



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
OHIC INSURANCE COMPANY

NAIC Group Code 1210 (Current Period) 1210 (Prior Period) NAIC Company Code 35602 Employer's ID Number 31-0926059
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 02/09/1978 Commenced Business 03/01/1978
Statutory Home Office 155 E. Broad Street, Columbus, OH 43215
Main Administrative Office 155 E. Broad Street, Columbus, OH 43215
Mail Address 155 E. Broad Street, Columbus, OH 43215
Primary Location of Books and Records 155 E. Broad Street, Columbus, OH 43215
Internet Website Address WWW.OHIC.COM
Statement Contact Stephen Paul MacDonough, macdonoughsp@ohic.com
Policymaker Relations Contact 155 E. Broad Street, Columbus, OH 43215

OFFICERS

President RAYMOND RICHARD MAZZOTTA Secretary DANIEL FRANCIS CANNIFF
Treasurer DANIEL FRANCIS CANNIFF

VICE PRESIDENTS

MARK EDWARD ANDERSON DARRELL BLAIR RANUM NANCY LIBKE #
STEVEN BRIAN TUOVER JAMES MICHAEL BALDYGA

DIRECTORS OR TRUSTEES

DANIEL FRANCIS CANNIFF GERALD JOSEPH CASSIDY JAMES RONALD CASTLE
BARBARA HARBOR EVERT # GERALD GOLD # JERRY LEE HARRIS
MURRAY SHERWOOD MARSH RAYMOND RICHARD MAZZOTTA ANDREW H PATTERSON #
JOHN RICHARD SCHWARZELL

State of OHIO
County of FRANKLIN 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.

RAYMOND RICHARD MAZZOTTA President DANIEL FRANCIS CANNIFF Secretary STEVEN BRIAN TUOVER, V-P Finance Treasurer

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIC 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	181,403,056		181,403,056	213,239,427
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	1,830,675		1,830,675	0
2.2 Common stocks (Schedule D, Part 2, Section 2)	12,273,974		12,273,974	8,845,902
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$2,789,756 Schedule E, Part 1) and short-term investments(\$2,780,338 Schedule DA, Part 2)	5,570,094		5,570,094	23,478,826
6. Other invested assets (Schedule BA)	0		0	0
7. Receivable for securities			0	0
8. Aggregate write-ins for invested assets	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	201,077,799	0	201,077,799	245,564,155
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection	13,610,394	576,891	13,033,503	4,598,553
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (Including \$ earned but unbilled premiums)	36,556,815		36,556,815	24,434,648
10.3 Accrued retrospective premiums			0	0
11. Funds held by or deposited with reinsured companies			0	0
12. Bills receivable, taken for premiums			0	0
13. Amounts receivable under high deductible policies			0	0
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	12,940,511		12,940,511	9,077,749
15. Federal and foreign income tax recoverable and interest thereon (including \$4,377,692 net deferred tax asset)	4,377,692		4,377,692	4,377,692
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	1,172,008	979,218	192,790	183,410
18. Interest, dividends and real estate income due and accrued	1,833,036		1,833,036	2,527,818
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Receivable from parent, subsidiaries and affiliates			0	0
21. Amount due from/to protected cells			0	0
22. Equities and deposits in pools and associations			0	0
23. Amounts receivable relating to uninsured accident and health plans			0	0
24. Other assets nonadmitted (Exhibit 1)			0	0
25. Aggregate write-ins for other than invested assets	831,693	338,693	493,000	456,420
26. Total assets excluding protected cell assets (Lines 9 through 25)	272,399,948	1,894,802	270,505,146	291,220,445
27. Protected cell assets			0	
28. TOTALS (Lines 26 and 27)	272,399,948	1,894,802	270,505,146	291,220,445
DETAILS OF WRITE-INS				
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. Miscellaneous Assets	831,693	338,693	493,000	456,420
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)	831,693	338,693	493,000	456,420

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIC Insurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8)	126,340,178	134,116,258
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)	30,190,729	27,907,549
4. Commissions payable, contingent commissions and other similar charges	3,504,855	2,938,741
5. Other expenses (excluding taxes, licenses and fees)	479,684	1,276,644
6. Taxes, licenses and fees (excluding federal and foreign income taxes)	1,720,014	855,198
7. Federal and foreign income taxes (including \$ 488,755 on realized capital gains (losses)) (including \$ net deferred tax liability)	616,755	616,755
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 \$ 31,035,415 and including warranty reserves of \$)	31,721,017	21,237,127
10. Advance premiums		
11. Dividends declared and unpaid:		
11.1 Stockholders		0
11.2 Policyholders		0
12. Ceded reinsurance premiums payable (net of ceding commissions)	15,010,625	19,470,333
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)		0
14. Amounts withheld or retained by company for account of others		0
15. Remittances and items not allocated		0
16. Provision for reinsurance (Schedule F, Part 7)	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates		0
18. Drafts outstanding		0
19. Payable to parent, subsidiaries and affiliates		0
20. Payable for securities		17,743,183
21. Liability for amounts held under uninsured accident and health plans		0
22. Capital Notes \$ and interest thereon \$		0
23. Aggregate write-ins for liabilities	0	(801,333)
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23)	209,583,857	225,360,455
25. Protected cell liabilities		
26. Total liabilities (Lines 24 and 25)	209,583,857	225,360,455
27. Aggregate write-ins for special surplus funds	0	0
28. Common capital stock	3,591,990	3,591,990
29. Preferred capital stock		0
30. Aggregate write-ins for other than special surplus funds	0	0
31. Surplus notes	33,000,000	33,000,000
32. Gross paid in and contributed surplus		0
33. Unassigned funds (surplus)	24,329,300	29,268,000
34. Less treasury stock, at cost:		
34.1 shares common (value included in Line 28 \$)		0
34.2 shares preferred (value included in Line 29 \$)		0
35. Surplus as regards policyholders (Lines 27 to 33, less 34) (Page 4, Line 38)	60,921,290	65,859,990
36. TOTALS (Page 2, Line 28, Col. 3)	270,505,147	291,220,445
DETAILS OF WRITE-INS		
2301. RETROACTIVE REINSURANCE RECOVERABLE		(801,333)
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	(801,333)
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 OHIC Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4)	59,562,559	49,141,908
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7)	38,295,575	34,494,220
3. Loss expenses incurred (Part 3, Line 25, Column 1)	22,178,717	14,009,095
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2)	10,014,844	10,442,721
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	70,489,136	58,946,036
7. Net income of protected cells		
8. Net underwriting gain or (loss) (Line 1 minus Line 6 plus Line 7)	(10,926,577)	(9,804,128)
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17)	9,527,833	10,368,483
10. Net realized capital gains or (losses) (Exhibit of Capital Gains (Losses))	68,744	664,982
11. Net investment gain or (loss) (Lines 9 + 10)	9,596,577	11,033,465
OTHER INCOME		
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$ 14,824 amount charged off \$ 218,949)	(204,125)	(175,078)
13. Finance and service charges not included in premiums		0
14. Aggregate write-ins for miscellaneous income	0	894,302
15. Total other income (Lines 12 through 14)	(204,125)	719,224
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	(1,534,125)	1,948,561
17. Dividends to policyholders		0
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	(1,534,125)	1,948,561
19. Federal and foreign income taxes incurred		(1,000,314)
20. Net income (Line 18 minus Line 19) (to Line 22)	(1,534,125)	2,948,875
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	65,859,991	38,919,450
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20)	(1,534,125)	2,948,875
23. Net unrealized capital gains or (losses)	(2,577,693)	351,082
24. Change in net unrealized foreign exchange capital gain (loss)		0
25. Change in net deferred income tax		3,888,937
26. Change in nonadmitted assets (Exhibit 1, Line 5, Col. 3)	(826,883)	555,776
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	0	0
28. Change in surplus notes		20,000,000
29. Surplus (contributed to) withdrawn from protected cells		
30. Cumulative effect of changes in accounting principles		(804,129)
31. Capital changes:		
31.1. Paid in		0
31.2. Transferred from surplus (Stock Dividend)		0
31.3. Transferred to surplus		0
32. Surplus adjustments:		
32.1. Paid in		0
32.2. Transferred to capital (Stock Dividend)		0
32.3. Transferred from capital		0
33. Net remittances from or (to) Home Office		0
34. Dividends to stockholders (cash)		0
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)	(4,938,701)	26,940,541
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	60,921,290	65,859,991
DETAILS OF WRITE-INS		
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. Miscellaneous Income.....		103,995
1402. Disposal Of Ledger Assets.....		(11,026)
1403. Retroactive Reinsurance Gain.....		801,333
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)	0	894,302
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 OHIC Insurance Company

