



LIFE AND ACCIDENT AND HEALTH COMPANIES—ASSOCIATION EDITION

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

ACCELERATION LIFE INSURANCE COMPANY

NAIC Group Code 0458 (Current Period) 0458 (Prior Period) NAIC Company Code 71099 Employer's ID Number 31-0835312
Organized under the Laws of Ohio, State of Domicile or Port of Entry USA
Country of Domicile United States of America
Incorporated 01/08/1973 Commenced Business 08/31/1973
Statutory Home Office 7 WEST 7TH STREET, SUITE 1670, CINCINNATI, OH 45202
Main Administrative Office 520 MARYVILLE CENTRE DRIVE, SUITE 500, ST. LOUIS, MO 63141
Mail Address 520 MARYVILLE CENTRE, SUITE 500, ST. LOUIS, MO 63141
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OFFICERS

President Brent Edwin Griggs # Secretary William Lloyd McMullen Jr.
Treasurer Gregg Olav Cariolano Actuary

VICE PRESIDENTS

Gregg Olav Cariolano Jerry Walton DeFoor Richard Charles Hackett
Earl Perry Kupferman William Lloyd McMullen Jr. Richard Joseph Bielen
Thomas Michael Presley Carl Sitter Thigpen

DIRECTORS OR TRUSTEES

John Brian Deremo Brent Edwin Griggs John Robert Sawyer
Lawrence Gilbert Merrill

State of Missouri }
County of St. Louis } ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Brent Edwin Griggs
President

