



LIFE AND ACCIDENT AND HEALTH COMPANIES—ASSOCIATION EDITION

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

Central Reserve Life Insurance Company

NAIC Group Code 1337 (Current Period) 1337 (Prior Period) NAIC Company Code 61727 Employer's ID Number 34-0970995
Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio
Country of Domicile United States of America
Incorporated 07/02/1963 Commenced Business 05/12/1965
Statutory Home Office 17800 Royalton Road, Strongsville, OH 44136-5197
Main Administrative Office 17800 Royalton Rd, Strongsville, OH 44136
Mail Address 17800 Royalton Rd, Strongsville, OH 44136
Primary Location of Books and Records 17800 Royalton Rd, Strongsville, OH 44136
Internet Website Address www.ceresgp.com
Statement Contact Richard Allan Kusnic, rkusnic@centralreserve.com
Policyowner Relations Contact 17800 Royalton Rd, Strongsville, OH 44136

OFFICERS

President George Anthony Gehringer # Treasurer Larry Eugene Wharton
Secretary Arthur Lewis Hastings # Actuary Michael S Abroe, F.S.A., M.A.A.A #

VICE PRESIDENTS

Mary Ellen Larkin, Henry Jude Reitingger, Celeste Ann Kloth, Larry Eugene Wharton, Jeffrey Allen Johnson, Judith Anne Murphy #, David Irving Vickers #, David Alan Canzone, Susan Marie May, Arthur Lewis Hastings, Jeffrey Allen Young, John Richard Kertis #, Joseph Anthony Parente, Gayle Mary Vixler, Amy Marian Pino, Lincoln Taylor Lafayette, Richard Allan Kusnic, Thomas Joseph Reisch Jr.

DIRECTORS OR TRUSTEES

George Anthony Gehringer, Lincoln Taylor Lafayette #, Andrew Anthony Boemi, Michael Angelo Cavataio

State of Ohio } ss
County of Cuyahoga }

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.

George Anthony Gehringer President, Larry Eugene Wharton Treasurer, Arthur Lewis Hastings Secretary

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 CENTRAL RESERVE LIFE 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	74,173,590		74,173,590	84,153,045
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	.0		.0	.0
2.2 Common stocks (Schedule D, Part 2, Section 2).....	6,592,982		6,592,982	6,950,870
3. Mortgage loans on real estate: (Schedule B, Part 1)				
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. Policy loans	58,931		58,931	71,365
6. Premium notes, including \$ for first year premiums .....			.0	.0
7. Cash (\$ (3,807,494) , Schedule E, Part 1) and short -term investments (\$ 11,343,045 , Schedule DA, Part 2)	7,535,552		7,535,552	16,576,756
8. Other invested assets (Schedule BA, Part 1) .....	.0		.0	.0
9. Receivable for securities .....			.0	26,979
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	88,361,055	0	88,361,055	107,779,016
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers (Schedule S, Part 2)	54,371		54,371	231,199
12.2 Commissions and expense allowances due .....			.0	.0
12.3 Experience rating and other refunds due .....	.0		.0	270,034
12.4 Other amounts receivable under reinsurance contracts .....	.0		.0	3,330,498
13. Electronic data processing equipment and software.....	11,267		11,267	17,209
14. Federal and foreign income tax recoverable and interest thereon (including \$ 2,356,394 net deferred tax asset)	2,647,219		2,647,219	3,801,647
15. Guaranty funds receivable or on deposit	172,724		172,724	171,977
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$ 58,936 loading)	71,717		71,717	73,742
17. Accident and health premiums due and unpaid	442,407		442,407	577,132
18. Investment income due and accrued	944,837		944,837	1,082,272
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
20. Receivable from parent, subsidiaries and affiliates .....	.0		.0	.0
21. Amounts receivable relating to uninsured accident and health plans .....			.0	.0
22. Amounts due from agents .....			.0	.0
23. Other assets nonadmitted (Exhibit 9)	346,903	346,903	.0	.0
24. Aggregate write-ins for other than invested assets	690,307	.0	690,307	1,240,187
25. Total assets excluding Separate Accounts business (Lines 11 to 24)	93,742,807	346,903	93,395,904	118,574,913
26. From Separate Accounts Statement			0	0
27. Total (Lines 25 and 26)	93,742,807	346,903	93,395,904	118,574,913
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page .....	.0	.0	.0	.0
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)	0	0	0	0
2401. Amount Receivable, other.....	690,307		690,307	1,240,187
2402. ....			.0	.0
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page .....	.0	.0	.0	.0
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	690,307	0	690,307	1,240,187

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$10,347,846 (Exh. 5, Line 9999999) less \$ included in Line 6.3 (including \$1,763,552 Modco Reserve)	10,347,846	10,748,819
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1)(including \$0 Modco Reserve)	948,842	1,176,925
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ Modco Reserve)	8,710	21,506
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	468,149	972,797
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)	38,778,960	55,050,176
5. Policyholders' dividends \$ and coupons \$ due and unpaid (Exhibit 4, Line 10)	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment to (including \$ Modco).....	0	0
6.2 Dividends not yet apportioned (including \$ Modco)	0	0
6.3 Coupons and similar benefits (including \$ Modco)	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$0 discount; including \$3,207,755 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)	3,266,349	4,888,090
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts	0	0
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds	0	0
9.3 Other amounts payable on reinsurance including \$ assumed and \$341,323 ceded	341,323	237,654
9.4 Interest maintenance reserve (Page 33, Line 6)	1,763,609	1,274,460
10. Commissions to agents due or accrued-life contracts and annuity contracts \$38,087 accident and health \$1,382,772 and deposit-type contract funds \$0	1,420,859	2,473,196
11. Commissions and expense allowances payable on reinsurance assumed	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 5)	0	0
13. Transfers to Separate Accounts due or accrued (net) (Including \$0 accrued for expense allowances recognized in reserves)	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5)	860,556	975,580
15. Federal and foreign income taxes including \$ on realized capital gains (losses) (including \$ net deferred tax liability)	0	0
16. Unearned investment income	0	0
17. Amounts withheld or retained by company as agent or trustee	434,772	971,960
18. Amounts held for agents' account, including \$ agents' credit balances	0	0
19. Remittances and items not allocated	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0
21. Liability for benefits for employees and agents if not included above	0	0
22. Borrowed money \$ and interest thereon \$	0	0
23. Dividends to stockholders declared and unpaid	0	0
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (Page 34, Line 16, Col. 7)	181,744	165,027
24.2 Reinsurance in unauthorized companies	0	0
24.3 Funds held under reinsurance treaties with unauthorized reinsurers	0	0
24.4 Payable to parent, subsidiaries and affiliates	3,329,995	2,194,220
24.5 Drafts outstanding	0	0
24.6 Liability for amounts held under uninsured accident and health plans	0	0
24.7 Funds held under coinsurance	0	9,337,856
24.8 Payable for securities	0	0
24.9 Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	660,500	687,200
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	62,812,214	91,175,466
27. From Separate Accounts Statement	0	0
28. Total Liabilities (Lines 26 and 27)	62,812,214	91,175,466
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock	0	0
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	51,862,110	51,862,110
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	(23,778,420)	(26,962,662)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)	0	0
36.2 shares preferred (value included in Line 30 \$)	0	0
37. Surplus (total Lines 31+32+33+34+35-36) (Including \$0 in Separate Accounts Statement)	28,083,689	24,899,447
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	30,583,689	27,399,447
39. Totals of Lines 28 and 38 (Page 2, Line 27, Col. 3)	93,395,903	118,574,913
DETAILS OF WRITE-INS		
2501. Claim Interest Payable.....	82,500	164,200
2502. Guaranty Fund Payable.....	578,000	523,000
2503.	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	660,500	687,200
3101.	0	0
3102.	0	0
3103.	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)	0	0
3401.	0	0
3402.	0	0
3403.	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)	0	0

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	187,663,708	245,264,383
2. Considerations for supplementary contracts with life contingencies		0
3. Net investment income (Exhibit of Net Investment Income, Line 17)	5,093,790	5,967,788
4. Amortization of interest maintenance reserve (IMR) (Page 33, Line 5)	421,785	313,311
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	20,457,816	31,121,656
7. Reserve adjustments on reinsurance ceded	(4,656,748)	210,428
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		0
8.2 Charges and fees for deposit-type contracts		0
8.3 Aggregate write-ins for miscellaneous income	306,241	1,403,118
9. Total (Lines 1 to 8.3)	209,286,592	284,280,684
10. Death benefits	710,288	926,669
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	1,624,665	2,121,885
13. Disability benefits and benefits under accident and health contracts	128,804,818	189,745,535
14. Coupons, guaranteed annual pure endowments and similar benefits		0
15. Surrender benefits and withdrawals for life contracts		0
16. Group conversions		0
17. Interest and adjustments on contracts or deposit-type contract funds	(12,838)	(701,592)
18. Payments on supplementary contracts with life contingencies		0
19. Increase in aggregate reserves for life and accident and health contracts	(1,404,015)	(685,321)
20. Totals (Lines 10 to 19)	129,722,919	191,407,175
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1 less Col. 11)	27,959,330	43,316,313
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	843,746	10,679,215
23. General insurance expenses (Exhibit 2, Line 10, Cols. 1 + 2 + 3)	36,034,141	44,169,263
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	6,979,778	8,270,216
25. Increase in loading on deferred and uncollected premiums	(9,680)	(6,161)
26. Net transfers to or (from) Separate Accounts		0
27. Aggregate write-ins for deductions	219,456	89,957
28. Totals (Lines 20 to 27)	201,749,689	297,925,978
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	7,536,903	(13,645,294)
30. Dividends to policyholders	2,973	3,486
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	7,533,930	(13,648,780)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(746,780)	(3,156,602)
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	8,280,709	(10,492,178)
34. Net realized capital gains or (losses) less capital gains tax of \$ 0 (excluding taxes of \$ 469,269) transferred to the IMR	2,600	0
35. Net income (Line 33 plus Line 34)	8,283,309	(10,492,178)
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, previous year (Page 3, Line 38, Col. 2)	27,399,447	26,163,813
37. Net income (Line 35)	8,283,309	(10,492,178)
38. Change in net unrealized capital gains (losses)	(1,526,944)	(6,917,021)
39. Change in net unrealized foreign exchange capital gain (loss)		0
40. Change in net deferred income tax	1,120,747	0
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Col. 3)	179,541	170,737
42. Change in liability for reinsurance in unauthorized companies	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4)	0	0
44. Change in asset valuation reserve (Page 34, Lines 2 through 5 minus Line 6 plus Line 7 plus Line 11 plus Lines 14 through 15, Col. 7)	(87,587)	(102,217)
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1)	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period		0
47. Other changes in surplus in Separate Accounts Statement	0	0
48. Change in surplus notes	0	0
49. Cumulative effect of changes in accounting principles		1,144,794
50. Capital changes:		
50.1 Paid in		0
50.2 Transferred from surplus (Stock Dividend)		0
50.3 Transferred to surplus		0
51. Surplus adjustment:		
51.1 Paid in	0	21,500,000
51.2 Transferred to capital (Stock Dividend)		0
51.3 Transferred from capital		0
51.4 Change in surplus as a result of reinsurance	(4,784,824)	(4,068,481)
52. Dividends to stockholders		0
53. Aggregate write-ins for gains and losses in surplus	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53)	3,184,242	1,235,634
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	30,583,689	27,399,447
DETAILS OF WRITE-INS		
08.301. Miscellaneous Income	306,241	1,403,118
08.302.		
08.303.		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0
08.399. TOTALS (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	306,241	1,403,118
2701. Regulatory Authority Assessments	219,456	89,957
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)	219,456	89,957
5301.		
5302.		
5303.		
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0
5399. TOTALS (Lines 5301 thru 5303 plus 5398) (Line 53 above)	0	0