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	45,146,053	68,658,714
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	69,829,953	51,541,519
3. Underwriting expenses paid	9,380,874	6,742,679
4. Other underwriting income (expenses)	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(34,064,774)	10,374,516
6. Net investment income	10,038,097	10,249,389
7. Other income (expenses):		
7.1 Agents' balances charged off	(204,125)	(175,078)
7.2 Net funds held under reinsurance treaties	0	0
7.3 Net amount withheld or retained for account of others	0	(2,215,944)
7.4 Aggregate write-ins for miscellaneous items	(323,206)	894,302
7.5 Total other income (Lines 7.1 to 7.4)	(527,331)	(1,496,720)
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	0	1,000,314
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(24,554,008)	20,127,499
Cash from Investments		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	344,175,443	107,118,430
11.2 Stocks	17,741,440	9,486,843
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)	361,916,883	116,605,273
12. Cost of investments acquired (long-term only):		
12.1 Bonds	311,279,444	155,982,746
12.2 Stocks	26,203,020	9,037,455
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Miscellaneous applications	17,743,183	(17,743,183)
12.7 Total investments acquired (Lines 12.1 to 12.6)	355,225,647	147,277,018
13. Net Cash from investments (Line 11.8 minus Line 12.7)	6,691,236	(30,671,745)
Cash from Financing and Miscellaneous Sources		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in	0	20,000,000
14.2 Capital notes \$ less amounts repaid \$	0	0
14.3 Net transfers from affiliates	0	0
14.4 Borrowed funds received	0	0
14.5 Other cash provided	0	159,852
14.6 Total (Lines 14.1 to 14.5)	0	20,159,852
15. Cash applied:		
15.1 Dividends to stockholders paid	0	0
15.2 Net transfers to affiliates	0	1,455
15.3 Borrowed funds repaid	0	0
15.4 Other applications	45,960	0
15.5 Total (Lines 15.1 to 15.4)	45,960	1,455
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	(45,960)	20,158,397
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(17,908,732)	9,614,151
18. Cash and short-term investments:		
18.1 Beginning of year	23,478,827	13,864,676
18.2 End of year (Line 17 plus Line 18.1)	5,570,095	23,478,827
DETAILS OF WRITE-INS		
07.401 Retroactive Reinsurance Receivable.....		801,333
07.402 Miscellaneous Income.....	(323,206)	103,995
07.403 Disposal Of Ledger Assets.....		(11,026)
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)	(323,206)	894,302

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIC 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	162	868	0	1,030
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	32,070,068	5,502,955	14,608,103	22,964,920
11.2	Medical malpractice - claims-made	29,669,061	14,173,778	14,428,694	29,414,145
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	654	0	654
17.1	Other liability - occurrence	4,322,638	896,078	1,485,945	3,732,771
17.2	Other liability - claims-made	3,973,238	633,399	1,198,254	3,408,383
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	8,860	22,412	3	31,269
21.	Auto physical damage	2,230	6,539	0	8,769
22.	Aircraft (all perils)	0	0	0	0
23.	Fidelity	0	0	0	0
24.	Surety	0	0	0	0
26.	Burglary and theft	192	444	18	618
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.	TOTALS	70,046,449	21,237,127	31,721,017	59,562,559
DETAILS OF WRITE-INS					
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:

Line of Business	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
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	14,608,103				14,608,103
11.2 Medical malpractice - claims-made	14,428,694				14,428,694
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	1,485,945				1,485,945
17.2 Other liability - claims-made	1,198,254				1,198,254
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	3				3
21. Auto physical damage					0
22. Aircraft (all perils)					0
23. Fidelity					0
24. Surety					0
26. Burglary and theft	18				18
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	31,721,017	0	0	0	31,721,017
35. Accrued retrospective premiums based on experience					
36. Earned but unbilled premiums					
37. Balance (Sum of Line 34 through 36)					31,721,017
DETAILS OF WRITE-INS					
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 . Monthly Pro Rata.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIC Insurance Company

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	324			107	55	162
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	70,524,764			29,378,021	9,076,675	32,070,068
11.2 Medical malpractice - claims-made	66,401,158			28,941,025	7,791,072	29,669,061
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	9,377,401			3,201,574	1,853,189	4,322,638
17.2 Other liability - claims-made	5,268,598			947,580	347,780	3,973,238
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	19,757			7,199	3,698	8,860
21. Auto physical damage	4,661			1,913	518	2,230
22. Aircraft (all perils)						0
23. Fidelity						0
24. Surety						0
26. Burglary and theft	395			148	55	192
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	151,597,058	0	0	62,477,567	19,073,042	70,046,449
DETAILS OF WRITE-INS						
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 OHIC 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	(1,000)			(1,000)	.0	111,032	(112,032)	(10,876.9)
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	34,759,226		14,176,550	20,582,676	75,122,678	59,482,245	36,223,109	(130.1)
11.2 Medical malpractice - claims-made	52,672,673		29,371,461	23,301,212	45,410,210	68,339,449	371,973	(1.3)
12. Earthquake				.0	.0	.0	.0	.0
13. Group accident and health			.0	.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	23,977			23,977	.0	356,673	(332,696)	(50,870.9)
17.1 Other liability - occurrence	896,483		357,699	538,784	2,519,129	2,084,129	973,784	(26.1)
17.2 Other liability - claims-made	2,288,429		1,062,941	1,225,488	2,416,694	2,763,182	879,000	(53.2)
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	646,828		258,731	388,097	870,500	924,612	333,985	(4,771,214.3)
21. Auto physical damage	22,196		9,775	12,421	967	54,936	(41,548)	(473.8)
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	91,308,812	0	45,237,157	46,071,655	126,340,178	134,116,258	38,295,575	(61.0)
DETAILS OF WRITE-INS								
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

6

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIC 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	93,921,736		37,912,281	56,009,455	77,741,445		58,628,222	75,122,678	18,616,324
11.2 Medical malpractice - claims-made	97,566,801		40,805,746	56,761,055	2,515,155		13,866,000	45,410,210	9,054,720
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				(a) .0	
16. Workers' compensation				.0				.0	
17.1 Other liability - occurrence	4,660,709		2,748,992	1,911,717	3,972,173		3,364,761	2,519,129	869,447
17.2 Other liability - claims-made	2,912,931		985,042	1,927,889	3,195,298		2,706,493	2,416,694	1,580,816
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	1,443,500		573,000	870,500				870,500	.69,204
21. Auto physical damage	1,612		645	967				967	218
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	200,507,289	0	83,025,706	117,481,583	87,424,071	0	78,565,476	126,340,178	30,190,729
DETAILS OF WRITE-INS									
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.