William Lloyd McMullen Jr.
Secretary

Gregg Olav Cariolano
Treasurer

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

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION 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	6,922,423		6,922,423	23,811,872
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).....	.0		.0	428,713
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 .....			.0	.0
6. Premium notes, including \$ for first year premiums .....			.0	.0
7. Cash (\$317,371 , Schedule E, Part 1) and short -term investments (\$229 , Schedule DA, Part 2)	317,600		317,600	2,121,367
8. Other invested assets (Schedule BA, Part 1) .....	.0		.0	72,044
9. Receivable for securities	8,113		8,113	22,500
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	7,248,136	.0	7,248,136	26,456,496
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers (Schedule S, Part 2) .....			.0	464,920
12.2 Commissions and expense allowances due .....			.0	.0
12.3 Experience rating and other refunds due .....			.0	158,146
12.4 Other amounts receivable under reinsurance contracts .....			.0	.0
13. Electronic data processing equipment and software.....			.0	.0
14. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset) .....			.0	1,717
15. Guaranty funds receivable or on deposit .....			.0	.0
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$ loading) .....			.0	.0
17. Accident and health premiums due and unpaid .....			.0	.0
18. Investment income due and accrued	158,579		158,579	369,005
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
20. Receivable from parent, subsidiaries and affiliates	39,464		39,464	1,113,787
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) .....			.0	.0
24. Aggregate write-ins for other than invested assets .....	.0	.0	.0	.0
25. Total assets excluding Separate Accounts business (Lines 11 to 24)	7,446,179	.0	7,446,179	28,564,071
26. From Separate Accounts Statement			0	0
27. Total (Lines 25 and 26)	7,446,179	0	7,446,179	28,564,071
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. Disallowed interest maintenance reserve.....			.0	.0
2402.				
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)	0	0	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$0 (Exh. 5, Line 9999999) less \$ included in Line 6.3 (including \$ Modco Reserve) .....	.0	.0
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1)(including \$0 Modco Reserve) .....	.0	.0
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ Modco Reserve) .....	.0	.0
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11) .....	.0	.0
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11) .....	.0	.0
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 \$ discount; including \$0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14) .....	.0	.0
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 \$ ceded .....	.0	50,648
9.4 Interest maintenance reserve (Page 33, Line 6) .....	.0	.0
10. Commissions to agents due or accrued-life contracts and annuity contracts \$ accident and health \$ and deposit-type contract funds \$ .....	.0	.0
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)	(125)	6,720
15. Federal and foreign income taxes including \$ on realized capital gains (losses) (including \$ net deferred tax liability)	92,452	1,462,473
16. Unearned investment income .....	.0	.0
17. Amounts withheld or retained by company as agent or trustee .....	.0	.0
18. Amounts held for agents' account, including \$ agents' credit balances .....	.0	.0
19. Remittances and items not allocated .....	.0	(2,319)
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) .....	.0	206,653
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	4,324	65,200
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	.0
24.8 Payable for securities .....	.0	.0
24.9 Capital notes \$ and interest thereon \$ .....	.0	.0
25. Aggregate write-ins for liabilities .....	.0	.0
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	96,651	1,789,375
27. From Separate Accounts Statement .....	.0	.0
28. Total Liabilities (Lines 26 and 27)	96,651	1,789,375
29. Common capital stock	2,000,000	2,000,000
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)	10,934,803	10,934,803
34. Aggregate write-ins for special surplus funds .....	.0	.0
35. Unassigned funds (surplus)	(5,585,275)	13,839,893
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)	5,349,528	24,774,696
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	7,349,528	26,774,696
39. Totals of Lines 28 and 38 (Page 2, Line 27, Col. 3)	7,446,179	28,564,071
DETAILS OF WRITE-INS		
2501. ....	.0	.0
2502. ....	.0	.0
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) .....	.0	.0
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)	0	0
2. Considerations for supplementary contracts with life contingencies	0	0
3. Net investment income (Exhibit of Net Investment Income, Line 17)	1,369,874	1,555,077
4. Amortization of interest maintenance reserve (IMR) (Page 33, Line 5)	(332,406)	90,220
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)	(761,891)	(765,691)
7. Reserve adjustments on reinsurance ceded	0	0
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0
8.2 Charges and fees for deposit-type contracts	0	0
8.3 Aggregate write-ins for miscellaneous income	133	0
9. Total (Lines 1 to 8.3)	275,710	879,606
10. Death benefits	0	0
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	0	0
13. Disability benefits and benefits under accident and health contracts	0	0
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0
15. Surrender benefits and withdrawals for life contracts	0	0
16. Group conversions	0	0
17. Interest and adjustments on contracts or deposit-type contract funds	0	0
18. Payments on supplementary contracts with life contingencies	0	0
19. Increase in aggregate reserves for life and accident and health contracts	0	0
20. Totals (Lines 10 to 19)	0	0
