10. Florida FL									
11. Georgia GA									
12. Hawaii HI									
13. Idaho ID									
14. Illinois IL									
15. Indiana IN									
16. Iowa IA									
17. Kansas KS									
18. Kentucky KY									
19. Louisiana LA									
20. Maine ME									
21. Maryland MD									
22. Massachusetts MA									
23. Michigan MI									
24. Minnesota MN									
25. Mississippi MS									
26. Missouri MO									
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									
37. Oklahoma OK									
38. Oregon OR									
39. Pennsylvania PA									
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									
51. Wyoming WY									
52. American Samoa AS									
53. Guam GU									
54. Puerto Rico PR									
55. U.S. Virgin Islands VI									
56. Canada CN									
57. Aggregate Other Aliens OT	XXX								
58. Totals	(a)								
<b>DETAILS OF WRITE-INS</b>									
5701. ....	XXX								
5702. ....	XXX								
5703. ....	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX								
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX								

**NONE**

(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**