10

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	33,961,239			33,961,239
1.2 Reinsurance assumed				0
1.3 Reinsurance ceded	15,266,798			15,266,798
1.4 Net claim adjustment service (1.1 + 1.2 - 1.3)	18,694,441	0	0	18,694,441
2. Commission and brokerage:				
2.1 Direct excluding contingent		14,375,233		14,375,233
2.2 Reinsurance assumed excluding contingent				0
2.3 Reinsurance ceded excluding contingent		13,827,336		13,827,336
2.4 Contingent-direct		350,000		350,000
2.5 Contingent-reinsurance assumed				0
2.6 Contingent-reinsurance ceded		418,402		418,402
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	479,495	0	479,495
3. Allowances to managers and agents				0
4. Advertising		193,859		193,859
5. Boards, bureaus and associations		47,444		47,444
6. Surveys and underwriting reports		5,068		5,068
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	1,629,223	3,171,802	109,182	4,910,207
8.2 Payroll taxes	122,284	238,063	8,195	368,542
9. Employee relations and welfare	397,682	774,213	26,651	1,198,546
10. Insurance	48,548	94,513	3,253	146,314
11. Directors' fees	25,845	50,315	1,732	77,892
12. Travel and travel items	176,083	342,800	11,800	530,683
13. Rent and rent items	210,768	410,325	14,125	635,218
14. Equipment	86,305	168,019	5,784	260,108
15. Cost or depreciation of EDP equipment and software	85,005	165,488	5,697	256,190
16. Printing and stationery	63,042	122,730	4,225	189,997
17. Postage, telephone and telegraph, exchange and express	85,802	167,041	5,750	258,593
18. Legal and auditing	153,919	299,652	10,315	463,886
19. Totals (Lines 3 to 18)	3,084,506	6,251,332	206,709	9,542,547
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$		2,415,170		2,415,170
20.2 Insurance department licenses and fees		82,800		82,800
20.3 Gross guaranty association assessments		150		150
20.4 All other (excluding federal and foreign income and real estate)		7,619		7,619
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	2,505,739	0	2,505,739
21. Real estate expenses	1,568	3,052	105	4,725
22. Real estate taxes				0
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	398,202	775,226	26,685	1,200,113
25. Total expenses incurred	22,178,717	10,014,844	233,499	(a) 32,427,060
26. Less unpaid expenses - current year	30,190,730	5,704,553		35,895,283
27. Add unpaid expenses - prior year	27,907,549	5,070,583	0	32,978,132
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)	19,895,536	9,380,874	233,499	29,509,909
DETAILS OF WRITE-INS				
2401. Expense from Outside Services	370,363	721,029	24,820	1,116,212
2402. Donations	15,944	31,039	1,068	48,051
2403. Miscellaneous Expense	11,895	23,158	797	35,850
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)	398,202	775,226	26,685	1,200,113

(a) Includes management fees of \$ 144,000 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) 4,671,511	4,615,351
1.1 Bonds exempt from U.S. tax	(a) 504,713	177,701
1.2 Other bonds (unaffiliated)	(a) 4,342,122	4,099,394
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 47,486	47,486
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	200,227	217,148
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 359,060	370,753
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	10,125,119	9,527,833
11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		0
17. Net Investment Income - (Line 10 minus Line 16)		9,527,833
DETAILS OF WRITE-INS		
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 \$ 535,331 accrual of discount less \$ 681,808 amortization of premium and less \$ 1,384,115 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	1,618,172				1,618,172
1.1 Bonds exempt from U.S. tax	645,942				645,942
1.2 Other bonds (unaffiliated)	(617,983)			(2,482,728)	(3,100,711)
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)				(169,296)	(169,296)
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)	(1,412,051)	(165,336)		(1,456,149)	(3,033,536)
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)	234,080	(165,336)	0	(4,108,173)	(4,039,429)
DETAILS OF WRITE-INS					
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	1,894,802	1,015,952	(878,850)
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	59,983	111,950	51,967
5. Total (Line 1 plus Lines 3 and 4)	1,954,785	1,127,902	(826,883)
0401. Leasehold - Funds on Deposit Other.....		0	0
0402. Miscellaneous Receivables - Mainstreet Note.....	59,983	111,950	51,967
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)	59,983	111,950	51,967

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

A . Accounting Practices

The financial statements of OHIC Insurance Company (Company) are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (Department).

The Department recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Laws. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual, version effective January 1, 2001, (NAIC SAP) has been adopted as by the state of Ohio. The state has adopted no prescribed accounting practices that differ from those found in NAIC SAP.

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

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at market.
- (5) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (6) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 53, Property-Casualty Contracts - Premiums.
- (7) 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. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.

2 - Accounting Changes and Corrections of Errors

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

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting Practices and Procedures manual – Version effective January 1, 2001.

Accounting changes adopted to conform to the provisions of the NAIC Accounting Practices and Procedures manual – Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported the following as a change of accounting principle:

<u>Description</u>	Surplus Increase (Decrease)
Deferred Tax Assets	\$4,189,125
Guaranty Fund Assessments	(285,422)
Leasehold Improvements	(19,906)
Unearned Portion of Uncollectible Premium Balances	354,554
Deferred Tax Liabilities	(366,463)
Net Increase (Decrease) in Surplus Due to Codification	<u>\$3,871,888</u>

NOTES TO FINANCIAL STATEMENTS

B. Correction of Errors

No corrections were recorded during the year.

3. Business Combinations and Goodwill

Not Applicable

4. Discontinued Operations

Not Applicable

5. Investments

No investment transactions were conducted involving mortgage loans, debt restructuring, reverse mortgages, loan-backed securities, or repurchase agreements.

6. Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

7. Investment Income

No Investment Income Due and Accrued was excluded.

8. Derivative Instruments

Not Applicable

9. Income Taxes

A. The components of the net deferred tax asset at December 31 are as follows:

	<u>2002</u>	<u>2001</u>
1 Total of all deferred tax assets (admitted & nonadmitted)	\$ 11,315,926	\$ 11,315,926
2 Total of all deferred tax liabilities	488,755	488,755
3 Total deferred tax assets nonadmitted in accordance with SSAP No. 10, Income Taxes	7,426,989	7,426,989
4 Increase (decrease) in deferred tax assets nonadmitted	(416,444)	(416,444)

B. None

C. Current income taxes incurred consist of the following major components:

	<u>2002</u>
Current Income Tax Expense	0
Taxes Recovered	0
Prior Year Underaccrual (Overaccrual)	0
0199. Current income taxes incurred	<u>0</u>

The main components of the 2002 have changed yet the Company elected not to adjust the Deferred Tax Asset for Conservatism. Thus the listed below shows the calculation from 2001. The effect of the difference is immaterial. The Company will continue to monitor the deferred tax calculation and adjust accordingly as warranted.:

<u>DTAs</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Fixed Assets (Net of Depreciation)	183,410	183,410	0	0
Non-Admitted Assets	0	1,014,267	1,014,267	344,851
Unearned Premium Reserves	21,237,126	16,989,701	4,247,425	1,444,125
Reserves	162,023,810	134,220,524	27,803,286	9,453,117
Deferred Compensation	217,157	0	217,157	73,833
0299. Total DTAs	<u>\$183,661,503</u>	<u>\$152,407,902</u>	<u>\$33,282,135</u>	<u>\$11,315,926</u>
0399. DTAs Nonadmitted				<u>\$ 7,426,989</u>