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)	(761,891)	(752,522)
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	0	8,543
23. General insurance expenses (Exhibit 2, Line 10, Cols. 1 + 2 + 3)	11,914	362,267
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	30,296	33,323
25. Increase in loading on deferred and uncollected premiums	0	0
26. Net transfers to or (from) Separate Accounts	0	9,415
27. Aggregate write-ins for deductions	0	9,415
28. Totals (Lines 20 to 27)	(719,681)	(338,974)
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	995,391	1,218,580
30. Dividends to policyholders	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	995,391	1,218,580
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	384,196	921,488
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)	611,195	297,092
34. Net realized capital gains or (losses) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR)	(167,073)	0
35. Net income (Line 33 plus Line 34)	444,122	297,092
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, previous year (Page 3, Line 38, Col. 2)	26,774,696	27,466,555
37. Net income (Line 35)	444,122	297,092
38. Change in net unrealized capital gains (losses)	98,763	(50,962)
39. Change in net unrealized foreign exchange capital gain (loss)	0	0
40. Change in net deferred income tax	838,744	17,836
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Col. 3)	370,258	(85,592)
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)	206,653	4,795
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	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	0	(875,028)
50. Capital changes:		
50.1 Paid in	0	0
50.2 Transferred from surplus (Stock Dividend)	0	0
50.3 Transferred to surplus	0	0
51. Surplus adjustment:		
51.1 Paid in	0	0
51.2 Transferred to capital (Stock Dividend)	0	0
51.3 Transferred from capital	0	0
51.4 Change in surplus as a result of reinsurance	0	0
52. Dividends to stockholders	(21,383,708)	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)	(19,425,168)	(691,859)
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	7,349,528	26,774,696
DETAILS OF WRITE-INS		
08.301. Miscellaneous income	133	0
08.302.	0	0
08.303.	0	0
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)	133	0
2701. Miscellaneous expense	0	9,415
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. TOTALS (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	9,415
5301.	0	0
5302.	0	0
5303.	0	0
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	0	0
2. Charges and fees for deposit-type contracts	0	0
3. Considerations for supplementary contracts with life contingencies	0	0
4. Net investment income	1,687,173	1,638,568
5. Commissions and expense allowances on reinsurance ceded	(761,891)	(765,691)
6. Fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0
7. Aggregate write-ins for miscellaneous income	133	0
8. Total (Lines 1 to 7)	925,415	872,877
9. Death benefits	(93,596)	93,596
10. Matured endowments	0	0
11. Annuity benefits	0	0
12. Disability benefits and benefits under accident and health contracts	(371,324)	371,324
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)	(464,920)	464,920
19. Commissions on premiums, annuity considerations and deposit-type contract funds	(761,891)	(752,522)
20. Commissions and expense allowances on reinsurance assumed	0	8,543
21. General insurance expenses	11,914	558,707
22. Insurance taxes, licenses and fees, excluding federal income taxes	37,142	223,123
23. Net transfers to or (from) Separate Accounts	0	0
24. Aggregate write-ins for deductions	50,650	(329,403)
25. Total (Lines 18 to 24)	(1,127,105)	173,368
26. Dividends paid to policyholders	0	0
27. Federal income taxes (excluding tax on capital gains)	880,957	1,084,059
28. Total (Lines 25 to 27)	(246,148)	1,257,427
29. Net cash from operations (Line 8 minus Line 28)	1,171,563	(384,550)
Cash from Investments		
30. Proceeds from investments sold, matured or repaid:		
30.1 Bonds	19,918,323	5,765,912
30.2 Stocks	359,369	0
30.3 Mortgage loans	0	0
30.4 Real estate	0	0
30.5 Other invested assets	38,875	0
30.6 Net gains (losses) on cash and short-term investments	0	0
30.7 Miscellaneous proceeds	14,387	39,781
30.8 Total investment proceeds (Lines 30.1 to 30.7)	20,330,954	5,805,693
31. Net tax on capital gains (losses)	(1,768)	0
32. Total (Line 30.8 minus Line 31)	20,332,722	5,805,693
33. Cost of investments acquired (long-term only):		
33.1 Bonds	3,097,523	6,262,617
33.2 Stocks	733	7,773
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)	3,098,256	6,270,390
34. Net increase (or decrease) in policy loans and premium notes	0	0
35. Net cash from investments (Line 32 minus Line 33.7 minus Line 34)	17,234,466	(464,697)
Cash from Financing and Miscellaneous Sources		
36. Cash provided:		
36.1 Surplus notes, capital and surplus paid in	0	0
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	1,234,788	58,052
36.6 Total (Lines 36.1 to 36.5)	1,234,788	58,052
37. Cash applied:		
37.1 Dividends to stockholders paid	21,383,708	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)	60,876	2,119,672
37.5 Total (Lines 37.1 to 37.4)	21,444,584	2,119,672
38. Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5)	(20,209,796)	(2,061,620)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
39. Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38)	(1,803,767)	(2,910,867)
40. Cash and short-term investments:		
40.1 Beginning of year	2,121,367	5,032,234
40.2 End of year (Line 39 plus Line 40.1)	317,600	2,121,367
DETAILS OF WRITE-INS		
0701. Miscellaneous Income	133	0
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)	133	0
2401. Miscellaneous expenses		9,416
2402. Other amounts payable on reinsurance	50,650	(338,819)
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)	50,650	(329,403)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION LIFE INSURANCE COMPANY