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and annuity considerations for life and accident and health contracts	186,458,340	247,639,392
2. Charges and fees for deposit-type contracts	91	0
3. Considerations for supplementary contracts with life contingencies	0	0
4. Net investment income	5,231,225	6,416,363
5. Commissions and expense allowances on reinsurance ceded	15,713,381	31,243,122
6. Fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0
7. Aggregate write-ins for miscellaneous income	521,241	1,398,546
8. Total (Lines 1 to 7)	207,924,278	286,697,423
9. Death benefits	1,214,936	677,456
10. Matured endowments	0	0
11. Annuity benefits	1,624,665	2,121,885
12. Disability benefits and benefits under accident and health contracts	152,649,524	186,952,591
13. Coupons, guaranteed annual pure endowments and similar benefits	0	0
14. Surrender benefits and withdrawals for life contracts	0	0
15. Group conversions	0	0
16. Interest and adjustments on contracts or deposit-type contract funds	0	0
17. Payments on supplementary contracts with life contingencies	0	0
18. Total (Lines 9 to 17)	155,489,125	189,751,932
19. Commissions on premiums, annuity considerations and deposit-type contract funds	29,011,667	44,169,171
20. Commissions and expense allowances on reinsurance assumed	843,746	10,679,215
21. General insurance expenses	36,034,141	44,202,754
22. Insurance taxes, licenses and fees, excluding federal income taxes	7,094,802	8,497,748
23. Net transfers to or (from) Separate Accounts	0	0
24. Aggregate write-ins for deductions	219,456	89,957
25. Total (Lines 18 to 24)	228,692,937	297,390,776
26. Dividends paid to policyholders	2,931	3,227
27. Federal income taxes (excluding tax on capital gains)	(2,589,195)	0
28. Total (Lines 25 to 27)	226,106,673	297,394,003
29. Net cash from operations (Line 8 minus Line 28)	(18,182,395)	(10,696,580)
Cash from Investments		
30. Proceeds from investments sold, matured or repaid:		
30.1 Bonds	51,365,859	79,973,398
30.2 Stocks	0	0
30.3 Mortgage loans	0	0
30.4 Real estate	0	0
30.5 Other invested assets	0	0
30.6 Net gains (losses) on cash and short-term investments	0	0
30.7 Miscellaneous proceeds	0	0
30.8 Total investment proceeds (Lines 30.1 to 30.7)	51,365,859	79,973,398
31. Net tax on capital gains (losses)	0	0
32. Total (Line 30.8 minus Line 31)	51,365,859	79,973,398
33. Cost of investments acquired (long-term only):		
33.1 Bonds	40,454,926	75,292,876
33.2 Stocks	0	0
33.3 Mortgage loans	0	0
33.4 Real estate	0	0
33.5 Other invested assets	0	0
33.6 Miscellaneous applications	0	0
33.7 Total investments acquired (Lines 33.1 to 33.6)	40,454,926	75,292,876
34. Net increase (or decrease) in policy loans and premium notes	(12,434)	(5,456)
35. Net cash from investments (Line 32 minus Line 33.7 minus Line 34)	10,923,367	4,685,978
Cash from Financing and Miscellaneous Sources		
36. Cash provided:		
36.1 Surplus notes, capital and surplus paid in	0	21,500,000
36.2 Borrowed money \$ less amounts repaid \$	0	0
36.3 Capital notes \$ less amounts repaid \$	0	0
36.4 Deposits on deposit-type contract funds and other liabilities without life or disability contingencies	0	0
36.5 Other cash provided	0	2,939,399
36.6 Total (Lines 36.1 to 36.5)	0	24,439,399
37. Cash applied:		
37.1 Dividends to stockholders paid	0	0
37.2 Interest on indebtedness	0	0
37.3 Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies	0	0
37.4 Other applications (net)	1,782,176	0
37.5 Total (Lines 37.1 to 37.4)	1,782,176	0
38. Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5)	(1,782,176)	24,439,399
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
39. Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38)	(9,041,204)	18,428,798
40. Cash and short-term investments:		
40.1 Beginning of year	16,576,756	(1,852,042)
40.2 End of year (Line 39 plus Line 40.1)	7,535,552	16,576,756
DETAILS OF WRITE-INS		
0701. Miscellaneous Income	521,241	1,398,546
0702.		
0703.		
0798. Summary of remaining write-ins for Line 7 from overflow page	0	0
0799. TOTALS (Lines 0701 thru 0703 plus 0798) (Line 7 above)	521,241	1,398,546
2401. Fines and penalties of regulatory authorities	219,456	89,957
2402.		
2403.		
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0
2499. TOTALS (Lines 2401 thru 2403 plus 2498) (Line 24 above)	219,456	89,957

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit) (Excluding Capital Gains and Losses)

	1	2	Ordinary			6	Group		Accident and Health			12
			3	4	5		7	8	9	10	11	
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (a)	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
1. Premiums and annuity considerations for life and accident and health contracts	187,663,710	0	337,999	220,009		0	960,495	0	180,454,006	0	5,691,201	
2. Considerations for supplementary contracts with life contingencies	0											
3. Net investment income	5,093,790		171,853	354,538			53,251		4,439,075		75,073	
4. Amortization of Interest Maintenance Reserve (IMR)	421,785		11,762	74,662			3,910		325,939		5,512	
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0											
6. Commissions and expense allowances on reinsurance ceded	20,457,816	0	0	11,520		0	1,294,270	0	19,152,026	0	0	0
7. Reserve adjustments on reinsurance ceded	(4,656,748)						190,906		(4,847,654)			
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts	0											
8.2 Charges and fees for deposit-type contracts	0											
8.3 Aggregate write-ins for miscellaneous income	306,241				0	0	0	0	306,241	0	0	0
9. Totals (Lines 1 to 8.3)	209,286,594	0	521,614	660,728	0	0	2,502,832	0	199,829,633	0	5,771,786	0
10. Death benefits	710,288		283,590				426,698					
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0				0					
12. Annuity benefits	1,624,665			1,624,665				0				
13. Disability benefits and benefits under accident and health contracts	128,804,818								125,983,431	0	2,821,387	
14. Coupons, guaranteed annual pure endowments and similar benefits	0											
15. Surrender benefits and withdrawals for life contracts	0											
16. Group conversions	0											
17. Interest and adjustments on contract or deposit-type contract funds	(12,838)				(12,838)							
18. Payments on supplementary contracts with life contingencies	0											
19. Increase in aggregate reserves for life and accident and health contracts	(1,404,015)		(330,392)	(808,081)	(37,459)		0		(288,668)		60,585	
20. Totals (Lines 10 to 19)	129,722,919	0	(46,802)	816,584	(50,297)	0	426,698	0	125,694,763	0	2,881,972	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	27,959,330	0	17,283	14,440		0	575,531	0	27,075,805	0	276,271	0
22. Commissions and expense allowances on reinsurance assumed	843,746	0	0	0		0	0	0	843,746	0	0	0
23. General insurance expenses	36,034,141		163,126	151,750			649,252		34,470,163		599,850	
24. Insurance taxes, licenses and fees, excluding federal income taxes (FIT)	6,979,778		12,103	3,654			138,749		6,697,193		128,079	
25. Increase in loading on deferred and uncollected premiums	(9,680)		(9,680)						0			
26. Net transfers to or (from) Separate Accounts	0											
27. Aggregate write-ins for deductions	219,456	0	381	304	0	0	4,359	0	210,385	0	4,027	0
28. Totals (Lines 20 to 27)	201,749,690	0	136,411	986,732	(50,297)	0	1,794,589	0	194,992,055	0	3,890,199	0
29. Net gain from operations before dividends to policyholders and FIT (Line 9 - Line 28)	7,536,904	0	385,203	(326,004)	50,297	0	708,242	0	4,837,578	0	1,881,587	0
30. Dividends to policyholders	2,973		2,973						0		0	
31. Net gain from operations after dividends to policyholders and before FIT (Line 29 - Line 30)	7,533,931	0	382,230	(326,004)	50,297	0	708,242	0	4,837,578	0	1,881,587	0
32. Federal income taxes incurred (excluding tax on capital gains)	(746,780)		(37,917)	32,340	(4,989)		(70,258)		(479,301)		(186,653)	
33. Net gain from operations after dividends to policyholders and FIT and before realized capital gains or (losses) (Line 31 - Line 32)	8,280,711	0	420,147	(358,343)	55,286	0	778,500	0	5,316,880	0	2,068,241	0
DETAILS OF WRITE-INS												
08.301. Miscellaneous Income	306,241								306,241			
08.302.												
08.303.												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	306,241	0	0	0	0	0	0	0	306,241	0	0	0
2701. Fines and penalties of regulatory authorities	219,456		381	304			4,359		210,385		4,027	
2702.												
2703.												
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	219,456	0	381	304	0	0	4,359	0	210,385	0	4,027	0

(a) Includes the following amounts for FEGLI/SGLI: Line 1 Line 10 Line 16 Line 23 Line 24

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year	10,748,819	0	1,841,220	8,280,969	626,630	0	0	0
2. Tabular net premiums or considerations	533,500		268,937	264,563				
3. Present value of disability claims incurred	0				XXX			
4. Tabular interest	524,384		61,572	426,338	36,474			
5. Tabular less actual reserve released	0							
6. Increase in reserve on account of change in valuation basis	0							
7. Other increases (net)	803,336		24,356	774,959	4,021			
8. Totals (Lines 1 to 7)	12,610,039	0	2,196,085	9,746,829	667,125	0	0	0
9. Tabular cost	286,682		286,682		XXX			
10. Reserves released by death	10,470		10,470	XXX	XXX			XXX
11. Reserves released by other terminations (net)	1,734,290		388,107	1,346,183				
12. Annuity, supplementary contract and disability payments involving life contingencies	230,752			152,798	77,954			
13. Net transfers to or (from) Separate Accounts	0							
14. Total Deductions (Lines 9 to 13)	2,262,194	0	685,259	1,498,981	77,954	0	0	0
15. Reserve December 31, current year	10,347,845	0	1,510,826	8,247,848	589,171	0	0	0

7

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 272,130	257,524
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 4,918,265	4,822,377
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans	3,833	3,833
6. Cash/short-term investments	(e) 155,503	153,561
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	9,597	9,597
10. Total gross investment income	5,359,328	5,246,892
11. Investment expenses		(g) 153,104
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)		153,104
17. Net Investment Income - (Line 10 minus Line 16)		5,093,788
DETAILS OF WRITE-INS		
0901. Miscellaneous Investment Income	9,597	9,597
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)	9,597	9,597
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 \$ 137,478 accrual of discount less \$ 477,190 amortization of premium and less \$ 324,669 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					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	1,271,191	107,380			1,378,571
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
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)	1,632	0	0	0	1,632
10. Total capital gains (losses)	1,272,823	107,380	0	0	1,380,203
DETAILS OF WRITE-INS					
0901. Commercial Paper	1,632				1,632
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)	1,632	0	0	0	1,632

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

EXHIBIT - 1 PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH POLICIES AND CONTRACTS