NOTES TO FINANCIAL STATEMENTS

<u>DTLs</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Bond Basis Differential	213,744,584	212,675,861	1,068,723	363,366
FAS 115 Market-to-Market Adjustment	368,792	0	368,792	125,389
0499. Total DTLs	\$214,113,376	\$212,675,861	\$ 1,437,515	\$ 488,755

<u>DTA's Resulting from Book/Tax Differences in:</u>	<u>December 31</u>	<u>January 1</u>	<u>Change</u>
	<u>2001</u>	<u>2001</u>	
Non-Admitted Assets	344,851	572,451	(227,600)
Unearned Premium Reserves	1,444,125	1,359,626	84,499
Reserves	9,453,117	9,540,728	(87,611)
Deferred Compensation	73,833	70,998	2,835
0599. Total DTAs	\$ 11,315,926	\$ 11,543,803	\$ (227,877)
0699. DTAs Nonadmitted	\$ 7,426,989	\$ 7,721,141	\$ (294,152)

<u>DTA's Resulting from Book/Tax Differences in:</u>	<u>December 31</u>	<u>January 1</u>	<u>Change</u>
	<u>2001</u>	<u>2001</u>	
Bond Basis Differential	363,366	289,188	74,178
FAS 115 Market-to-Market Adjustment	125,389	59,807	65,582
Fixed Assets (Net of Depreciation)	0	17,468	(17,468)
07 99. Total DTLs	\$ 488,755	\$ 366,463	\$ 122,292

D. Among the more significant book to tax adjustments were the following:

<u>Description</u>	<u>Amount</u>	<u>Tax Effect</u>
		<u>@ 34%</u>
1. Income before taxes	\$ 1,948,559	\$ 662,510
2. Discount on bonds sold	268,143	91,169
3. Unearned premium reserve	248,525	84,499
4. Depreciation	50,019	17,006
5. Accrued market discount	(556,686)	(189,273)
6. Original issue discount	88,087	29,949
7. Tax exempt interest	(1,297,713)	(441,222)
8. Dividends received deduction	15,345	5,217
9. Accrued to cash basis dividend	4,339	1,475
10. Adjust for tax discount	(428,243)	(145,603)
11. Accrued deferred compensation	(30,000)	(10,200)
12. All Other	63,905	21,728
13. Taxable Income	\$ 374,280	\$127,255

E. Operating Loss and Tax Credit Carryforwards

- (1) At December 31, 2001, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.
- (2) The income tax expense for 2002 and 2001 that is available for recoupment in the event of future net losses is zero and \$128,000 correspondingly.

F. Consolidated Federal Income Tax Return

- (1) The Company's federal Income Tax return is consolidated with Medical Liability Mutual Insurance Company (MLMIC) (ultimate parent company).
- (2) The method of allocation between the companies is subject to written agreement, approved by the Departments of Insurance of each company's state of domicile. Allocation is based upon separate return calculations with the current credit for net losses. Intercompany tax balances are settled annually in the first quarter.

10. Information Concerning Parent, Subsidiaries and Affiliates

- Effective July 18, 2001 Medical Liability Mutual Insurance Company (MLMIC) merged with Healthcare Underwriters Mutual (HUM) of Latham, New York. HUM is the parent company of OHIC Insurance Company (The Company). Pursuant to the HUM / MLMIC merger, OHIC received \$20 million from MLMIC in exchange for a ten-year surplus note. The debenture bears interest at 7%. Payment of interest or repayment of principal requires approval by the Commissioner of Insurance for the State of Ohio. In addition, the Company and MLMIC entered into a Service and Expense Allocation Agreement and a Tax Allocation Agreement.
- The Company paid no common stock dividends to HHI / MLMIC.

NOTES TO FINANCIAL STATEMENTS

- C. The Company holds no cash assets in its parent or subsidiaries.
- D. At December 31, 2002, The Company reported zero as amounts due to MLMIC. The terms of settlement require that these amounts be settled within 30 days.
- E. The Company has no loan guarantees for the benefit of an affiliate.
- F. Certain senior executive management, financial management, accounting and reporting, human resources, information systems, marketing and general administration services are provided to the Company by other members of MLMIC. The Company incurred \$144,000 and \$278,236 of costs in 2002 and 2001, respectively.

The companies in the MLMIC group have a cost sharing agreement in place as well as a tax allocation agreement. The appropriate Departments of Insurance have approved the cost sharing agreement and the tax allocation agreement.

- G. All outstanding shares of The Company are owned by MLMIC.
- H. The Company owns no share of the stock of its ultimate parent, MLMIC.
- I. Not Applicable
- J. Not Applicable

11. Debt

Not Applicable

12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans

A. Defined Benefit Plan

The Company sponsors non-contributory defined benefit pension plans covering U.S. employees. As of December 31, 2002, the Company accrued in accordance with actuarially determined amounts with an offset to the pension cost accrual for the incremental asset amortization.

A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans are as follows at December 31, 2002:

1) Change in Benefit Obligation

	Vested Projected Benefit Obligation
Balances as of December 31, 2001	(5,873,862)
Changes in Plan's Funded Status	
Service Cost	(108,365)
Interest Cost	(404,242)
Actual Distributions	224,919
Changes in Assumptions	(452,883)
Experience Gain/Loss	(25,606)
Actual Balances as of December 31, 2002	<u>(6,640,039)</u>

2) Change in Plan Assets

	Market Value of Assets
Balances as of December 31, 2001	5,389,950
Changes in Plan's Funded Status	
Expected Return on Assets	425,635
Actual Contributions	100,000
Actual Distributions	(224,919)
Net Amortization & Deferral	
Asset Gain/Loss Deferred	<u>(1,221,659)</u>
Actual Balances as of December 31, 2002	4,469,007

NOTES TO FINANCIAL STATEMENTS

3) Funded Status

	<u>Funded Status</u>
Balances as of December 31, 2001	(483,912)
Changes in Plan's Funded Status	
Service Cost	(108,365)
Interest Cost	(404,242)
Expected Return on Assets	425,635
Actual Contributions	100,000
Changes in Assumptions	(452,883)
Experience Gain/Loss	(25,606)
Asset Gain/Loss Deferred	(1,221,659)
Actual Balances as of December 31, 2002	<u>(2,171,032)</u>

4) Benefit Obligation for Non-vested Employees
N/A

5) Components of Net Periodic Benefit Cost

	<u>Total Pension Cost</u>
Changes in Plan's Funded Status	
Service Cost	108,365
Interest Cost	404,242
Expected Return on Assets	(425,635)
Unrecognized Transition (Asset)/Obligation	(75,678)
Unrecognized Prior Service Cost	5,116
Net Periodic Pension Cost	16,410
Actual Balances as of December 31, 2002	<u>16,410</u>

6) Additional Minimum Pension Liability

1. Accumulated Benefit Obligation	6,117,321
2. Fair Value of Plan Assets	4,469,007
3. Minimum Liability: (1)-(2)	1,648,314
4. (Accrued)/Prepaid Pension Cost before AML	170,423
5. Additional Minimum Liability: (3)+(4), min 0	1,818,737
6. Unrecog. Net Transition Obligation	0
7. Unrecog. Past Service Cost	0
8. Maximum Intangible Asset: (6)+(7)	0
9. Actual Intangible Asset: lesser of (5) and (8)	0
10. Accum. Other Comprehensive Income: (5)-(9)	0

7) Assumptions:

	<u>12/31/02</u>
1. Discount Rate	6.50%
2. Long-term ROR	8.00%
3. Salary Scale	4.00%
4. Turnover	T-3
5. Mortality	83GAM

B. Defined Contribution Plan
N/A

C. Multiemployer Plans
N/A

D. Consolidated/Holding Company Plans
N/A

NOTES TO FINANCIAL STATEMENTS

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

- A. The Company has 12,100,000 shares authorized and 3,991,000 shares issued and outstanding. All shares are Class A common stock.
- B. The Company has no preferred stock outstanding.
- C. Without prior approval of the domiciliary commissioner, dividends to shareholders are limited by the laws of the State of Ohio, limited to the greater of 10% of stockholders' equity as of the preceding December 31, or the net investment income of the preceding calendar year. Statutory surplus at December 31, 2001 was \$65,859,990. The maximum in dividend pay out that may be made without prior approval in 2002 is \$10,368,483. Dividends are paid as determined by the Board of Directors. No dividends were paid in 2002.
- D. Within the limitations of (C) above, there are no restrictions placed on the portion of The Company profits that may be paid as ordinary dividends to shareholders.
- E. There was no restrictions placed on The Company's surplus, including for whom the surplus is being held.
- F. Not Applicable.
- G. Not Applicable
- H. Not Applicable
- I. The portion of Unassigned Funds (Surplus) represented or reduced by each item below is as follows:

a.	Unrealized gains and losses	\$	(2,557,693)
b.	Nonadmitted asset values		(826,883)
c.	Provision for reinsurance		0

- J. The Company issued the following surplus notes or similar obligations that are held by MLMIC:

Date Issued	Interest Rate	Par Value	Carrying Value of Note	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
12/30/99	< 10%	13,000,000	13,000,000	0	0	0	N/A
7/24/01	7%	20,000,000	20,000,000	0	0	0	N/A
	Total	33,000,000	33,000,000	0	0	0	

The surplus note has the following repayment conditions and restrictions:

Each payment of interest on and principal of the surplus notes may be made only with the prior approval of the Commissioner of Insurance of the State and only to the extent the company has sufficient surplus earnings to make such payment.

- K. Not Applicable
- L. Not Applicable

14. Contingencies

- A. Not Applicable
- B. Assessments:

Due to the volatile nature of the Insurance Industry, from time to time insolvencies occur that exposes the company to Guaranty Association Assessments. OHIC will be exposed to a certain percentage of this; however, management feels that the effect of such an assessment will not present any operational concerns.

The company has received notification of the insolvency of PIE Insurance Company. At this time the company is unable to estimate the possible amounts, if any, of related assessments. Accordingly, the company is unable to determine the impact, if any, such assessments may have on the company's financial position or results of operations.

- C. Not Applicable
- D. Various lawsuits against The Company have arisen in the course of The Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

NOTES TO FINANCIAL STATEMENTS

15. Leases

A. Lessee Operating Lease

- (1) The Company leases office space, equipment, software and automobiles under various noncancelable operating lease agreements that expire through 2009. Rental expense for 2001 and 2002 was approximately \$918,000 and \$621,000, respectively.

Effective September 24, 2001, the Company entered into a contractual arrangement with IKON Office Solutions for administrative service that includes a cancelable operating lease agreement on office equipment that expires in 2004. Rental expense for 2002 was approximately \$35,000.

- (2) At January 1, 2003, the minimum aggregate rental commitments are as follows:

Year Ending	Operating Leases		
2003	\$ 988,000	2007	\$ 450,000
2004	\$ 450,000	2008	\$ 450,000
2005	\$ 450,000	2009	\$ 450,000
2006	\$ 450,000		

- (3) The company is not involved in any material sale-leaseback transactions.

B. Lessor Leasing Arrangements

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

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

Not Applicable

20. Other Items

Not Applicable

21. Events Subsequent

Not Applicable

22. Reinsurance

A. Unsecured Reinsurance Recoverables

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

B. Reinsurance Recoverable in Dispute

None

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded

(1)

	Assumed Reinsurance		Ceded Reinsurance		Net	
	(1) Premium Reserve	(2) Commission Equity	(3) Premium Reserve	(4) Commission Equity	(5) Premium Reserve	(6) Commission Equity
a. Affiliates	0	0	24,688,000	5,184,000	-24,688,000	- 5,184,000
b. All Other	0	0	6,346,000	437,000	- 6,346,000	- 437,000
c. TOTAL	0	0	31,034,000	5,621,000	-31,034,000	- 5,621,000
d. Direct Unearned Premium Reserve \$			62,754,000			

(2) The additional or return commission, predicated on loss experience or on any other form of profit sharing arrangements in this annual statement as a result of existing contractual arrangements are accrued as follows: NONE

D Uncollectible Reinsurance

None

E. Commutation of Ceded Reinsurance

Not Applicable

F. Retroactive Reinsurance

Not Applicable

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

24. Change in Incurred Losses and Loss Adjustment Expenses

The estimated cost of loss and loss adjustment expenses attributable to insured events of prior years increased \$7,196,000 during 2002. This is less than 4.5% of unpaid losses and loss adjustment expenses of \$162,024,000 as of December 31, 2001. The majority of this increase occurred in the medical malpractice line of business. Increases or decreases of this nature occur as the result of claim settlements during the current year, and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

25. Intercompany Pooling Arrangements

Not Applicable

26. Structured Settlements

A.

(1)	(2)	(3)
<i>Life Insurance Company and Location</i>	<i>Licensed in Company's State of Domicile Yes/No</i>	<i>Statement Value of Annuities</i>
First Colony Life Insurance Lynchburg, VA 24505	Yes	\$ 3,755,599

27. High Deductibles

The Company does not use high deductible endorsements and co-insurance clauses.

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

The Company discontinued discounting medical malpractice lines on December 31, 2000.

29. Asbestos & Environmental Reserves

None

NOTES TO FINANCIAL STATEMENTS

30. Subscriber Savings Accounts

None

31. Financial Guaranty Insurance Exposures

None

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	17,938,407	8.921	17,938,407	8.921
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	12,956,671	6.444	12,956,671	6.444
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	917,494	0.456	917,494	0.456
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	0	0.000	0	0.000
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	0	0.000	0	0.000
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	2,535,619	1.261	2,535,619	1.261
1.512 Issued by FNMA and FHLMC	37,837,812	18.817	37,837,812	18.817
1.513 Privately issued	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	9,179,978	4.565	9,179,978	4.565
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	0	0.000	0	0.000
1.523 All other privately issued	17,923,019	8.913	17,923,019	8.913
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	81,091,135	40.328	81,091,135	40.328
2.2 Unaffiliated foreign securities	1,022,922	0.509	1,022,922	0.509
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	25,000	0.012	25,000	0.012
3.2 Preferred stocks:				
3.21 Affiliated	0	0.000	0	0.000
3.22 Unaffiliated	1,830,675	0.910	1,830,675	0.910
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	12,124,372	6.030	12,124,372	6.030
3.4 Other equity securities:				
3.41 Affiliated	0	0.000	0	0.000
3.42 Unaffiliated	124,601	0.062	124,601	0.062
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
4. Mortgage loans:				
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
5. Real estate investments:				
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	5,570,095	2.770	5,570,095	2.770
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	201,077,800	100.000	201,077,800	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 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).02/08/2000
- 3.4 By what department or departments? OHIO DEPARTMENT OF INSURANCE
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No []
- 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?
 PRICE WATERHOUSE COOPERS
 100 EAST BROAD STREET SUITE 2100
 COLUMBUS, OHIO 43215.....
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 MILLIMAN & ROBERTSON, INC
 15800 BLUEMOUND ROAD
 BROOKFIELD, WI 53005.....
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?
 NOT APPLICABLE.....
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No [X]
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA [X]