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

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. Considerations for supplementary contracts with life contingencies	.0											
3. Net investment income	1,369,874					589,046				780,828		
4. Amortization of Interest Maintenance Reserve (IMR)	(332,406)					(142,935)				(189,471)		
5. Separate Accounts net gain from operations excluding unrealized gains or losses	.0											
6. Commissions and expense allowances on reinsurance ceded	(761,890)	.0	.0	.0	.0	(497,733)	.0	.0	.0	(264,157)	.0	.0
7. Reserve adjustments on reinsurance ceded	.0											
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	133					57				76		
9. Totals (Lines 1 to 8.3)	275,711	.0	.0	.0	.0	(51,565)	.0	.0	.0	327,276	.0	.0
10. Death benefits	.0											
11. Matured endowments (excluding guaranteed annual pure endowments)	.0	.0	.0				.0					
12. Annuity benefits	.0			.0				.0				
13. Disability benefits and benefits under accident and health contracts	.0					.0			.0		.0	
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	.0											
18. Payments on supplementary contracts with life contingencies	.0											
19. Increase in aggregate reserves for life and accident and health contracts	.0											
20. Totals (Lines 10 to 19)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	(761,890)	.0	.0	.0	.0	(497,733)	.0	.0	.0	(264,157)	.0	.0
22. Commissions and expense allowances on reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
23. General insurance expenses	11,914					5,123				6,791		.0
24. Insurance taxes, licenses and fees, excluding federal income taxes (FIT)	30,297					13,028				17,269		.0
25. Increase in loading on deferred and uncollected premiums	.0											
26. Net transfers to or (from) Separate Accounts	.0											
27. Aggregate write-ins for deductions	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
28. Totals (Lines 20 to 27)	(719,679)	.0	.0	.0	.0	(479,582)	.0	.0	.0	(240,097)	.0	.0
29. Net gain from operations before dividends to policyholders and FIT (Line 9 - Line 28)	995,390	.0	.0	.0	.0	428,017	.0	.0	.0	567,373	.0	.0
30. Dividends to policyholders	.0									.0		
31. Net gain from operations after dividends to policyholders and before FIT (Line 29 - Line 30)	995,390	.0	.0	.0	.0	428,017	.0	.0	.0	567,373	.0	.0
32. Federal income taxes incurred (excluding tax on capital gains)	384,196					165,204				218,992		
33. Net gain from operations after dividends to policyholders and FIT and before realized capital gains or (losses) (Line 31 - Line 32)	611,194	.0	.0	.0	.0	262,813	.0	.0	.0	348,381	.0	.0
DETAILS OF WRITE-INS												
08.301. Miscellaneous Income	133					57				76		
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)	133	.0	.0	.0	.0	57	.0	.0	.0	76	.0	.0
2701.												
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)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.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 ACCELERATION 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								
2. Tabular net premiums or considerations								
3. Present value of disability claims incurred .....					.XXX			
4. Tabular interest								
5. Tabular less actual reserve released								
6. Increase in reserve on account of change in valuation basis								
7. Other increases (net)								
8. Totals (Lines 1 to 7)								
9. Tabular cost .....					.XXX			
10. Reserves released by death .....				.XXX	.XXX			.XXX
11. Reserves released by other terminations (net)								
12. Annuity, supplementary contract and disability payments involving life contingencies								
13. Net transfers to or (from) Separate Accounts								
14. Total Deductions (Lines 9 to 13)								
15. Reserve December 31, current year								

NONE

7

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 530,367	510,987
1.1 Bonds exempt from U.S. tax	(a) 380,655	322,691
1.2 Other bonds (unaffiliated)	(a) 699,382	566,300
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	735	735
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash/short-term investments	(e) 53,440	53,440
7. Derivative instruments	(f)	
8. Other invested assets	3,893	3,893
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	1,668,472	1,458,046
11. Investment expenses		(g) 88,172
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)		88,172
17. Net Investment Income - (Line 10 minus Line 16)		1,369,874
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 12,241 accrual of discount less \$ 85,943 amortization of premium and less \$ 20,459 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	74,887				74,887
1.1 Bonds exempt from U.S. tax	284,415				284,415
1.2 Other bonds (unaffiliated)	(354,249)				(354,249)
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)	(168,841)				(168,841)
2.21 Common stocks of affiliates					0
3. Mortgage loans					0
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments					0
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	(163,788)	0	0	0	(163,788)
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION LIFE INSURANCE COMPANY