	1		2		3		4		5		6		7		8		9		10		11	
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business											
FIRST YEAR (other than single)																						
1. Uncollected	.121		.121																			
2. Deferred and accrued	.597		.597																			
3. Deferred, accrued and uncollected:																						
3.1 Direct	.718		.718																			
3.2 Reinsurance assumed	.0		.0																			
3.3 Reinsurance ceded	.0		.0																			
3.4 Net (Line 1 + Line 2)	.718	.0	.718	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Advance	3,648	.0	3,648	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Line 3.4 - Line 4	(2,930)	.0	(2,930)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Collected during year:																						
6.1 Direct	8,894		8,894																			
6.2 Reinsurance assumed	.0		.0																			
6.3 Reinsurance ceded	.0		.0																			
6.4 Net	8,894	.0	8,894	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Line 5 + Line 6.4	5,964	.0	5,964	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Prior year (uncollected + deferred and accrued - advance)	(801)	.0	(801)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. First year premiums and considerations:																						
9.1 Direct	6,765	.0	6,765	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.4 Net (Line 7 - Line 8)	6,765	.0	6,765	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
SINGLE																						
10. Single premiums and considerations:																						
10.1 Direct	.0		.0																			
10.2 Reinsurance assumed	.0		.0																			
10.3 Reinsurance ceded	.0		.0																			
10.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
RENEWAL																						
11. Uncollected	458,167		6,273			9,444					442,450											
12. Deferred and accrued	114,218		114,218																			
13. Deferred, accrued and uncollected:																						
13.1 Direct	686,168		120,491			9,444					556,233											
13.2 Reinsurance assumed	.0		.0			.0					.0											
13.3 Reinsurance ceded	113,783										113,783											
13.4 Net (Line 11 + Line 12)	572,385	.0	120,491	.0	.0	9,444	.0	.0	.0	.0	442,450	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Advance	3,262,701	.0	.0	.0	.0	54,946	.0	.0	.0	.0	3,197,523	.0	.0	.0	.0	.0	.0	.0	.0	10,232	.0	.0
15. Line 13.4 - Line 14	(2,690,316)	.0	120,491	.0	.0	(45,502)	.0	.0	.0	.0	(2,755,073)	.0	.0	.0	.0	.0	.0	.0	.0	(10,232)	.0	.0
16. Collected during year:																						
16.1 Direct	250,803,677		432,596	338,473		4,293,252					240,045,817									5,693,539		
16.2 Reinsurance assumed	7,367,599										7,367,599											
16.3 Reinsurance ceded	71,991,814		83,583	118,464		3,376,204					68,413,563											
16.4 Net	186,179,461	.0	349,013	220,009	.0	917,048	.0	.0	.0	.0	178,999,853	.0	.0	.0	.0	.0	.0	.0	.0	5,693,539	.0	.0
17. Line 15 + Line 16.4	183,489,145	.0	469,504	220,009	.0	871,546	.0	.0	.0	.0	176,244,780	.0	.0	.0	.0	.0	.0	.0	.0	5,683,307	.0	.0
18. Prior year (uncollected + deferred and accrued - advance)	(4,167,799)	.0	138,270	.0	.0	(88,949)	.0	.0	.0	.0	(4,209,226)	.0	.0	.0	.0	.0	.0	.0	.0	(7,894)	.0	.0
19. Renewal premiums and considerations:																						
19.1 Direct	252,575,699	.0	414,817	338,473	.0	4,336,699	.0	.0	.0	.0	241,794,509	.0	.0	.0	.0	.0	.0	.0	.0	5,691,201	.0	.0
19.2 Reinsurance assumed	7,395,603	.0	.0	.0	.0	.0	.0	.0	.0	.0	7,395,603	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.3 Reinsurance ceded	72,314,357	.0	83,583	118,464	.0	3,376,204	.0	.0	.0	.0	68,736,106	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.4 Net (Line 17 - Line 18)	187,656,944	.0	331,234	220,009	.0	960,495	.0	.0	.0	.0	180,454,006	.0	.0	.0	.0	.0	.0	.0	.0	5,691,201	.0	.0
TOTAL																						
20. Total premiums and annuity considerations:																						
20.1 Direct	252,582,464	.0	421,582	338,473	.0	4,336,699	.0	.0	.0	.0	241,794,509	.0	.0	.0	.0	.0	.0	.0	.0	5,691,201	.0	.0
20.2 Reinsurance assumed	7,395,603	.0	.0	.0	.0	.0	.0	.0	.0	.0	7,395,603	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.3 Reinsurance ceded	72,314,357	.0	83,583	118,464	.0	3,376,204	.0	.0	.0	.0	68,736,106	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.4 Net (Line 9.4 + 10.4 + 19.4)	187,663,710	.0	337,999	220,009	.0	960,495	.0	.0	.0	.0	180,454,006	.0	.0	.0	.0	.0	.0	.0	.0	5,691,201	.0	.0

6

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

EXHIBIT 1 - PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (direct business only)

	1 Total	2 Industrial Life	Ordinary		5 Credit Life (Group and Individual)	Group		Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums (Exhibit 4, Line 1)	0		0								
22. All other (Exhibit 4, Lines 2, 3 & 4)	2,222		2,222								
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded	0										
23.2 Reinsurance assumed	0										
23.3 Net ceded less assumed	0	0	0	0	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded	0										
24.2 Reinsurance assumed	0										
24.3 Net ceded less assumed	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded	20,457,816			11,520		1,294,270		19,152,026			
25.2 Reinsurance assumed	843,746					0		843,746			
25.3 Net ceded less assumed	19,614,070	0	0	11,520	0	1,294,270	0	18,308,280	0	0	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)	20,457,816	0	0	11,520	0	1,294,270	0	19,152,026	0	0	0
26.2 Reinsurance assumed (Page 6, Line 23)	843,746	0	0	0	0	0	0	843,746	0	0	0
26.3 Net ceded less assumed	19,614,070	0	0	11,520	0	1,294,270	0	18,308,280	0	0	0
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)	0									0	
28. Single	0										
29. Renewal	27,959,330		17,283	14,440		575,531		27,075,805		276,271	
30. Deposit-type contract funds	0		0	0		0		0		0	
31. Totals (to agree with Page 6, Line 21)	27,959,330	0	17,283	14,440	0	575,531	0	27,075,805	0	276,271	0

EXHIBIT 2 - GENERAL EXPENSES

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent	55,421	2,356,140			2,411,560
2. Salaries and wages	332,660	14,142,633			14,475,293
3.11 Contributions for benefit plans for employees	15,822	672,674			688,497
3.12 Contributions for benefit plans for agents	0	0			0
3.21 Payments to employees under non-funded benefit plans	0	0			0
3.22 Payments to agents under non-funded benefit plans	0	0			0
3.31 Other employee welfare	7,913	336,420			344,333
3.32 Other agent welfare	3,696	157,142			160,838
4.1 Legal fees and expenses	21,464	912,529			933,993
4.2 Medical examination fees	0	1,215,235			1,215,235
4.3 Inspection report fees	169	7,197			7,366
4.4 Fees of public accountants and consulting actuaries	31,101	1,322,236			1,353,337
4.5 Expense of investigation and settlement of policy claims	15,899	675,944			691,844
5.1 Traveling expenses	7,843	333,441			341,284
5.2 Advertising	1,315	55,899			57,214
5.3 Postage, express, telegraph and telephone	33,174	1,410,357			1,443,531
5.4 Printing and stationery	12,241	520,415			532,656
5.5 Cost or depreciation of furniture and equipment	8,455	359,473			367,929
5.6 Rental of equipment	3,100	131,798			134,898
5.7 Cost or depreciation of EDP equipment and software	0	0			0
6.1 Books and periodicals	528	22,444			22,972
6.2 Bureau and association fees	1,645	69,929			71,574
6.3 Insurance, except on real estate	5,138	218,442			223,580
6.4 Miscellaneous losses	0	0			0
6.5 Collection and bank service charges	3,520	149,631			153,150
6.6 Sundry general expenses	7,266	308,912			316,178
6.7 Group service and administration fees	212,885	1,916,626			2,129,511
6.8 Reimbursements by uninsured accident and health plans	0	0			0
7.1 Agency expense allowance	0	0			0
7.2 Agents' balances charged off (less \$ recovered)	0	0			0
7.3 Agency conferences other than local meetings	5,399	229,547			234,946
9.1 Real estate expenses	0	0			0
9.2 Investment expenses not included elsewhere	0	0		153,104	153,104
9.3 Aggregate write-ins for expenses	177,471	7,544,950	0	0	7,722,421
10. General expenses incurred	964,128	35,070,013	0	153,104 (a)	36,187,244
11. General expenses unpaid December 31, prior year	0	0	0	0	0
12. General expenses unpaid December 31, current year	0	0	0	0	0
13. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0	0
14. Amounts receivable relating to uninsured accident and health plans, current year	0	0	0	0	0
15. General expenses paid during year (Lines 10+11-12-13+14)	964,128	35,070,013	0	153,104	36,187,244
DETAILS OF WRITE-INS					
09.301. Temporary Service	277	11,790			12,067
09.302. System Software and Maintenance	177,194	7,533,160			7,710,354
09.303.	0	0			0
09.398. Summary of remaining write-ins for Line 9.3 from overflow page	0	0	0	0	0
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398) (Line 9.3 above)	177,471	7,544,950	0	0	7,722,421

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes	6,422	273,036			279,458
2. State insurance department licenses and fees	30,029	1,276,635			1,306,664
3. State taxes on premiums	93,914	4,249,270			4,343,184
4. Other state taxes, incl. \$ for employee benefits	723	30,741			31,464
5. U.S. Social Security taxes	22,962	976,191			999,153
6. All other taxes	456	19,398			19,854
7. Taxes, licenses and fees incurred	154,506	6,825,271	0	0	6,979,777
8. Taxes, licenses and fees unpaid December 31, prior year	21,853	953,727	0	0	975,580
9. Taxes, licenses and fees unpaid December 31, current year	25,817	834,739	0	0	860,556
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	150,542	6,944,259	0	0	7,094,801

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums		
2. Applied to shorten the endowment or premium-paying period	2,222	
3. Applied to provide paid-up additions	0	
4. Applied to provide paid-up annuities		
5. Total Lines 1 thru 4	2,222	0
6. Paid in cash	617	
7. Left on deposit	134	
8. Aggregate write-ins for dividend or refund options	0	
9. Total Lines 5 thru 8	2,973	0
10. Amount due and unpaid		
11. Provision for dividends or refunds payable in the following calendar year		
12. Terminal dividends		
13. Provision for deferred dividend contracts		
14. Amount provisionally held for deferred dividend contracts not included in Line 13		
15. Total Lines 10 thru 14	0	0
16. Total from prior year	0	0
17. Total Dividends or refunds (Lines 9 + 15 - 16)	2,973	0
DETAILS OF WRITE-INS		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
A. LIFE INSURANCE:					
0100001. 1958 CSO 3% NL CONT.....	18,163		18,163		
0100002. 1958 CSO 3 1/2% - 3% CRVM-NL.....	427,799		427,799		
0100003. 1958 CSO 2 1/2% CRVM.....	51,741		51,741		
0100004. 1958 CSO 3% CRVM.....	319,885		319,885		
0100005. 1958 CSO 3% NL.....	85,410		85,410		
0100006. 1958 CSO 3 1/4% CRVM.....	310		310		
0100007. 1958 CSO 3 1/2% CRVM.....	96,366		96,366		
0100008. 1958 GET 3% NL.....	39,165		39,165		
0100009. 1958 CSO 3 1/2% NL.....	2,367		2,367		
0100010. 1958 CSO 4.5%.....	527,627		527,627		
0100011. 1958 CSO 4.5% CRVM.....	119,121		119,121		
0100012.	0				
0100013.	0				
0100014.	0				
0100015.	0				
0100016.	0				
0100017.	0				
0100018.	0				
0100019.	0				
0100020.	0				
0100021.	0				
0100022.	0				
0100023.	0				
0100024.	0				
0199997. Totals (Gross)	1,687,954	0	1,687,954	0	0
0199998. Reinsurance ceded	279,629		279,629		
0199999. Totals (Net)	1,408,325	0	1,408,325	0	0
B. ANNUITIES (excluding supplementary contracts with life contingencies):					
0200001. 1983A 5 1/2%.....	2,891,254	XXX	2,891,254	XXX	
0200002. 1983 A 5 %.....	7,660,767	XXX	7,660,767	XXX	
0200003.	0	XXX		XXX	
0200004.	0	XXX		XXX	
0200005.	0	XXX		XXX	
0200006.	0	XXX		XXX	
0200007.	0	XXX		XXX	
0200008.	0	XXX		XXX	
0200009.	0	XXX		XXX	
0200010.	0	XXX		XXX	
0200011.	0	XXX		XXX	
0200012.	0	XXX		XXX	
0200013.	0	XXX		XXX	
0200014.	0	XXX		XXX	
0200015.	0	XXX		XXX	
0200016.	0	XXX		XXX	
0200017.	0	XXX		XXX	
0200018.	0	XXX		XXX	
0299997. Totals (Gross)	10,552,021	XXX	10,552,021	XXX	0
0299998. Reinsurance ceded	2,304,174	XXX	2,304,174	XXX	
0299999. Totals (Net)	8,247,847	XXX	8,247,847	XXX	0
C. SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:					
0300001. 1983 A 5%.....	589,171		589,171		
0300002.	0				
0300003.	0				
0399997. Totals (Gross)	589,171	0	589,171	0	0
0399998. Reinsurance ceded	0				
0399999. Totals (Net)	589,171	0	589,171	0	0
D. ACCIDENTAL DEATH BENEFITS:					
0400001. 1958 ADB 1958 CSO 3%.....	125		125		
0400002.	0				
0400003.	0				
0400004.	0				
0400005.	0				
0400006.	0				
0499997. Totals (Gross)	125	0	125	0	0
0499998. Reinsurance ceded	0				
0499999. Totals (Net)	125	0	125	0	0
E. DISABILITY-ACTIVE LIVES:					
0500001. 1952 DIS - 1958 CSO 3%.....	97		97		
0500002.	0				
0500003.	0				
0500004.	0				
0500005.	0				
0500006.	0				
0599997. Totals (Gross)	97	0	97	0	0
0599998. Reinsurance ceded	0				
0599999. Totals (Net)	97	0	97	0	0
F. DISABILITY-DISABLED LIVES:					
0600001. 1952 DIS WITH 1958 CSO 3% 1970 INTERCOMPANY GROUP LIFE.....	17,788		17,788		
0600002.	0				
0600003.	0				
0600004.	0				
0600005.	0				
0600006.	0				
0699997. Totals (Gross)	17,788	0	17,788	0	0
0699998. Reinsurance ceded	0				
0699999. Totals (Net)	17,788	0	17,788	0	0
G. MISCELLANEOUS RESERVES					
0700001. For excess of valuation net premiums over corresponding gross premiums on respective policies, computed according to the standard of valuation required by this state.....	53,435		53,435		
0700002. For non-deduction of deferred fractional premiums or return of premiums at the death of the insured.....	1,061		1,061		
0700003.	29,997		29,997		
0799997. Totals (Gross)	84,493	0	84,493	0	0
0799998. Reinsurance ceded	0				
0799999. Totals (Net)	84,493	0	84,493	0	0
9999999. Totals (Net) - (Page 3, Line 1)	10,347,846	0	10,347,846	0	0