BOARD OF DIRECTORS

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

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|---------|
| | 14.11 To directors or other officers .. | \$..... |
| | 14.12 To stockholders not officers ... | \$..... |
| | 14.13 Trustees, supreme or grand (Fraternal only) | \$..... |
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|---------|
| | 14.21 To directors or other officers ... | \$..... |
| | 14.22 To stockholders not officers | \$..... |
| | 14.23 Trustees, supreme or grand (Fraternal only) | \$..... |
- 15.1 Were any 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 | \$..... |
| | 15.22 Borrowed from others | \$..... |
| | 15.23 Leased from others | \$..... |
| | 15.24 Other | \$..... |
- 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								
Common	12,100,000	3,991,000	900.000	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 [] No [X]

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

SECURITIES ARE HELD AT THE BANK OF NEW YORK

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	2	3
Nature of Restriction	Description	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	2
Name of Custodian(s)	Custodian's Address
Bank of New York.....	1 Wall Street New York, NY 10286
.....

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
.....	Invesco, Inc.....	1166 Avenue of Americas New York, NY 10036.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....48,288

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
Insurance Services Office, Inc.....	\$.....76,179
Milliman, USA.....	\$.....188,421

24.1 Amount of payments for legal expenses, if any?..... \$.....135,139

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
Thompson, Hine, & Flory, LLP.....	\$.....63,599
.....	\$.....
.....	\$.....

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

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 []
- 3.2 Does the reporting entity issue non-assessable policies? Yes [] No []
- 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 []
- 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?
 The Company no longer writes workers' compensation coverage
- 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.
 The Company has no Catastrophe Exposure.....
- 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?.....
 The Company has no Catastrophe Exposure.....
- 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.
 The Company has no Catastrophe Exposure.....
- 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 [X] No []
- 10.6 If yes, state the amount thereof at December 31 of the current year:
- 10.61 Letters of credit..... \$ 458,000
- 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 []
- 11.3 If yes, what amount?..... \$
- 12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$ 1,000,000
- 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.11
- 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 OHIC 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
Gross Premiums Written (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)	151,591,678	98,831,505	83,691,350	77,163,921	71,943,171
2. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	5,380	44,739	232,141	617,328	341,563
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	465,884	16,084,508	11,627,106	9,977,029
5. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
6. Total (Line 34)	151,597,058	99,342,128	100,007,999	89,408,355	82,261,763
Net Premiums Written (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)	70,043,865	49,893,862	45,911,044	45,664,887	41,370,781
8. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	2,584	24,787	88,878	237,714	137,162
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	465,884	14,215,501	2,476,862	1,885,812
11. Non-proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
12. Total (Line 34)	70,046,449	50,384,533	60,215,423	48,379,463	43,393,755
Statement of Income (Page 4)					
13. Net Underwriting Gain (Loss) (Line 8)	(10,926,577)	(9,804,128)	(31,068,906)	(19,013,546)	(11,951,589)
14. Net Investment Gain (Loss) (Line 11)	9,596,577	11,033,465	11,867,530	10,725,651	13,667,710
15. Total Other Income (Line 15)	(204,125)	719,224	20,304,790	995,972	138,582
16. Dividends to Policyholders (Line 17)	0	0	0	0	0
17. Federal and Foreign Income Taxes Incurred (Line 19)	0	(1,000,314)	575,000	(2,425,000)	(189,524)
18. Net Income (Line 20)	(1,534,125)	2,948,875	528,414	(4,866,923)	2,044,226
Balance Sheet Lines (Pages 2 and 3)					
19. Total Admitted Assets excluding Protected Cell (Page 2, Line 26, Col. 3)	270,505,146	291,220,445	207,504,295	208,878,678	188,236,296
20. Agents' Balances or Uncollected Premiums (Page 2, Col. 3)					
20.1 In Course of Collection (Line 10.1)	13,033,503	4,598,553	4,552,599	1,693,725	1,801,555
20.2 Deferred and not yet due (Line 10.2)	36,556,815	24,434,648	5,110,602	4,739,406	6,333,667
20.3 Accrued Retrospective Premiums (Line 10.3)	0	0	0	0	0
21. Total Liabilities excluding Protected Cell (Page 3, Line 24)	209,583,857	225,360,455	168,584,846	152,905,013	139,232,024
22. Losses (Page 3, Lines 1 and 2)	126,340,178	134,116,258	132,730,941	106,467,292	96,440,377
23. Loss Adjustment Expenses (Page 3, Line 3)	30,190,729	27,907,549	30,806,162	22,677,983	20,414,103
24. Unearned premiums (Page 3, Line 9)	31,721,017	21,237,127	19,994,501	21,330,036	19,790,017
25. Capital Paid Up (Page 3, Lines 28 & 29)	3,591,990	3,591,990	3,591,990	3,591,990	3,591,990
26. Surplus as Regards Policyholders (Page 3, Line 35)	60,921,290	65,859,990	38,919,448	55,973,665	49,004,272
Risk-Based Capital Analysis					
27. Total Adjusted Capital	60,921,290	65,859,990	38,919,448	39,432,665	33,964,272
28. Authorized Control Level Risk-Based Capital	21,803,963	17,467,015	22,140,170	19,604,624	17,647,049
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1)	90.2	86.8	87.5	82.2	86.5
30. Stocks (Lines 2.1 & 2.2)	7.0	3.6	5.1	4.7	6.6
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)	2.8	9.6	7.4	13.2	6.9
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
Investments in Parent, Subsidiaries and Affiliates					
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	76,798	69,202	36,666
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	76,798	69,202	36,666
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	0.2	0.1	0.1

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Capital and Surplus Accounts (Page 4)					
46. Net Unrealized Capital Gains (Losses) (Line 23)	(2,577,693)	351,082	(246,713)	(671,714)	(2,660,562)
47. Dividends to Stockholders (Line 34)	0	0	0	0	0
48. Change in surplus as regards policyholders for the year (Line 37)	(4,938,701)	26,940,541	(17,054,215)	6,969,396	(1,418,329)
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
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)	91,287,616	49,350,555	58,031,163	41,403,718	30,536,048
50. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	21,196	89,753	140,805	152,809	67,213
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	2,734,431	11,300,358	10,617,084	7,566,494
53. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
54. Total (Line 34)	91,308,812	52,174,739	69,472,326	52,173,611	38,169,754
Net Losses Paid (Page 9, Part 2, Col. 4)					
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)	46,060,234	30,305,442	38,699,352	27,828,911	25,993,603
56. Property Lines (Lines 1, 2, 9, 12, 21 & 26)	11,421	53,508	75,719	83,349	43,472
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	2,749,951	9,389,625	2,295,191	1,395,819
59. Non-Proportional Reinsurance Lines (Lines 30, 31 & 32)	0	0	0	0	0
60. Total (Line 34)	46,071,655	33,108,901	48,164,695	30,207,452	27,432,895
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums Earned (Line 1)	100.0	100.0	100.0	100.0	100.0
62. Losses Incurred (Line 2)	64.3	70.2	98.0	85.9	88.1
63. Loss Expenses Incurred (Line 3)	37.2	28.5	36.1	36.5	20.2
64. Other Underwriting Expenses Incurred (Line 4)	16.8	21.3	16.3	18.2	18.0
65. Net Underwriting gain (loss) (Line 8)	(18.3)	(20.0)	(50.5)	(40.6)	(26.3)
Other Percentages					
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)	14.6	19.3	(17.0)	15.6	18.5
67. Losses and Loss Expenses Incurred to Premiums Earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	101.5	98.7	134.1	122.3	108.3
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)	115.0	76.5	154.7	86.4	88.6
One Year Loss Development (000 omitted)					
69. Development in Estimated Losses and Loss Expenses Incurred Prior to Current Year (Schedule P - Part 2 - Summary, Line 12, Col. 11)	8,219	(3,214)	21,047	10,427	4,949
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)	12.5	(8.3)	37.6	21.0	9.8
Two Year Loss Development (000 omitted)					
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)	4,595	22,795	30,717	13,290	6,544
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)	11.8	40.7	62.7	26.1	15.2