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

	1 Total	2 Industrial Life	3 Ordinary		5 Credit Life (Group and Individual)	7 Group		9 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
FIRST YEAR (other than single)										
1. Uncollected	.0									
2. Deferred and accrued	.0									
3. Deferred, accrued and uncollected:										
3.1 Direct	.0									
3.2 Reinsurance assumed	.0									
3.3 Reinsurance ceded	.0									
3.4 Net (Line 1 + Line 2)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. Advance	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
5. Line 3.4 - Line 4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Collected during year:										
6.1 Direct	.0									
6.2 Reinsurance assumed	.0									
6.3 Reinsurance ceded	.0									
6.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Line 5 + Line 6.4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
8. Prior year (uncollected + deferred and accrued - advance)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9. First year premiums and considerations:										
9.1 Direct	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
9.4 Net (Line 7 - Line 8)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
SINGLE										
10. Single premiums and considerations:										
10.1 Direct	(1,059,523)				(491,289)				(568,234)	
10.2 Reinsurance assumed	.0				.0				.0	
10.3 Reinsurance ceded	(1,059,523)				(491,289)				(568,234)	
10.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
RENEWAL										
11. Uncollected	.0									
12. Deferred and accrued	.0									
13. Deferred, accrued and uncollected:										
13.1 Direct	.0									
13.2 Reinsurance assumed	.0									
13.3 Reinsurance ceded	.0									
13.4 Net (Line 11 + Line 12)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
14. Advance	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
15. Line 13.4 - Line 14	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
16. Collected during year:										
16.1 Direct	.0									
16.2 Reinsurance assumed	.0									
16.3 Reinsurance ceded	.0									
16.4 Net	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
17. Line 15 + Line 16.4	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
18. Prior year (uncollected + deferred and accrued - advance)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19. Renewal premiums and considerations:										
19.1 Direct	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.3 Reinsurance ceded	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
19.4 Net (Line 17 - Line 18)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
TOTAL										
20. Total premiums and annuity considerations:										
20.1 Direct	(1,059,523)	.0	.0	.0	(491,289)	.0	.0	.0	(568,234)	.0
20.2 Reinsurance assumed	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
20.3 Reinsurance ceded	(1,059,523)	.0	.0	.0	(491,289)	.0	.0	.0	(568,234)	.0
20.4 Net (Line 9.4 + 10.4 + 19.4)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION 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										
22. All other (Exhibit 4, Lines 2, 3 & 4)	0										
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	(761,890)	0			(497,733)				(264,157)		
24.2 Reinsurance assumed	0										
24.3 Net ceded less assumed	(761,890)	0	0	0	(497,733)	0	0	0	(264,157)	0	0
25. Renewal:											
25.1 Reinsurance ceded	0										
25.2 Reinsurance assumed	0										
25.3 Net ceded less assumed	0	0	0	0	0	0	0	0	0	0	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)	(761,890)	0	0	0	(497,733)	0	0	0	(264,157)	0	0
26.2 Reinsurance assumed (Page 6, Line 23)	0	0	0	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed	(761,890)	0	0	0	(497,733)	0	0	0	(264,157)	0	0
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)	0										
28. Single	(761,890)	0			(497,733)				(264,157)		
29. Renewal	0										
30. Deposit-type contract funds	0										
31. Totals (to agree with Page 6, Line 21)	(761,890)	0	0	0	(497,733)	0	0	0	(264,157)	0	0

EXHIBIT 2 - GENERAL EXPENSES

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent	4,009	5,314			9,323
2. Salaries and wages					0
3.11 Contributions for benefit plans for employees					0
3.12 Contributions for benefit plans for agents					0
3.21 Payments to employees under non-funded benefit plans					0
3.22 Payments to agents under non-funded benefit plans					0
3.31 Other employee welfare					0
3.32 Other agent welfare					0
4.1 Legal fees and expenses					0
4.2 Medical examination fees					0
4.3 Inspection report fees					0
4.4 Fees of public accountants and consulting actuaries					0
4.5 Expense of investigation and settlement of policy claims					0
5.1 Traveling expenses					0
5.2 Advertising					0
5.3 Postage, express, telegraph and telephone	(27)	(36)			(63)
5.4 Printing and stationery	683	905			1,588
5.5 Cost or depreciation of furniture and equipment					0
5.6 Rental of equipment					0
5.7 Cost or depreciation of EDP equipment and software					0
6.1 Books and periodicals					0
6.2 Bureau and association fees					0
6.3 Insurance, except on real estate					0
6.4 Miscellaneous losses					0
6.5 Collection and bank service charges					0
6.6 Sundry general expenses	458	608			1,066
6.7 Group service and administration fees					0
6.8 Reimbursements by uninsured accident and health plans					0
7.1 Agency expense allowance					0
7.2 Agents' balances charged off (less \$ recovered)					0
7.3 Agency conferences other than local meetings					0
9.1 Real estate expenses					0
9.2 Investment expenses not included elsewhere			0	88,172	88,172
9.3 Aggregate write-ins for expenses	0	0	0	0	0
10. General expenses incurred	5,123	6,791	0	88,172 (a)	100,086
11. General expenses unpaid December 31, prior year	0	0	0	0	0
12. General expenses unpaid December 31, current year					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
15. General expenses paid during year (Lines 10+11-12-13+14)	5,123	6,791	0	88,172	100,086
DETAILS OF WRITE-INS					
09.301.					
09.302.					
09.303.					
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)	0	0	0	0	0