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes [X] No []
- 1.2 If not, state which kind is issued
.....
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes [] No [X]
- 2.2 If not, state which kind is issued
NON-PARTICIPATING
- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [X] No []
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the Instructions.
- 4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes [] No [X]
 - 4.1 Amount of insurance? \$
 - 4.2 Amount of reserve? \$
 - 4.3 Basis of reserve:
.....
 - 4.4 Basis of regular assessments:
.....
 - 4.5 Basis of special assessments:
.....
 - 4.6 Assessments collected during the year \$
- 5. If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
.....
- 6. Does the reporting entity hold reserves for any annuity contracts which are less than the reserves that would be held on a standard basis? Yes [] No [X]
 - 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$
 - 6.2 which would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits: \$
 - Attach statement of methods employed in their valuation.
- 7. Does the reporting entity have any Synthetic GIC contracts, or agreements in effect as of December 31 of the current year? Yes [] No [X]
 - 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements? \$
 - 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:
.....
 - 7.3 State the amount of reserves established for this business: \$
 - 7.4 Identify where the reserves are reported in the blank:
.....

EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due to Change
	2 Changed From	3 Changed To	
LIFE CONTRACTS (Including supplementary contracts set upon a basis other than that used to determine benefits) (Exhibit 5)			
0199999 - Subtotal (Page 7, Line 6)	XXX	XXX	
ACCIDENT AND HEALTH CONTRACTS (Exhibit 6)			
0299999 - Subtotal	XXX	XXX	
DEPOSIT-TYPE CONTRACTS (Exhibit 7)			
NONE			
0399999 - Subtotal	XXX	XXX	
9999999 - Total (Column 4, only)			

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

EXHIBIT 6 - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non-Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserve	1,088,880	1,039,537				11,505			37,838
2. Additional contract reserves (a)	53,349	4,814							48,535
3. Additional actuarial reserves-Asset/Liability analysis	0								
4. Reserve for future contingent benefits	0								
5. Reserve for rate credits	0								
6. Aggregate write-ins for reserves	0	0	0	0	0	0	0	0	0
7. Totals (Gross)	1,142,229	1,044,351	0	0	0	11,505	0	0	86,373
8. Reinsurance ceded	193,387	193,387							
9. Totals (Net)	948,842	850,964	0	0	0	11,505	0	0	86,373
CLAIM RESERVE									
10. Present value of amounts not yet due on claims	0								
11. Additional actuarial reserves-Asset/Liability analysis	0								
12. Reserve for future contingent benefits	0								
13. Aggregate write-ins for reserves	0	0	0	0	0	0	0	0	0
14. Totals (Gross)	0	0	0	0	0	0	0	0	0
15. Reinsurance ceded	0								
16. Totals (Net)	0	0	0	0	0	0	0	0	0
17. TOTAL (Net)	948,842	850,964	0	0	0	11,505	0	0	86,373
18. TABULAR FUND INTEREST	0								
DETAILS OF WRITE-INS									
0601.									
0602.									
0603.									
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0	0	0	0
0699. TOTALS (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0	0	0	0
1301.									
1302.									
1303.									
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0
1399. TOTALS (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0

(a) Attach statement as to valuation standard used in calculating this reserve, specifying reserve bases, interest rates and methods.

EXHIBIT 7 - DEPOSIT TYPE CONTRACTS

	1 Total	2 Guaranteed Interest Contracts	3 Supplemental Contracts and Annuities Certain	4 Dividend Accumulations or Refunds	5 Premium and Other Deposit Funds	6 Other
1. Balance at the beginning of the year before reinsurance	21,506			1,771	19,735	
2. Deposits received during the year .....	.0			.0		
3. Investment earnings credited to the account .....	.91			.91		
4. Other net change in reserves	(12,838)				(12,838)	
5. Fees and other charges assessed .....	.49			.49		
6. Surrender charges .....	.0					
7. Net surrender or withdrawal payments .....	.0					
8. Other net transfers to or (from) Separate Accounts .....	.0					
9. Balance at the end of current year before reinsurance (Lines 1+2+3+4-5-6-7-8)	8,710	.0	.0	1,813	6,897	.0
10. Reinsurance balance at the beginning of the year .....	.0					
11. Net change in reinsurance assumed .....	.0					
12. Net change in reinsurance ceded .....	.0					
13. Reinsurance balance at the end of the year (Lines 10+11-12) .....	.0	.0	.0	.0	.0	.0
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	8,710	0	0	1,813	6,897	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and Unpaid:											
1.1 Direct .....	.0										
1.2 Reinsurance assumed .....	.0										
1.3 Reinsurance ceded .....	.0										
1.4 Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. In course of settlement:											
2.1 Resisted											
2.11 Direct .....	.0										
2.12 Reinsurance assumed .....	.0										
2.13 Reinsurance ceded .....	.0										
2.14 Net .....	.0	.0	(b) .0	(b) .0	(b) .0	(b) .0	(b) .0	(b) .0	(b) .0	(b) .0	(b) .0
2.2 Other											
2.21 Direct	31,778,304						362,000		30,611,107		805,197
2.22 Reinsurance assumed	756,641								756,641		
2.23 Reinsurance ceded	4,786,114								4,786,114		
2.24 Net	27,748,831	.0	(b) .0	(b) .0	(b) .0	(b) .0	(b) 362,000	(b) .0	(b) 26,581,634	(b) .0	(b) 805,197
3. Incurred but unreported:											
3.1 Direct	13,225,195						106,149		13,119,046		
3.2 Reinsurance assumed	324,275								324,275		
3.3 Reinsurance ceded	2,051,192								2,051,192		
3.4 Net	11,498,278	.0	(b) .0	(b) .0	(b) .0	(b) .0	(b) 106,149	(b) .0	(b) 11,392,129	(b) .0	(b) .0
4. TOTALS											
4.1 Direct	45,003,499	.0	.0	.0	.0	.0	468,149	.0	43,730,153	.0	805,197
4.2 Reinsurance assumed	1,080,916	.0	.0	.0	.0	.0	.0	.0	1,080,916	.0	.0
4.3 Reinsurance ceded	6,837,305	.0	.0	.0	.0	.0	.0	.0	6,837,305	.0	.0
4.4 Net	39,247,110	(a) 0	(a) 0	0	0	0	(a) 468,149	0	37,973,764	0	805,197

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$ in Column 2, \$ in Column 3 and \$ in Column 7.

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$, Individual Annuities \$, Credit Life (Group and Individual) \$, and Group Life \$ are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$, Credit (Group and Individual) Accident and Health \$, and Other Accident and Health \$ are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

16

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements During the Year:											
1.1 Direct	205,033,969		283,590	1,703,618			2,578,140		197,884,949		2,583,672
1.2 Reinsurance assumed	16,708,929								16,708,929		
1.3 Reinsurance ceded	74,058,462			78,953			1,646,794		72,332,715		
1.4 Net	147,684,436	0	283,590	1,624,665	0	0	931,346	0	142,261,163	0	2,583,672
2. Liability December 31, current year from Part 1:											
2.1 Direct	45,003,499	0	0	0	0	0	468,149	0	43,730,153	0	805,197
2.2 Reinsurance assumed	1,080,916	0	0	0	0	0	0	0	1,080,916	0	0
2.3 Reinsurance ceded	6,837,305	0	0	0	0	0	0	0	6,837,305	0	0
2.4 Net	39,247,110	0	0	0	0	0	468,149	0	37,973,764	0	805,197
3. Amounts recoverable from reinsurers December 31, current year	0										
4. Liability December 31, prior year:											
4.1 Direct	70,348,853	0	0	0	0	0	972,797	0	68,808,574	0	567,482
4.2 Reinsurance assumed	14,307,757	0	0	0	0	0	0	0	14,307,757	0	0
4.3 Reinsurance ceded	28,633,637	0	0	0	0	0	0	0	28,633,637	0	0
4.4 Net	56,022,973	0	0	0	0	0	972,797	0	54,482,694	0	567,482
5. Amounts recoverable from reinsurers December 31, prior year	231,199	0	0	0	0	0	0	0	231,199	0	0
6. Incurred Benefits:											
6.1 Direct	179,688,615	0	283,590	1,703,618	0	0	2,073,492	0	172,806,528	0	2,821,387
6.2 Reinsurance assumed	3,482,088	0	0	0	0	0	0	0	3,482,088	0	0
6.3 Reinsurance ceded	52,030,931	0	0	78,953	0	0	1,646,794	0	50,305,184	0	0
6.4 Net	131,139,772	0	283,590	1,624,665	0	0	426,698	0	125,983,431	0	2,821,387

- (a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
 \$ in Line 6.1 and \$ in Line 6.4.
- (b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
 \$ in Line 6.1 and \$ in Line 6.4.
- (c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
 \$ in Line 6.1 and \$ in Line 6.4.
- (d) Includes \$ premiums waived under total and permanent disability benefits.

EXHIBIT 9 ANALYSIS OF NON-ADMITTED ASSETS AND RELATED ITEMS

	1	2	3
	End of Current Year	End of Prior Year	Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 17 and 19 to 22, Column 2.....	0	0	0
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture and equipment	338,153	460,394	122,241
2.3 Leasehold improvements		0	0
2.4 Cash advanced to or in the hands of officers or agents	8,750	66,050	57,300
2.5 Loans on personal security, endorsed or not		0	0
2.6 Supplies, stationery, printed matter		0	0
2.7 Commuted commissions		0	0
3. Total (Lines 2.1 thru 2.7)	346,903	526,444	179,541
4. Disallowed interest maintenance reserve		0	0
5. Aggregate write-ins for other assets	0	0	0
6. Total (Line 1 plus Lines 3 to 5)	346,903	526,444	179,541
DETAILS OF WRITE-INS			
0501.			
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The financial statements of Central Reserve Life Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The company recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2002, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Ohio.

- 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

Life premiums are recognized as income over the premium paying period of the related policies. Annuity considerations are recognized as revenue when received. Health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company's Board of Directors. The aggregate amount of policyholders' dividends is related to actual interest, mortality morbidity and expense experience for the year and judgement as to the appropriate level of statutory surplus to be retained by the Company.