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIC 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
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 20,474,025 2. Canada 0 3. Other Countries 917,494 4. Totals 21,391,519	22,076,453 0 956,187 23,032,640	20,689,516 0 919,072 21,608,588	19,088,864 0 900,000 19,988,864
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 1,022,922 7. Other Countries 0 8. Totals 1,022,922	0 1,022,922 0 1,022,922	0 1,024,570 0 1,024,570	0 1,000,000 0 1,000,000
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 59,974,461 14. Canada 0 15. Other Countries 0 16. Totals 59,974,461	59,974,461 0 0 59,974,461	60,046,796 0 0 60,046,796	57,304,526 0 0 57,304,526
Public Utilities (unaffiliated)	17. United States 0 18. Canada 0 19. Other Countries 0 20. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 99,014,154 22. Canada 0 23. Other Countries 0 24. Totals 99,014,154	98,880,733 0 0 98,880,733	99,608,266 0 0 99,608,266	104,417,590 0 0 104,417,590
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 181,403,056	0 182,910,756	0 182,288,220	0 182,710,980
PREFERRED STOCKS				
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 860,475 32. Canada 0 33. Other Countries 0 34. Totals 860,475	860,475 0 0 860,475	968,734 0 0 968,734	
Industrial and Miscellaneous (unaffiliated)	35. United States 970,200 36. Canada 0 37. Other Countries 0 38. Totals 970,200	970,200 0 0 970,200	1,031,237 0 0 1,031,237	
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 1,830,675	0 1,830,675	0 1,999,971	
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 31,913 42. Canada 0 43. Other Countries 0 44. Totals 31,913	31,913 0 0 31,913	27,588 0 0 27,588	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 1,397,337 46. Canada 0 47. Other Countries 0 48. Totals 1,397,337	1,397,337 0 0 1,397,337	1,498,762 0 0 1,498,762	
Industrial and Miscellaneous (unaffiliated)	49. United States 10,844,724 50. Canada 0 51. Other Countries 0 52. Totals 10,844,724	10,844,724 0 0 10,844,724	11,980,581 0 0 11,980,581	
Parent, Subsidiaries and Affiliates	53. Totals 0 54. Total Common Stocks 12,273,974	0 12,273,974	0 13,506,931	
	55. Total Stocks 14,104,649 56. Total Bonds and Stocks 195,507,705	14,104,649 197,015,405	15,506,902 197,795,122	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$118,574,702 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 222,235,333	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 337,482,464	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 (930,373)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 (169,296)	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 (1,331,028)	7. Book/adjusted carrying value at end of current period 195,507,709
3.4 Column 10, Part 4 (96,586) (2,527,283)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 234,078	9. Subtotal (Lines 7 plus 8) 195,507,709
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 361,916,882	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 195,507,709

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIC 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	1,389	449	181	22	0	0	0	1,099	XXX
2. 1993	34,683	16,493	18,190	17,654	5,380	5,788	612	2,412	0	0	19,862	XXX
3. 1994	36,480	13,747	22,733	21,569	6,300	7,201	250	2,582	0	0	24,802	XXX
4. 1995	42,228	13,477	28,751	25,705	5,042	7,763	225	2,817	0	0	31,018	XXX
5. 1996	47,263	12,877	34,386	35,261	8,098	10,875	311	2,836	0	0	40,563	XXX
6. 1997	55,905	15,589	40,316	45,346	9,612	12,932	725	2,911	0	0	50,852	XXX
7. 1998	75,820	30,448	45,372	51,207	20,557	14,626	4,088	3,071	0	0	44,259	XXX
8. 1999	88,629	41,788	46,841	64,055	34,689	20,223	8,201	4,028	0	0	45,416	XXX
9. 2000	99,320	37,767	61,553	46,114	18,469	14,321	5,858	6,586	0	0	42,694	XXX
10. 2001	94,738	45,595	49,143	14,313	7,213	6,919	2,771	1,120	0	0	12,368	XXX
11. 2002	126,677	67,114	59,563	1,304	553	1,389	612	1,966	0	0	3,494	XXX
12. Totals	XXX	XXX	XXX	323,917	116,362	102,218	23,675	30,329	0	0	316,427	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 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1.	2,830	1,354	55	47	311	127	20	16	0	0	0	1,672	XXX
2.	253	1	68	58	151	0	8	6	103	0	0	518	XXX
3.	4,096	2,500	445	388	275	171	48	43	0	0	0	1,762	XXX
4.	2,181	240	381	582	649	82	(30)	65	52	0	0	2,264	XXX
5.	3,356	25	1,219	1,050	765	150	159	137	188	0	0	4,325	XXX
6.	4,954	234	1,614	1,169	1,242	75	152	131	313	0	0	6,666	XXX
7.	16,769	7,003	904	2,329	2,129	791	284	259	356	0	0	10,060	XXX
8.	44,024	21,838	(3,459)	3,881	6,008	2,469	175	431	642	0	0	18,771	XXX
9.	51,939	22,021	(2,409)	5,045	7,255	2,868	(104)	561	692	0	0	26,878	XXX
10.	47,467	19,545	10,936	10,638	8,347	2,884	748	1,515	915	0	0	33,831	XXX
11.	22,637	8,264	77,670	53,377	8,268	2,503	10,597	6,973	1,729	0	0	49,784	XXX
12. Totals	200,506	83,025	87,424	78,564	35,400	12,120	12,057	10,137	4,990	0	0	156,531	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
1.	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,484	188
2.	26,437	6,057	20,380	76.2	36.7	112.0	0	0		262	256
3.	36,216	9,652	26,564	99.3	70.2	116.9	0	0		1,653	109
4.	39,518	6,236	33,282	93.6	46.3	115.8	0	0		1,740	524
5.	54,659	9,771	44,888	115.6	75.9	130.5	0	0		3,500	825
6.	69,464	11,946	57,518	124.3	76.6	142.7	0	0		5,165	1,501
7.	89,346	35,027	54,319	117.8	115.0	119.7	0	0		8,341	1,719
8.	135,696	71,509	64,187	153.1	171.1	137.0	0	0		14,846	3,925
9.	124,394	54,822	69,572	125.2	145.2	113.0	0	0		22,464	4,414
10.	90,765	44,566	46,199	95.8	97.7	94.0	0	0		28,220	5,611
11.	125,560	72,282	53,278	99.1	107.7	89.4	0	0		38,666	11,118
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	126,341	30,190