(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					0
2. State insurance department licenses and fees	6,933	9,190			16,123
3. State taxes on premiums					0
4. Other state taxes, incl. \$ for employee benefits					0
5. U.S. Social Security taxes					0
6. All other taxes	6,095	8,079			14,174
7. Taxes, licenses and fees incurred	13,028	17,269	0	0	30,297
8. Taxes, licenses and fees unpaid December 31, prior year	2,890	3,830	0	0	6,720
9. Taxes, licenses and fees unpaid December 31, current year	(54)	(71)			(125)
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	15,972	21,170	0	0	37,142

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1 Life	2 Accident and Health
	1. Applied to pay renewal premiums	
2. Applied to shorten the endowment or premium-paying period		
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. Total Lines 1 thru 4		
6. Paid in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total Lines 5 thru 8		
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		
16. Total from prior year		
17. Total Dividends or refunds (Lines 9 + 15 - 16)		
DETAILS OF WRITE-INS		
0801.		
0802.		
0803.		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)		

NONE

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. 58 CET 4.5%	3,170,096			3,170,096	
0100002. 58 CET 3%	604,450			604,450	
0199997. Totals (Gross)	3,774,546	0	0	3,774,546	0
0199998. Reinsurance ceded	3,774,546			3,774,546	
0199999. Totals (Net)	0	0	0	0	0
B. ANNUITIES (excluding supplementary contracts with life contingencies):					
0299997. Totals (Gross)	0	XXX	0	XXX	0
0299998. Reinsurance ceded	0	XXX		XXX	
0299999. Totals (Net)	0	XXX	0	XXX	0
C. SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:					
0399997. Totals (Gross)	0	0	0	0	0
0399998. Reinsurance ceded	0				
0399999. Totals (Net)	0	0	0	0	0
D. ACCIDENTAL DEATH BENEFITS:					
0499997. Totals (Gross)	0	0	0	0	0
0499998. Reinsurance ceded	0				
0499999. Totals (Net)	0	0	0	0	0
E. DISABILITY-ACTIVE LIVES:					
0599997. Totals (Gross)	0	0	0	0	0
0599998. Reinsurance ceded	0				
0599999. Totals (Net)	0	0	0	0	0
F. DISABILITY-DISABLED LIVES:					
0699997. Totals (Gross)	0	0	0	0	0
0699998. Reinsurance ceded	0				
0699999. Totals (Net)	0	0	0	0	0
G. MISCELLANEOUS RESERVES					
0799997. Totals (Gross)	0	0	0	0	0
0799998. Reinsurance ceded	0				
0799999. Totals (Net)	0	0	0	0	0
9999999. Totals (Net) - (Page 3, Line 1)	0	0	0	0	0



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION LIFE INSURANCE COMPANY

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes [] No [X]
- 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
- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [] No [X]
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 ACCELERATION 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	5,313,587		5,313,587						
2. Additional contract reserves (a)	0								
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)	5,313,587	0	5,313,587	0	0	0	0	0	0
8. Reinsurance ceded	5,313,587		5,313,587						
9. Totals (Net)	0	0	0	0	0	0	0	0	0
CLAIM RESERVE									
10. Present value of amounts not yet due on claims	2,992,383		2,992,383						
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)	2,992,383	0	2,992,383	0	0	0	0	0	0
15. Reinsurance ceded	2,992,383		2,992,383						
16. Totals (Net)	0	0	0	0	0	0	0	0	0
17. TOTAL (Net)	0	0	0	0	0	0	0	0	0
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						
2. Deposits received during the year						
3. Investment earnings credited to the account						
4. Other net change in reserves						
5. Fees and other charges assessed						
6. Surrender charges						
7. Net surrender or withdrawal payments						
8. Other net transfers to or (from) Separate Accounts						
9. Balance at the end of current year before reinsurance (Lines 1+2+3+4-5-6-7-8)						
10. Reinsurance balance at the beginning of the year						
11. Net change in reinsurance assumed						
12. Net change in reinsurance ceded						
13. Reinsurance balance at the end of the year (Lines 10+11-12)						
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)						