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) Loan-backed securities are stated at either amortized cost or the lower or 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.
- (5) The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with SSAP No. 54, Individual and Group Accident and Health Contracts.
- (6) 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 are continually reviewed and any adjustment are reflected in the period determined.

2. Accounting Changes and Corrections of Errors

- A. The company reports no changes due to company error.

- B. Central Reserve Life Insurance company has changed several areas of current year financial statements due to Codification. The Company prepares its statutory financial statements in conformity with the accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual - Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Ohio Insurance Commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures manual* - Version effective January 1, 2002 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 a change of accounting principle, as an adjustment that increased unassigned surplus, of \$ 1,144,794 as of December 31, 2001. Included in this total adjustment is a reduction in unassigned funds of approximately \$351,025 related to guaranty funds and other assessments and an increase in unassigned funds of approximately \$1,495,819 million related to deferred tax assets.

3. Business Combinations and Goodwill

The company purchased 100% of the United Benefit Life Insurance Company on July 30, 1998. United Benefit Life is currently inactive. The Company purchased 100% of the Provident American Life and Health Insurance Company on December 31, 1998. Provident is licensed in 38 states and sells small group A & H.

The transactions were accounted for by the equity method as a statutory purchase.

There was no goodwill involved with either transaction.

4. Discontinued Operations

The Company has no Discontinued Operations

5. Investments

- A, B,
C & E. The Company has none of these investments.

- D. Loan Backed Securities

NOTES TO FINANCIAL STATEMENTS

The Company has elected to use the book value as of January 1, 1994 as the cost for applying the retrospective adjustment method to securities purchased prior to that date.

Prepayment assumptions for loan-backed bonds were obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. The retrospective adjustment method is used to value all securities except for interest only securities which are valued using the prospective method.

The company used various pricing services in determining the market value of its loan-backed securities.

The company uses the retrospective method to amortize bonds.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no Joint ventures, Partnerships and Limited Liability Companies

7. Investment Income

No due and accrued income was excluded from investment income.

8. Derivative Instruments

The company does not invest in Derivative Instruments

9. Income Taxes

A. The components of the net DTA recognized in the Company's Assests, Liabilities, Surplus and

Other Funds are as follows:

	<u>12/31/2002</u>	<u>12/31/2001</u>
Total of gross deferred tax assets	\$14,914,562	\$17,404,873
Total of deferred tax liabilities	<u>45,570</u>	<u>130,368</u>
Net deferred tax asset	\$14,868,992	\$17,274,505
Deferred tax assets nonadmitted	<u>12,512,598</u>	<u>16,038,858</u>
Net admitted deferred tax asset	<u>\$ 2,356,394</u>	<u>\$1,235,647</u>
Increase (decrease) in nonadmitted deferred tax assets	<u>\$ (3,526,260)</u>	<u>\$16,038,858</u>

B. Unrecognized DTL's

Prior to 1984, as provided under the Life Insurance Company Tax Act of 1959, a portion of statutory income was not subject to current taxation but was accumulated for income tax purposes in a memorandum account referred to as the "policyholders" surplus account (PSA). No federal income taxes have been provided for in the financial statements on income deferred in the PSA. To the extent that dividends are paid from the amount accumulated in the PSA, net earnings would be reduced by the amount of the tax required to be paid. Should the entire amount in the PSA account become taxable, the tax thereon computed at the current rates would amount to approximately: \$1,004,419

C. Current Tax and Change in Deferred Tax

Current income taxes incurred consist of the following major components:

	<u>2002</u>	<u>2001</u>
Current income tax	\$(746,780)	\$(3,156,602)
Tax Credits	<u>-</u>	<u>-</u>
Current year equity tax	\$(746,780)	\$(3,156,602)
Prior year underaccrual	<u>-</u>	<u>-</u>
Current income taxes incurred	<u>\$(746,780)</u>	<u>\$(3,156,602)</u>

The main components of the December 31, 2002 deferred tax amounts were as follows:

DTA's	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
DAC Tax	\$267,028	\$14,499,223	\$14,232,195	\$4,981,268
Accrued Inv Income	-	-	-	-
Non-admitted assets	-	-	-	-
Loss/LAE/SS	(25,792)	40,598,590	40,624,382	14,218,534
Ceding commission	2,905,000	2,905,000	-	-
UPR	(373,795)	1,113,144	1,486,939	520,429
IMR	-	-	-	-
Deferred Compensation	143,127	533,127	390,000	136,500
Deferred Reinsurance Gain	21,452,609	4,204,174	(17,248,435)	(6,036,952)
NOL Carryforward	18,244,857	18,244,857	-	-
Other DTA	-	3,127,953	3,127,953	1,094,784
B/S Unrealized losses	-	-	-	-
Gross DTA's	-	-	-	<u>\$14,914,562</u>
Non-admitted DTA's	-	-	-	<u>12,512,598</u>
Admitted DTA's	-	-	-	<u>\$ 2,401,964</u>

NOTES TO FINANCIAL STATEMENTS

<u>DTL's</u>	<u>Statutory</u>	<u>Tax</u>	<u>Difference</u>	<u>Tax Effect</u>
Bond discount accrual	\$(137,478)	\$(49,534)	\$87,944	\$30,780
Property and Equipment	7,277	49,533	42,256	14,790
Premium in C of C	-	-	-	-
Accrued Div income	-	-	-	-
Gross DTL's				<u>\$45,570</u>

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

<u>DTA's</u>	<u>12/31/2002</u>	<u>12/31/2001</u>	<u>Change</u>
DAC Tax	\$4,981,268	229,830	\$4,751,438
Accrued Inv Income	-	-	-
Non-admitted assets	-	-	-
Loss/LAE/SS	14,218,534	3,584	14,214,950
Ceding commission	-	1,675,250	(1,675,250)
UPR	520,429	153,373	367,056
IMR	-	-	-
Deferred Compensation	136,500	-	136,500
Deferred Reinsurance Gain	(6,036,952)	9,235,509	(15,272,461)
NOL Carryforward	-	6,107,327	(6,107,327)
Other DTA	1,094,784	-	-
B/S Unrealized losses	-	-	-
Total Gross DTA's	<u>\$14,914,562</u>	<u>\$17,404,874</u>	<u>\$(2,490,312)</u>
Non-admitted DTA's	<u>(12,512,598)</u>	<u>(16,038,858)</u>	<u>3,526,260</u>
Admitted DTA's	\$ 2,401,964	\$ 1,366,016	\$ 1,035,948

<u>DTL's</u>	<u>12/31/2002</u>	<u>12/31/2001</u>	<u>Change</u>
Bond discount accrual	\$30,780	\$59,797	\$(29,016)
Property and equipment	14,790	70,572	(55,782)
Premium in C of C	-	-	-
Accrued Div Income	-	-	-
B/S Unrealized gains	-	-	-
Gross DTL's	<u>\$45,570</u>	<u>\$130,368</u>	<u>\$(84,798)</u>
Net admitted deferred tax asset	\$2,356,394	\$1,235,647	\$1,120,747

The change in net deferred income taxes before nonadmitted balances are as follows:

	<u>12/31/2002</u>	<u>12/31/2001</u>	<u>Change</u>
Total deferred tax assets	\$14,914,562	\$17,404,874	\$(2,490,312)
Total deferred tax liabilities	45,570	130,368	(84,798)
Net deferred tax asset	<u>\$14,868,992</u>	<u>\$17,274,505</u>	<u>\$(2,405,513)</u>
Tax effect of unrealized gains (losses)			-
Change in net deferred income tax			<u>\$(2,405,513)</u>

D. Reconciliation of Federal income tax rate to Actual Effective Rate:

The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before income taxes.

The significant items causing this

	<u>12/31/2002</u>	<u>Effective Tax Rate</u>
Provision computed at statutory rate	\$7,536,529	35.0%
Meals & Entertainment	\$33,341	0.4%
Penalties	\$76,810	1.0%
Dividend received deduction	\$-	0.0%
Tax exempt interest	\$-	0.0%
Loss reserve 15% haircut	\$-	0.0%
Policyholder share of DRD & TEI	\$-	0.0%
Capital gains taxes\IMR recapture	\$ 468,714	6.2%
Club dues	\$-	0.0%
"Grass Roots Lobbying" expenses	\$3,696	0.0%
Difference in booking effective tax rate versus stat rate of 3%	\$(1,561,613)	-20.7%
Other (tax credits and PY underaccrual PERM differences)	\$-	0.0%
	<u>\$1,658,733</u>	<u>22.0%</u>
Federal income taxes incurred	\$(746,780)	-9.9%
Change in net deferred income taxes	<u>2,405,513</u>	<u>31.9%</u>
	\$1,658,733	22.0%

NOTES TO FINANCIAL STATEMENTS

E. Operating Loss and Tax Credit Carryforwards

1. At December 31, 2002, the Company is under a loss condition. As of December 31, 2002 and December 31, 2001, the Company had \$18,244,857 and \$17,449,505, respectively, of operating loss carryforwards available to offset future taxable income that will expire in years 2015 and 2014.

2. The Company has no income tax available for recoupment in the event of future net losses.

F. Consolidated Federal income tax return

1. The Company's federal income tax return is consolidated with the following entities:

Ceres Group, Inc.- Parent
 Provident American Life and Health Insurance Company
 United Benefit Life Insurance Company
 Various other non-insurance companies

2. The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each entity which is a party to the consolidation. Pursuant to this agreement, the Company has the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses, which it may incur, or to recoup its net losses carried forward as an offset to future net income subject to federal income taxes. Intercompany tax accounts are settled on an annual basis.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A.,B,
& C. All outstanding shares of The Company are owned by Ceres Group, Inc., an insurance holding company domiciled in the State of Delaware.
- D. The Company paid salary and benefit expense to Ceres Administrators, an affiliate, in the amount of \$ 41,065,697. The Company paid marketing expenses to Ceres Sales, an affiliate, in the amount of \$ 1,374,615. The Company paid Managed Care and PPO expenses to Ceres Health, an affiliate, in the amount of \$ 10,904,072.
- E. At December 31, 2002 The Company reports amounts due to affiliates in the amount of \$ 3,329,995. Of this amount \$600,000 is payable to the company's affiliate, Provident American, as a capital contribution. The amount was paid on February 18, 2003.
- F. The Company has agreements with several non-life affiliates who provide certain services to the Company and are reimbursed as described in 10-d. The Company also has cost sharing agreements with its life subsidiaries Provident American Life and Health Insurance Company and United Benefit Life Company, as well as with affiliates Continental General Life and Pyramid Life for reimbursement and sharing of costs for services provided by the Company.
- G. All outstanding shares of the Company are owned by the Parent Company, Ceres Group Inc., an insurance holding company domiciled in the State of Delaware.
- H. Not applicable
- I. Not applicable
- J. Not applicable

11. Debt

The company has no outstanding debt.

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Compensated Absences and Other Postretirement benefit Plans.

The Company has no employees and uses Ceres Administrators, an affiliate, to provide employment services.

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

1. The Company has 3,000,000 shares authorized, 1,250,000 shares issued and outstanding. All are shares are Class A shares. Par value is \$2.00 per share.
2. The Company has no preferred shares outstanding.
3. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the company's state of incorporation, Ohio, to 10% of surplus or current income, an amount that is based on restrictions relating to statutory surplus. Currently the Company cannot issue dividends without the consent of the State of Ohio.
4. Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
5. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
6. The company has no advances to surplus
7. The Company has no stock for special purposes.
8. The Company has no special surplus funds.

NOTES TO FINANCIAL STATEMENTS

9. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a.	Unrealized gains and losses	\$ (13,872,307)
b.	nonadmitted asset values:	\$ 179,541
c.	Separate account business	0
d.	Asset valuation reserves;	\$ (87,587)
e.	reinsurance in unauthorized companies	0
	Change in deferred Income Tax	\$ 1,120,747

10. The Company has no surplus debentures or similar instrument.

11. Does not apply.

12. Does not apply.

14. Contingencies

A. Contingent Commitments
The company has none.

B. Assessments
At this time the company is unable to determine assessed amounts. 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. The Company has estimated a liability for codification purposes.

C. The company has no gain contingencies

D. All other contingencies

Various lawsuits against the Company have arisen in the course of The Company's business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of The Company.