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 OHIC 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	53,523	43,783	38,743	28,383	29,107	26,690	26,170	26,975	23,637	24,281	644	(2,694)	
2. 1993	23,492	20,074	18,872	19,053	20,358	18,086	17,108	17,632	17,413	17,865	452	233	
3. 1994	XXX	26,213	25,825	23,959	24,083	24,208	22,932	23,486	22,499	23,982	1,483	496	
4. 1995	XXX	XXX	32,279	31,447	29,491	31,770	31,582	30,802	30,293	30,413	120	(389)	
5. 1996	XXX	XXX	XXX	32,442	37,216	41,074	43,168	47,507	41,624	41,864	240	(5,643)	
6. 1997	XXX	XXX	XXX	XXX	41,299	44,674	53,765	61,390	56,622	54,294	(2,328)	(7,096)	
7. 1998	XXX	XXX	XXX	XXX	XXX	41,242	43,331	50,670	50,288	50,892	604	222	
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	44,496	45,138	62,971	59,517	(3,454)	14,379	
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	57,207	52,246	62,294	10,048	5,087	
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	43,754	44,164	410	XXX	
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	49,583	XXX	XXX	
											12. Totals	8,219	4,595

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	9,360	12,610	16,290	17,620	19,083	20,713	21,298	21,510	22,609	XXX	XXX
2. 1993	444	2,223	5,596	8,859	12,673	14,257	14,445	15,697	16,770	17,450	XXX	XXX
3. 1994	XXX	819	3,602	9,480	13,190	18,374	19,985	20,726	22,067	22,220	XXX	XXX
4. 1995	XXX	XXX	1,934	5,175	13,311	18,777	23,267	25,011	26,622	28,201	XXX	XXX
5. 1996	XXX	XXX	XXX	1,261	7,564	16,841	26,104	31,357	33,787	37,727	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	1,550	11,102	20,893	37,160	42,698	47,941	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	3,695	15,093	28,236	33,835	41,188	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	3,422	14,219	27,594	41,388	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	11,353	18,879	36,108	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,417	11,248	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,528	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	29,206	17,337	14,743	4,962	4,986	2,102	1,262	3,074	0	12
2. 1993	17,768	9,259	3,535	634	570	199	304	0	0	12
3. 1994	XXX	18,198	8,759	2,110	2,009	(41)	420	947	0	62
4. 1995	XXX	XXX	21,102	7,642	1,418	(605)	144	77	551	(296)
5. 1996	XXX	XXX	XXX	17,389	6,271	(407)	127	4,508	1,258	191
6. 1997	XXX	XXX	XXX	XXX	21,860	1,307	(1,928)	5,265	2,212	466
7. 1998	XXX	XXX	XXX	XXX	XXX	19,559	(1,449)	(2,525)	(248)	(1,400)
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	18,139	(6,554)	708	(7,596)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	21,950	(741)	(8,119)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,687	(469)
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	27,917

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE OHIC Insurance Company

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	No	0	0	0	0	0	0	0
2. Alaska	AK	Yes	4,667	41,658	0	67,531	(1,244,386)	0	0
3. Arizona	AZ	Yes	1,505,605	1,655,303	0	1,591,000	5,840,636	5,740,323	0
4. Arkansas	AR	Yes	2,243	142,594	0	2,400,000	3,392,690	1,725,743	0
5. California	CA	No	0	0	0	0	0	0	0
6. Colorado	CO	Yes	2,086,073	1,748,036	0	529,495	(665,395)	1,144,154	0
7. Connecticut	CT	No	0	0	0	0	0	0	0
8. Delaware	DE	No	0	0	0	0	0	0	0
9. District of Columbia	DC	No	0	0	0	0	0	0	0
10. Florida	FL	No	0	0	0	0	0	0	0
11. Georgia	GA	Yes	309,647	289,732	0	961,417	800,765	240,000	0
12. Hawaii	HI	No	0	0	0	0	0	0	0
13. Idaho	ID	Yes	0	0	0	0	(159,294)	7,094	0
14. Illinois	IL	Yes	4,810,699	4,335,100	0	9,429,156	7,076,188	13,926,926	0
15. Indiana	IN	Yes	5,452,995	3,938,915	0	580,313	7,134,080	11,334,135	0
16. Iowa	IA	Yes	2,061	1,797	0	0	3,307	11,967	0
17. Kansas	KS	Yes	2,539,962	2,099,085	0	109,101	(193,225)	1,240,935	0
18. Kentucky	KY	Yes	5,700,369	4,455,495	0	166,000	3,215,891	9,658,885	0
19. Louisiana	LA	No	0	0	0	0	0	0	0
20. Maine	ME	No	0	0	0	0	0	0	0
21. Maryland	MD	Yes	17,408,872	13,763,692	0	1,888,313	2,513,761	18,952,702	0
22. Massachusetts	MA	No	0	0	0	0	0	0	0
23. Michigan	MI	Yes	1,024,572	1,021,111	0	590,000	1,615,110	2,703,720	0
24. Minnesota	MN	Yes	39,027	37,185	0	0	(292,734)	23,025	0
25. Mississippi	MS	No	0	0	0	0	0	0	0
26. Missouri	MO	Yes	266,577	270,200	0	1,970,368	3,652,980	2,866,914	0
27. Montana	MT	Yes	20,056	21,759	0	4,315,916	4,439,747	3,947,517	0
28. Nebraska	NE	Yes	548,380	343,176	0	0	(401,741)	932,973	0
29. Nevada	NV	Yes	0	0	0	0	0	0	0
30. New Hampshire	NH	No	0	0	0	0	0	0	0
31. New Jersey	NJ	Yes	0	2	0	0	(874)	3,094	0
32. New Mexico	NM	Yes	0	0	0	0	0	0	0
33. New York	NY	Yes	0	0	0	0	0	0	0
34. North Carolina	NC	No	0	0	0	0	0	0	0
35. North Dakota	ND	Yes	0	0	0	0	0	0	0
36. Ohio	OH	Yes	89,007,419	73,173,975	0	55,045,848	101,167,369	173,804,651	0
37. Oklahoma	OK	Yes	0	0	0	0	0	0	0
38. Oregon	OR	Yes	0	0	0	0	(92,966)	326,834	0
39. Pennsylvania	PA	Yes	391,443	367,743	0	24,750	181,614	640,144	0
40. Rhode Island	RI	No	0	0	0	0	0	0	0
41. South Carolina	SC	No	0	0	0	0	0	0	0
42. South Dakota	SD	Yes	0	2,757	0	0	(11,139)	0	0
43. Tennessee	TN	Yes	55,184	54,364	0	4,000	(255,045)	209,011	0
44. Texas	TX	Yes	0	0	0	0	0	0	0
45. Utah	UT	Yes	0	0	0	0	0	0	0
46. Vermont	VT	No	0	0	0	0	0	0	0
47. Virginia	VA	No	0	0	0	0	0	0	0
48. Washington	WA	Yes	844,773	1,237,149	0	398,510	1,050,888	1,759,673	0
49. West Virginia	WV	Yes	1,327,229	1,204,742	0	1,632,666	5,618,733	5,215,475	0
50. Wisconsin	WI	Yes	9,794,895	9,681,717	0	6,902,834	9,200,054	23,671,953	0
51. Wyoming	WY	Yes	8,454,176	7,062,076	0	2,701,590	3,362,411	7,842,626	0
52. American Samoa	AS	No	0	0	0	0	0	0	0
53. Guam	GU	No	0	0	0	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0	0	0	0
55. U.S. Virgin Islands	VI	No	0	0	0	0	0	0	0
56. Canada	CN	No	0	0	0	0	0	0	0
57. Aggregate Other Aliens	OT	XXX	0	0	0	0	0	0	0
58. Totals	(a) 34		151,596,924	126,949,363	0	91,308,808	156,949,424	287,930,473	0
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	0	0	0	0	0	0

(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