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION 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	25,281					25,281					
2.11 Direct	25,281					25,281					
2.12 Reinsurance assumed	0					0					
2.13 Reinsurance ceded	25,281					25,281					
2.14 Net	0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	0	0	0
2.2 Other	236,292					17,675				218,617	
2.21 Direct	236,292					17,675				218,617	
2.22 Reinsurance assumed	0					0				0	
2.23 Reinsurance ceded	236,292					17,675				218,617	
2.24 Net	0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	0	(b) 0	(b) 0
3. Incurred but unreported:											
3.1 Direct	334,262					155,101				179,161	
3.2 Reinsurance assumed	0					0				0	
3.3 Reinsurance ceded	334,262					155,101				179,161	
3.4 Net	0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	0	(b) 0	(b) 0
4. TOTALS	595,835	0	0	0	0	198,057	0	0	0	397,778	0
4.1 Direct	595,835	0	0	0	0	198,057	0	0	0	397,778	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	595,835	0	0	0	0	198,057	0	0	0	397,778	0
4.4 Net	0	(a) 0	(a) 0	0	0	0	(a) 0	0	0	0	0

(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).

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION 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	6,231,800					1,601,606				4,630,194	
1.2 Reinsurance assumed	0										
1.3 Reinsurance ceded	6,696,720					1,695,202				5,001,518	
1.4 Net	(464,920) ^(d)	0	0	0	0	(93,596)	0	0	0	(371,324)	0
2. Liability December 31, current year from Part 1:											
2.1 Direct	595,835	0	0	0	0	198,057	0	0	0	397,778	0
2.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	595,835	0	0	0	0	198,057	0	0	0	397,778	0
2.4 Net	0	0	0	0	0	0	0	0	0	0	0
3. Amounts recoverable from reinsurers December 31, current year	0										
4. Liability December 31, prior year:											
4.1 Direct	1,466,355	0	0	0	0	608,913	0	0	0	857,442	0
4.2 Reinsurance assumed	9,400	0	0	0	0	2,952	0	0	0	6,448	0
4.3 Reinsurance ceded	1,475,755	0	0	0	0	611,865	0	0	0	863,890	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0
5. Amounts recoverable from reinsurers December 31, prior year	464,920	0	0	0	0	93,596	0	0	0	371,324	0
6. Incurred Benefits:											
6.1 Direct	5,361,280	0	0	0	0	1,190,750	0	0	0	4,170,530	0
6.2 Reinsurance assumed	(9,400)	0	0	0	0	(2,952)	0	0	0	(6,448)	0
6.3 Reinsurance ceded	5,351,880	0	0	0	0	1,187,798	0	0	0	4,164,082	0
6.4 Net	0	0	0	0	0	0	0	0	0	0	0

- (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	34,567	34,567
2. Other Nonadmitted Assets:			
2.1 Bills receivable		0	0
2.2 Furniture and equipment		0	0
2.3 Leasehold improvements		0	0
2.4 Cash advanced to or in the hands of officers or agents		0	0
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)	0	0	0
4. Disallowed interest maintenance reserve		335,691	335,691
5. Aggregate write-ins for other assets	0	0	0
6. Total (Line 1 plus Lines 3 to 5)	0	370,258	370,258
DETAILS OF WRITE-INS			
0501. Prepays and miscellaneous.....		0	0
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. Accounting Practices

The accompanying financial statements of Acceleration Life Insurance Company (Company) are prepared on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance (The Department).

The State of Ohio requires insurance companies domiciled in the State of Ohio to prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Department. Many changes were made to this NAIC Manual effective January 1, 2001. See Note 2B for a description of the impact of these NAIC accounting changes. The Company has no significant permitted practices.