15. Leases

A.

1. The company leases office equipment under various non-cancelable operating lease agreements that expire through December 2007. Rental expense for 2002, and 2001 was approximately \$ 2,412,000 and \$2,071,000 respectively.

2. At January 1, 2002 the minimum aggregate rental commitments are as follows:

Year ending December 31	Operating leases
1. 2002	\$ 2,500,000
2. 2003	\$ 2,500,000
3. 2004	\$ 2,500,000
4. 2005	\$ 2,500,000
5. 2006	\$ 2,500,000
6. 2007	\$ 2,500,000

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

B. The Company is not a material lessor of any type.

16. The Company uses no Off-balance Sheet Financial Instruments

17. The Company has no Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

18. The Company has no Uninsured A&H Plans.

19. Direct Premium Written by Third Party Administration

Continental General Insurance Company, 8901 Indian Hills Drive, Omaha, Nebraska, is a third party administrator for The Company's ordinary life and annuity business (FIN 47-0463747). Continental holds an exclusive contract for underwriting, issue, and collection of premium and payment of claims for Central Reserve Life. The contract was effective 7/1/99 and Continental collected \$1,694,543 in premium during 2002.

20. Other Items

H. Health Care Receivable – Pharmaceutical Rebates.

<u>Quarter</u>	<u>Billed Qtrly Rebate</u>	<u>Estimated Qtrly Rebate</u>	<u>Total Receivable Booked</u>	<u>Billed Received w/in 90 days</u>
12/31/02	358,903	321,372	680,275	n/a
9/30/02	389,460	360,000	749,460	n/a
6/30/02	424,227	424,227	848,454	767,728
3/31/02	475,412	475,612	951,024	508,776
12/31/01	465,334	475,512	940,846	516,380
9/30/01	414,465	512,032	926,497	539,440
6/30/01	459,564	218,805	678,369	541,767
3/31/01	369,369	248,344	617,713	377,710

NOTES TO FINANCIAL STATEMENTS

21. Events Subsequent

The Company has no type I or II events currently.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1- General Interrogatories

- 1. No
- 2. No

Section 2 – Ceded Reinsurance Report – Part A

- 1. No
- 2. No

Section 3 – Part B

- 1. None
- 2. No

B. The Company has no Uncollectible Reinsurance.

C. The Company has no Commutation of Ceded Reinsurance.

23. The Company has no Retrospectively Rated Contracts & Contracts Subject to Redetermination

24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years has decreased by \$ 1,231,100 from \$ 55,050,176 in 2001 to \$ 53,819,075 in 2002 as a result of reestimation of unpaid losses and loss adjustment expenses principally on the A&H line of insurance. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

25. The Company has no Intercompany Pooling Arrangements

26. Reserves for Life Contracts and Deposit-Type Contracts

- 1. The Company Waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- 2. Extra premiums are charged for substandard lives for policies issued, plus the gross premium for a rate age. Mean reserves are determined by computing the regular mean reserves for the plan at the rated age and holding in addition, one-half (1/2) of the extra premium charge for the year. Policies issued for substandard lives are charged an extra premium plus the regular gross premium for the true age. Mean reserves are based on appropriate multiples of standard rates of mortality.
- 3. As of December 31, 2002, The Company has \$131,000,000 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. Reserves to cover the above insurance totaled \$53,435 at year-end and are reported in Exhibit 8, Section G.
- 4. The Tabular Interest has been determined from the basic data for the calculation of policy reserves. The Tabular less Actual Reserve released has been determined by formula as described. The Tabular Cost has been determined by formula as described by instruction. The total of all such products in determining Tabular Interest of funds is entered under Page 7, Part B, Line 3.
- 5. Not applicable
- 6. The detail for "other increases" under Page 7, Part B, Line 5 is: None.

27. The Company has no Variable Annuities with Guaranteed Living benefits

28. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by withdrawal Characteristics

The amount of Annuity Reserves from Exhibit 8, Section B & C, Line 029999 is \$8,837,018. The total deposit liability from Page 3, Line 3 is \$ 6,897. The Annuity Reserves are not subject to discretion of any type. A surrender charge not exceeding 5% is assessed to any withdrawal within the first five years of the Annuity.

	<u>Amount</u>	<u>% of Total</u>
A. Subject to discretionary withdrawal:		
(1) With market value adjustment	\$ <u>0</u>	<u>0%</u>
(2) At book value less current surrender charge of 5% or more	<u>0</u>	<u>0</u>
(3) At fair value	<u>0</u>	<u>0</u>
(4) Total with adjustment or at market value (Total of 1 through 3)	<u>0</u>	<u>0</u>
(5) At book value without adjustment (minimal or no charge or adjustment)	<u>0</u>	<u>0</u>
B Not subject to discretionary withdrawal	<u>11,141,192</u>	<u>100</u>
C Total (gross)	<u>11,141,192</u>	<u>100%</u>
D Reinsurance ceded	<u>2,304,174</u>	
E Total (net)*(C)-(D)	<u>\$ 8,837,018</u>	
*Reconciliation of total annuity actuarial reserves and deposit fund liabilities.		
F. Life & Accident & Health Annual Statement:	<u>Amount</u>	
1. Exhibit 8, Annuities Section, Total (net)	<u>\$ 8,247,847</u>	
2. Exhibit 8, Supplementary Contracts with Life Contingencies Section, total (net)	<u>\$ 589,171</u>	
3. Exhibit Of Deposit-Type Contracts, Line	<u>\$ 6,897</u>	

NOTES TO FINANCIAL STATEMENTS

14, column 1
 4. Subtotal \$ 8,843,915

Separate Accounts Annual Statement:

5.	Exhibit 6, Line 0299999, Column 2	<u>N/A</u>
6.	Exhibit 6, Line 0399999, Column 2	<u>N/A</u>
7.	Page 3, , Line 2, Column 3	<u>N/A</u>
8.	Page 3, , Line 3.1, Column 3	<u>N/A</u>
9.	Page 3, , Line 3.2, Column 3	<u>N/A</u>
10.	Page 3, , Line 3.3, Column 3	<u>N/A</u>
11.	Subtotal	<u>N/A</u>
12.	Combined Total	<u>\$ 8,843,915</u>

29. Premium and Annuity Considerations Deferred and Uncollected

Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2002, were as follows:

<u>TYPE</u>	<u>GROSS</u>	<u>NET OF LOADING</u>
Ordinary Renewal	\$ 121,209	\$ 62,273
Group Life	\$ <u>9,444</u>	\$ <u>9,444</u>
	\$ 130,653	\$ 71,717
\$		

30. The Company does not have any Separate Accounts

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	7,340,520	7.245	7,340,520	8.307
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	9,357,547	9.236	9,357,547	10.590
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	1,013,809	1.001	1,013,809	1.147
1.512 Issued by FNMA and FHLMC	14,807,619	14.616	14,807,619	16.758
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	3,426,324	3.382	3,426,324	3.878
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued	13,490,804	13.316	13,490,804	15.268
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	24,236,085	23.922	24,236,085	27.428
2.2 Unaffiliated foreign securities	500,881	0.494	500,881	0.567
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated	15,796,234	15.592	6,592,982	7.461
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans		0.000	58,931	0.067
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	11,343,045	11.196	7,535,552	8.528
9. Other invested assets		0.000		0.000
10. Total invested assets	101,312,868	100.000	88,361,054	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 [X] 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 [X] 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 [X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.06/01/2000
- 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.12/31/1999
- 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).01/31/2001
- 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 [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control;
- 7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity
.....
.....

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, Cleveland, Ohio.....
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?
Michael S. Abroe, F.S.A., M.A.A.A.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|---------|
| | 14.11 To directors or other officers .. | \$..... |
| | 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 [X] No []
- 16.2 If answer is yes,
- | | | |
|--|--|----------------|
| | 16.21 Amount paid as losses or risk adjustment | \$.....256,052 |
| | 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					[X]	[]	[]	[X]
Common	3,000,000	1,250,000	2.000	XXX	XXX	XXX	XXX	XXX

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [X] No []

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

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

- 19.21 Loaned to others \$
- 19.22 Subject to repurchase agreements \$
- 19.23 Subject to reverse repurchase agreements \$
- 19.24 Subject to dollar repurchase agreements \$
- 19.25 Subject to reverse dollar repurchase agreements \$
- 19.26 Pledged as collateral \$
- 19.27 Placed under option agreements \$
- 19.28 Letter stock or other securities restricted as to sale ... \$
- 19.29 Other \$

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1	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 []
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
KeyBank National Association.....	127 Public Sq. Cleveland, Oh 44114.....
State Department of Insurance.....	various.....

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
110497.....	Hyperion Capital Management, Inc.....	One Liberty Plaza, 36th Fl, NY, NY, 10006.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....41,750

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
HIAA.....	\$.....33,000
	\$.....
	\$.....
	\$.....

24.1 Amount of payments for legal expenses, if any?..... \$.....933,993

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
Lewis & Roca.....	\$.....155,583
McKinney & Stringer.....	\$.....125,140
Figari, Davenport & Graves.....	\$.....92,050
Bainbridge, Mims, Rodgers, Smith LLP.....	\$.....87,246
Barnes & Thornburg.....	\$.....53,837
Ulmer & Berne LLP.....	\$.....46,991

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

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$.....
	\$.....
	\$.....

GENERAL INTERROGATORIES

(continued)

PART 2 - LIFE INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
1.2	If yes, indicate premium earned on U. S. business only	\$6,908
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$0
	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	\$0
1.5	Indicate total incurred claims on all Medicare Supplement Insurance	\$9,237
1.6	Individual policies:	
	Most current three years:	
	1.61 Total premium earned	\$18,282
	1.62 Total incurred claims	\$19,373
	1.63 Number of covered lives	\$6
	All years prior to most current three years:	
	1.64 Total premium earned	\$6,908
	1.65 Total incurred claims	\$9,272
	1.66 Number of covered lives	\$4
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 this reporting entity have Separate Accounts?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
2.2	If yes, has a Separate Accounts Statement been filed with this Department?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input type="checkbox"/>
2.3	What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account?	\$
2.4	State the authority under which Separate Accounts are maintained:	
2.5	Was any of the reporting entity's Separate Accounts business reinsured as of December 31?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2.6	Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?	Yes <input type="checkbox"/> No <input type="checkbox"/>
3.1	Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
3.2	Net reimbursement of such expenses between reporting entities:	
	3.21 Paid:	\$53,344,384
	3.22 Received:	\$
4.1	Does the reporting entity write any guaranteed interest contracts?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
4.2	If yes, what amount pertaining to these items is included in:	
	4.21 Page 3, Line 3	\$0
	4.22 Page 4, Line 1	\$
5.	For stock reporting entities only:	
5.1	Total amount paid in by stockholders as surplus funds since organization of the reporting entity:	\$51,862,110
6.	Total dividends paid stockholders since organization of the reporting entity:	
	6.11 Cash:	\$15,113,250
	6.12 Stock:	\$12,000,000
7.1	Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	7.11 Name of real estate holding company	
	7.12 Number of parcels involved	
	7.13 Total book/adjusted carrying value	\$
7.2	If yes, provide explanation:	

GENERAL INTERROGATORIES

(continued)

PART 2 - LIFE INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Yes [] No [X]

Workers compensation carve-out business is defined as reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability expositors, of business originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers Compensation Carve-Out Supplement to the Annual Statement: Yes [] No []

8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

	1. Reinsurance Assumed	2. Reinsurance Ceded	3. Net Retained
8.31 Earned premium.....
8.32 Paid claims.....
8.33 Claim liability and reserve (beginning of year).....
8.34 Claim liability and reserve (end of year).....
8.35 Incurred Claims.....

8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Column 1 are:

	Attachment Point	1. Earned Premium	2. Claim Liability And Reserve
8.41	<\$25,000	.....	.....
8.42	\$25,000 – 99,999	.....	.....
8.43	\$100,000 – 249,999	.....	.....
8.44	\$250,000 – 999,999	.....	.....
8.45	\$1,000,000 or more	.....	.....

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools? \$.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e., 17.6.
 Show amounts of life insurance in this exhibit in thousands (omit \$000)

	1 2002	2 2001	3 2000	4 1999	5 1998
Life Insurance in Force					
(Exhibit of Life Insurance)					
1. Ordinary - Whole Life and Endowment (Line 34, Col. 4)	0	0	0	0	13,239
2. Ordinary - Term (Line 21, Col. 4, less Line 34, Col. 4)	119,246	131,485	144,271	166,316	183,895
3. Credit Life (Line 21, Col. 6)	0	0	0	0	0
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4)	883,272	1,396,164	1,683,449	1,378,366	1,042,719
5. Industrial (Line 21, Col. 2)	0	0	0	0	0
6. FEGLI/SGLI (Lines 43 & 44, Col. 4)	0	0	0	0	0
7. Total (Line 21, Col. 10)	1,002,518	1,527,649	1,827,720	1,544,682	1,239,853
New Business Issued					
(Exhibit of Life Insurance)					
8. Ordinary - Whole Life and Endowment (Line 34, Col. 2)	0	0	0	0	0
9. Ordinary - Term (Line 2, Col. 4, less Line 34, Col. 2)	775	1,508	3,871	2,404	15,508
10. Credit Life (Line 2, Col. 6)	0	0	0	0	0
11. Group (Line 2, Col. 9)	351,002	734,502	1,330,751	880,934	566,641
12. Industrial (Line 2, Col. 2)	0	0	0	0	0
13. Total (Line 2, Col. 10)	351,777	736,010	1,334,622	883,338	582,149
Premium Income - Lines of Business					
14. Industrial Life (Exhibit 1-Part 1, Line 20.4, Col. 2)	0	0	0	0	0
15.1 Ordinary-Life Insurance (Exhibit 1-Part 1, Line 20.4, Col. 3)	337,999	451,537	159,440	745,333	554,144
15.2 Ordinary-Individual Annuities (Exhibit 1-Part 1, Line 20.4, Col. 4)	220,009	434,674	457,447	501,889	482,504
16. Credit Life (Group and Individual) (Exhibit 1-Part 1, Line 20.4, Col. 5)	0	0	0	0	0
17.1 Group Life Insurance (Exhibit 1-Part 1, Line 20.4, Col. 6)	960,495	1,086,153	7,186,509	6,263,722	6,049,525
17.2 Group Annuities (Exhibit 1-Part 1, Line 20.4, Col. 7)	0	0	0	0	0
18.1 A & H-Group (Exhibit 1-Part 1, Line 20.4, Col. 8)	180,454,006	240,618,558	236,629,027	161,776,273	152,982,960
18.2 A & H-Credit (Group and Individual) (Exhibit 1-Part 1, Line 20.4, Col. 9)	0	0	0	0	0
18.3 A & H-Other (Exhibit 1-Part 1, Line 20.4, Col. 10)	5,691,201	2,673,460	1,626,219	1,173,460	854,772
19. Aggregate of All Other Lines of Business (Exhibit 1-Part 1, Line 20.4, Col. 11)	0	0	0	0	0
20. Deposit-type funds	XXX	XXX	0	0	0
21. Total	187,663,710	245,264,381	246,058,643	170,460,677	160,923,905
Balance Sheet Items (Pages 2 & 3)					
22. Total Admitted Assets Excluding Separate Accounts Business (Page 2, Line 25, Col. 3)	93,395,904	118,574,913	111,070,333	110,330,462	111,201,091
23. Total Liabilities Excluding Separate Accounts Business (Page 3, Line 26)	62,812,214	91,175,466	84,906,520	87,220,997	80,782,547
24. Aggregate Life Reserves (Page 3, Line 1)	10,347,846	10,748,819	10,310,867	17,508,316	20,610,238
25. Aggregate A & H Reserves (Page 3, Line 2)	948,842	1,176,925	1,379,331	1,459,930	1,160,692
26. Deposit-type contract funds (Page 3, Line 3)	8,710	21,506	XXX	XXX	XXX
27. Asset Valuation Reserve (Page 3, Line 24.1)	181,744	165,027	62,810	299,431	318,835
28. Capital (Page 3, Lines 29 and 30)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
29. Surplus (Page 3, Line 37)	28,083,689	24,899,447	23,663,813	20,609,465	27,918,544
Risk-Based Capital Analysis					
30. Total Adjusted Capital	30,767,534	27,566,575	26,279,294	23,408,896	30,737,379
31. Authorized Control Level Risk - Based Capital	7,052,936	10,420,692	9,171,731	7,675,140	7,624,503
Percentage Distribution of Assets					
(Page 2, Col. 3) (Line No. / Page 2, Line 11, Col. 3) x 100.0					
32. Bonds (Line 1)	83.9	78.1	90.7	68.5	90.6
33. Stocks (Lines 2.1 and 2.2)	7.5	6.4	11.2	7.2	6.2
34. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
35. Real Estate (Lines 4.1, 4.2 and 4.3)	0.0	0.0	0.0	0.0	0.0
36. Policy Loans (Line 5)	0.1	0.1	0.1	0.1	0.1
37. Premium Notes (Line 6)	0.0	0.0	0.0	0.0	0.0
38. Cash and Short - Term Investments (Line 7)	8.5	15.4	(1.9)	24.2	3.1
39. Other Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
40. Receivable for Securities (Line 9)	0.0	0.0	0.0	0.0	0.0
41. Aggregate Write-ins for Invested Assets (Line 10)	0.0	0.0	0.0	0.0	0.0
42. Cash and Invested Assets (Line 11)	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Investments in Parent, Subsidiaries and Affiliates					
43. Affiliated Bonds (Schedule D Summary, Line 25, Col. 1)	0	0	0	0	0
44. Affiliated Preferred Stocks (Schedule D Summary, Line 39, Col. 1)	0	0	0	0	0
45. Affiliated Common Stocks (Schedule D Summary, Line 53, Col. 2)	6,592,982	6,950,871	10,732,638	7,214,484	5,636,397
46. Affiliated Short-Term Investments (Subtotals included in Schedule DA Part 2 Col. 5, Line 11)	0	0	0	0	0
47. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
48. All Other Affiliated	0	0	0	0	0
49. Total of above Lines 43 to 48	6,592,982	6,950,871	10,732,638	7,214,484	5,636,397
Total Non-admitted and Admitted Assets					
50. Total Non admitted Assets (Page 2, Line 27, Col. 2)	346,903	526,444	697,181	1,339,092	386,167
51. Total Admitted Assets (Page 2, Line 27, Col. 3)	93,395,904	118,574,913	111,070,333	110,330,462	111,201,091
Investment Data					
52. Net Investment Income (Exhibit of Net Investment Income)	5,093,788	5,928,524	6,458,294	5,701,702	6,969,050
53. Realized Capital Gains (Losses)	1,380,203	1,146,462	7,418	(35,729)	144,309
54. Unrealized Capital Gains (Losses)	(357,889)	(3,781,767)	(1,046,593)	(4,381,750)	0
55. Total of above Lines 52, 53 & 54	6,116,102	3,293,219	5,419,119	1,284,223	7,113,359
Benefits and Reserve Increases (Page 6)					
56. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15, Col.1 less Lines 10, 11, 12, 13, 14, and 15, Cols. 9, 10 & 11)	2,334,954	3,048,554	6,850,918	6,538,205	7,521,697
57. Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11)	128,804,818	189,745,534	158,717,158	107,763,939	108,012,970
58. Increase in Life Reserves - Other than Group and Annuities (Line 19, Cols. 2 and 3)	(330,392)	(68,609)	260,346	(825,407)	31,201
59. Increase in A & H Reserves (Line 19, Cols. 9, 10 & 11)	(228,083)	(202,406)	(80,600)	166,055	234,635
60. Dividends to Policyholders (Line 30, Col. 1)	2,973	3,486	4,697	5,075	3,156
Operating Percentages					
61. Insurance Expense Percent (Page 6, Col. 1, Lines 21, 22 & 23, less Line 6)/(Page 6, Col. 1, Line 1 plus group annuity contribution funds) x 100.0	23.6	27.3	35.3	38.3	43.6
62. Lapse Percent (Ordinary Only) (Exhibit of Life Insurance, Col. 4, Lines 14 & 15) x 100.0 / 1/2 (Lines 1 & 21)	10.4	10.4	16.7	20.3	23.7
63. A & H Loss Percent (Schedule H, Part 1, Lines 3 and 4, Col. 2)	70.2	78.0	66.5	66.3	69.5
64. A & H Expense Percent (Schedule H, Pt. 1, Line 8, Col. 2)	30.4	38.4	38.3	43.1	47.5
A & H Claim Reserve Adequacy					
65. Incurred Losses on Prior Years' Claims - Group Health (Schedule H, Part 3, Line 3.1 Col. 2)	53,276,903	60,563,210	36,035,991	37,394,626	30,218,015
66. Prior Years' Claim Liability and Reserve - Group Health (Schedule H, Part 3, Line 3.2 Col. 2)	54,482,694	47,601,263	38,475,403	38,652,505	39,726,400
67. Incurred Losses on Prior Years' Claims-Health other than Group (Schedule H, Part 3, Line 3.1 Col. 1 less Col. 2)	542,172	308,367	119,327	147,914	130,717
68. Prior Years' Claim Liability and Reserve-Health other than Group (Schedule H, Part 3, Line 3.2 Col. 1 less Col. 2)	567,482	323,482	200,000	200,000	205,270
Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
69. Industrial Life (Col. 2)	0	0	0	0	0
70. Ordinary - Life (Col. 3)	420,147	251,295	(366,467)	1,150,927	(118,759)
71. Ordinary - Individual Annuities (Col. 4)	(358,343)	(296,874)	403,052	(239,143)	(277,301)
72. Ordinary-Supp. Contracts (Col. 5)	55,286	57,591	(458,414)	0	0
73. Credit Life (Col. 6)	0	0	0	0	0
74. Group Life (Col. 7)	778,500	334,463	2,128,698	1,093,339	1,874,878
75. Group Annuities (Col. 8)	0	0	0	0	0
76. A & H-Group (Col. 9)	5,316,880	(11,481,192)	(3,367,176)	(4,482,654)	(22,718,628)
77. A & H-Credit (Col. 10)	0	0	0	0	0
78. A & H-Other (Col. 11)	2,068,241	642,538	615,133	483,553	61,833
79. Aggregate of All Other Lines of Business (Col. 12)	0	0	0	0	0
80. Total (Col. 1)	8,280,711	(10,492,180)	(1,045,173)	(1,993,978)	(21,177,977)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1	2	3	4	5	6	Number of		9	
	Number of Policies	Amount of Insurance (a)	Number of Policies	Amount of Insurance (a)	Number of Individual Policies and Group Certificates	Amount of Insurance (a)	7 Policies	8 Certificates	Amount of Insurance (a)	
1. In force end of prior year	0	0	2,766	131,485	0	0	51,050	96,073	1,396,164	1,527,649
2. Issued during year	0	0	23	775	0	0	7,112	25,272	351,002	351,777
3. Reinsurance assumed										0
4. Revived during year										0
5. Increased during year (net)										0
6. Subtotals, Lines 2 to 5	0	0	23	775	0	0	7,112	25,272	351,002	351,777
7. Additions by dividends during year	XXX		XXX		XXX		XXX	XXX		0
8. Aggregate write-ins for increases	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8)	0	0	2,789	132,260	0	0	58,162	121,345	1,747,166	1,879,426
Deductions during year:										
10. Death							XXX	140	2,504	2,504
11. Maturity							XXX			0
12. Disability							XXX			0
13. Expiry										0
14. Surrender										0
15. Lapse			264	13,014			28,528	56,797	861,390	874,404
16. Conversion							XXX	XXX	XXX	0
17. Decreased (net)								2,122		0
18. Reinsurance										0
19. Aggregate write-ins for decreases	0	0	0	0	0	0	0	0	0	0
20. Totals, (Lines 10 to 19)	0	0	264	13,014	0	0	28,528	59,059	863,894	876,908
21. In force end of year, (Line 9 minus Line 20)	0	0	2,525	119,246	0	0	29,634	62,286	883,272	1,002,518
22. Reinsurance ceded end of year	XXX		XXX	49,019	XXX		XXX	XXX	722,540	771,559
23. Line 21 minus Line 22	XXX	0	XXX	70,227	XXX	0 ^(b)	XXX	XXX	160,732	230,959
DETAILS OF WRITE-INS										
0801.										
0802.										
0803.										
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0	0	0	0	0	0	0
0899. TOTALS (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0	0	0	0	0	0	0
1901.										
1902.										
1903.										
1998. Summary of remaining write-ins for Line 19 from overflow page	0	0	0	0	0	0	0	0	0	0
1999. TOTALS (Lines 1901 thru 1903 plus 1998) (Line 19 above)	0	0	0	0	0	0	0	0	0	0

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000)

(b) Group \$; Individual \$

EXHIBIT OF LIFE INSURANCE (Continued)

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends	XXX		XXX	
25. Other paid-up insurance				
26. Debit ordinary insurance	XXX	XXX		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

	Issued During Year (Included in Page 30, Line 2)		In Force End of Year (Included in Page 30, Line 21)	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
27. Term policies - decreasing				
28. Term policies - other	23	775	2,525	119,249
29. Other term insurance - decreasing	XXX		XXX	
30. Other term insurance	XXX		XXX	
31. Totals, Line 27 to 30	23	775	2,525	119,249
Reconciliation to Page 30, Lines 2 and 21:				
32. Term additions	XXX		XXX	
33. Totals, extended term insurance	XXX	XXX		
34. Totals, whole life and endowment				
35. Total (Lines 31 to 34)	23	775	2,525	119,249

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (Included in Page 30, Line 2)		In Force End of Year (Included in Page 30, Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial				
37. Ordinary	775		119,249	
38. Credit Life (Group and Individual)				
39. Group	351,002		883,271	
40. Totals (Lines 36 to 39)	351,777	0	1,002,520	0

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Page 30, Line 2 ceded to other companies	XXX		XXX	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis		XXX		XXX
43. Federal Employees' Group Life Insurance included in Page 30, Line 21				
44. Servicemen's Group Life Insurance included in Page 30, Line 21				
45. Group Permanent Insurance included in Page 30, Line 21				

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a)	
---	--

BASIS OF CALCULATION OF ORDINARY TERM INSURANCE

47. State basis of calculation of (47.1) decreasing term insurance covering Family Income Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc. policies and riders included above	
47.1	
47.2	

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium			937	152,166				
49. Disability Income								
50. Extended Benefits			XXX	XXX				
51. Other								
52. Total	0 ^(b)	0	937 ^(b)	152,166	0 ^(b)	0	0 ^(b)	0

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000)

(b) See paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

**EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES,
INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR
SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT & HEALTH
AND OTHER POLICIES**

SUPPLEMENTARY CONTRACTS

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year	39	0	0	0
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (Lines 1 to 4)	39	0	0	0
Deductions during year:				
6. Decreased (net)				
7. Reinsurance				
8. Totals (Lines 6 and 7)	0	0	0	0
9. In force end of year	39	0	0	0
10. Amount on deposit		(a)		(a)
11. Income now payable				
12. Amount of income payable	(a) 589,171	(a)	(a)	(a)

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year	0	895	0	0
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (Lines 1 to 4)	0	895	0	0
Deductions during year:				
6. Decreased (net)		123		
7. Reinsurance				
8. Totals (Lines 6 and 7)	0	123	0	0
9. In force end of year	0	772	0	0
Income now payable:				
10. Amount of income payable	(a)	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance	XXX	(a) 8,247,847	XXX	(a)
Deferred not fully paid:				
12. Account balance	XXX	(a) 8,247,847	XXX	(a)

ACCIDENT AND HEALTH INSURANCE

	Ordinary		Group		Credit	
	1 Policies	2 Premiums in Force	3 Policies	4 Premiums in Force	5 Policies	6 Premiums in Force
1. In force end of prior year	3,107	1,218,811	51,050	245,264,383	0	0
2. Issued during year	954	975,609	7,112			
3. Reinsurance assumed						
4. Increased during year (net)		XXX		XXX		XXX
5. Total (Lines 1 to 4)	4,061	XXX	58,162	XXX	0	XXX
Deductions during year:						
6. Conversions	XXX	XXX		XXX	XXX	XXX
7. Decreased (net)	2,619	XXX	28,528	XXX		XXX
8. Reinsurance		XXX		XXX		XXX
9. Total (Lines 6 thru 8)	2,619	XXX	28,528	XXX	0	XXX
10. In force end of year	1,442 (a)	577,932	29,634 (a)	187,105,701	0 (a)	

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year	8	1,771
2. Issued during year		
3. Reinsurance assumed		
4. Increased during year (net)		
5. Total (Lines 1 to 4)	8	1,771
Deductions During Year:		
6. Decreased (net)	3	
7. Reinsurance		
8. Totals (Lines 6 and 7)	3	0
9. In force end of year	5	1,771
10. Amount of account balance	(a) 6,897	(a)

(a) See paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

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 19,242,651 2. Canada 0 3. Other Countries 0 4. Totals 19,242,651	19,688,976 0 0 19,688,976	19,358,237 0 0 19,358,237	18,825,962 0 0 18,825,962
States, Territories and Possessions (Direct and guaranteed)	5. United States 0 6. Canada 0 7. Other Countries 0 8. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
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 16,703,169 14. Canada 0 15. Other Countries 0 16. Totals 16,703,169	16,703,169 0 0 16,703,169	16,711,701 0 0 16,711,701	16,471,793 0 0 16,471,793
Public Utilities (unaffiliated)	17. United States 1,002,503 18. Canada 0 19. Other Countries 0 20. Totals 1,002,503	992,010 0 0 992,010	1,012,250 0 0 1,012,250	1,000,000 0 0 1,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 36,724,386 22. Canada 500,881 23. Other Countries 0 24. Totals 37,225,267	37,222,691 506,525 0 37,729,216	37,190,114 525,295 0 37,715,409	36,723,426 500,000 0 37,223,426
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 74,173,590	0 75,113,370	0 74,797,598	0 73,521,181
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 0 32. Canada 0 33. Other Countries 0 34. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States 0 36. Canada 0 37. Other Countries 0 38. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals 0 40. Total Preferred Stocks 0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 0 42. Canada 0 43. Other Countries 0 44. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 0 46. Canada 0 47. Other Countries 0 48. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States 0 50. Canada 0 51. Other Countries 0 52. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals 6,592,982 54. Total Common Stocks 6,592,982	6,592,982 6,592,982	15,796,234 15,796,234	15,796,234 15,796,234
	55. Total Stocks 6,592,982 56. Total Bonds and Stocks 80,766,572	6,592,982 81,706,352	15,796,234 90,593,832	15,796,234 90,593,832

(a) The aggregate value of bonds which are valued at other than actual fair value is \$35,927,768 .

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 91,103,918	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 40,454,926	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 (149,614)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 (357,889)	7. Book/adjusted carrying value at end of current period 80,766,573
3.4 Column 10, Part 4 (190,099) (697,602)	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 1,271,191	9. Subtotal (Lines 7 plus 8) 80,766,573
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 51,365,860	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 80,766,573

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE CENTRAL RESERVE LIFE INSURANCE COMPANY

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Life Contracts		Direct Business Only		
		2	3	4	5	6
	Is Insurer Licensed? (Yes or No)	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Deposit-Type Contract Funds	Other Considerations
1. Alabama	AL	Yes	97,081	11,850	7,750,976	0
2. Alaska	AK	No	0	0	0	0
3. Arizona	AZ	Yes	350,258	2,500	17,782,952	0
4. Arkansas	AR	Yes	119	0	697	0
5. California	CA	No	0	0	0	0
6. Colorado	CO	Yes	8,192	9,600	2,838	0
7. Connecticut	CT	No	0	0	0	0
8. Delaware	DE	Yes	1,564	0	135,122	0
9. District of Columbia	DC	No	0	0	0	0
10. Florida	FL	Yes	6,027	0	7,663	0
11. Georgia	GA	Yes	8,133	0	1,180,243	0
12. Hawaii	HI	No	0	0	0	0
13. Idaho	ID	No	0	0	0	0
14. Illinois	IL	Yes	88,540	0	5,679,355	0
15. Indiana	IN	Yes	637,201	70,310	30,455,000	0
16. Iowa	IA	Yes	0	0	0	0
17. Kansas	KS	Yes	136,022	3,700	11,320,700	0
18. Kentucky	KY	Yes	4,460	1,770	2,827	0
19. Louisiana	LA	Yes	177	0	10,797	0
20. Maine	ME	No	0	0	0	0
21. Maryland	MD	No	0	0	0	0
22. Massachusetts	MA	Yes	128	0	2,134	0
23. Michigan	MI	No	81,541	6,200	5,068,376	0
24. Minnesota	MN	No	0	0	0	0
25. Mississippi	MS	Yes	1,777	0	16,340	0
26. Missouri	MO	Yes	238,276	4,108	14,600,977	0
27. Montana	MT	Yes	0	0	512	0
28. Nebraska	NE	Yes	147,494	0	2,058,487	0
29. Nevada	NV	Yes	61,311	0	4,354,882	0
30. New Hampshire	NH	No	0	0	0	0
31. New Jersey	NJ	No	0	0	0	0
32. New Mexico	NM	Yes	1,628	0	120,979	0
33. New York	NY	No	0	0	0	0
34. North Carolina	NC	Yes	20,371	300	(5,154)	0
35. North Dakota	ND	Yes	0	0	0	0
36. Ohio	OH	Yes	1,859,457	185,541	72,731,235	0
37. Oklahoma	OK	Yes	56,289	0	3,937,138	0
38. Oregon	OR	Yes	0	0	82	0
39. Pennsylvania	PA	Yes	57,602	28,048	18,423,659	0
40. Rhode Island	RI	No	0	0	0	0
41. South Carolina	SC	Yes	21,001	0	3,216,317	0
42. South Dakota	SD	Yes	0	0	512	0
43. Tennessee	TN	Yes	122,128	0	8,945,254	0
44. Texas	TX	Yes	277,095	0	13,138,192	0
45. Utah	UT	Yes	843	0	517	0
46. Vermont	VT	No	0	0	0	0
47. Virginia	VA	Yes	123,151	12,596	6,003,672	0
48. Washington	WA	No	0	0	0	0
49. West Virginia	WV	Yes	260,200	1,950	12,965,325	0
50. Wisconsin	WI	Yes	47,956	0	5,340,441	0
51. Wyoming	WY	Yes	0	0	0	0
52. American Samoa	AS	No	0	0	0	0
53. Guam	GU	No	0	0	0	0
54. Puerto Rico	PR	No	0	0	0	0
55. US Virgin Islands	VI	No	0	0	0	0
56. Canada	CN	No	0	0	0	0
57. Aggregate Other Alien	OT	XXX	0	0	0	0
58. Subtotal	(a)	35	4,716,022	338,473	245,249,047	0
90. Reporting entity contributions for employee benefit plans	XXX		24,628		467,931	
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX					
93. Premium or annuity considerations waived under disability or other contract provisions	XXX					
94. Aggregate of other amounts not allocable by State	XXX		0	0	0	0
95. Totals (Direct Business)	XXX		4,740,650	338,473	245,716,978	0
96. Plus Reinsurance Assumed	XXX				7,390,019	
97. Totals (All Business)	XXX		4,740,650	338,473	253,106,997	0
98. Less Reinsurance Ceded	XXX		3,465,787	118,464	68,143,529	
99. Totals (All Business) less Reinsurance Ceded	XXX		1,274,863	220,009	184,963,468	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
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		0	0	0	0
9401.	XXX					
9402.	XXX					
9403.	XXX					
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX		0	0	0	0
9499. Totals (Lines 9401 thru 9403 plus 9498)(Line 94 above)	XXX		0	0	0	0

Explanation of basis of allocation by states, etc., of premiums and annuity considerations

(a) Insert the number of yes responses except for Canada and Other Alien.

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4, and 16.4, Cols. 8, 9 and 10, or with Schedule H, Part 1, Line 1, indicate which: Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