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. 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.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost or market value as appropriate.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common stocks – Not applicable.
- (4) Preferred stocks – Not applicable.
- (5) Mortgage loans on real estate – Not applicable.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative, these are valued using the prospective method.
- (7) The Company owns no equity interest in any subsidiary.
- (8) The Company has no minor ownership interests in joint ventures.
- (9) The Company does not own any derivative instruments.
- (10) Premium Deficiency Calculation – Not applicable.
- (11) 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 adjustments are reflected in the period determined.

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors Not applicable.

B. Accounting Changes as a Result of Codification

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Department. 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, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased unassigned

NOTES TO FINANCIAL STATEMENTS

funds (surplus), of \$875,028 as of January 1, 2001. Included in this total adjustment is an increase in unassigned funds of approximately \$875,028 related to deferred tax assets.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method
Not applicable.
- B. Merger
Not applicable.
- C. Assumption Reinsurance
Not applicable.
- D. Impairment Loss
Not applicable.

4. Discontinued Operations
Not applicable.

5. Investments

- A. Mortgage Loans
Not applicable.
- B. Debt Restructuring
Not applicable.
- C. Reverse Mortgages
Not applicable.
- D. Loan-Backed Securities

Prepayment assumptions for loan-backed bonds and structured securities 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 loan-backed securities.

- E. Repurchase Agreements
Not applicable.

6. Joint Ventures, Partnerships and Limited Liability Companies

Detail For Those Greater Than 10% of Admitted Assets
Not applicable.

Write Down of Impairments
Not applicable.

7. Investment Income

- A. Accrued Investment Income
The Company nonadmits investment income due and accrued if amounts are over 90 days past due (180 days for mortgage loans or amounts on mortgage loans in default).
- B. Amounts Nonadmitted
Not applicable.

8. Derivative Instruments
Not applicable.

9. Income Taxes

- A. The components of the net DTA recognized in the Company's Asset, Liabilities, Surplus and Other Funds are as follows:

	2001	2002
Total gross deferred tax assets	\$ 36,284	\$ 0
Total of deferred tax liabilities	<u>\$ 875,028</u>	<u>\$ 0</u>
Net deferred tax assets (liability)	\$ (838,744)	\$ 0
Deferred tax asset nonadmitted	<u>\$ 34,567</u>	<u>\$ 0</u>
Net admitted deferred tax asset	<u>\$ 1,717</u>	<u>\$ 0</u>
(Increase) decrease in nonadmitted assets	<u>\$ 16,120</u>	<u>\$ 34,567</u>

- B. The provisions for incurred taxes on earnings for the period ending December 31, are:

	2001	2002
Federal	\$ 921,488	\$ 565,728
Prior year over accrual	\$ 0	\$ (181,532)
Federal income taxes incurred	\$ 921,488	\$ 384,196

NOTES TO FINANCIAL STATEMENTS

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

	2001	2002
Deferred tax assets:		
Unrealized Gain/Losses	\$ 34,567	\$ 0
Other	<u>\$ 1,717</u>	<u>\$ 0</u>
Total deferred tax assets	\$ 36,284	\$ 0
Nonadmitted deferred tax assets	<u>\$ 34,567</u>	<u>\$ 0</u>
Admitted deferred tax assets	\$ 1,717	\$ 0
Deferred tax liabilities:		
Bond Basis Differential	\$ 875,028	\$ 0
Total deferred tax liabilities	<u>\$ 875,028</u>	<u>\$ 0</u>
Net admitted deferred tax asset	\$ 1,717	\$ 0

- D. The change in net deferred income taxes is comprised of the following:

	December 31, 2001	December 31, 2002	Change
Total deferred tax assets	\$ 36,284	\$ 0	\$ 36,284
Total deferred tax liabilities	<u>\$ 875,028</u>	<u>\$ 0</u>	<u>\$ (875,028)</u>
Net deferred tax asset (liability)	\$ (838,744)	\$ 0	<u>\$ (838,744)</u>
Change in net deferred income tax			<u>\$ (838,744)</u>

- E. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax to income before income taxes. The significant items causing this difference are as follows:

	Amount	Effective Tax Rate
Provision computed at statutory rate	\$ 348,387	35%
Penalties	\$ 118	0.01
Subsidiary liquidation	\$ (206,681)	(20.76)
Dividends received deduction	\$ (8)	(0.00)
Prior year adjustment	<u>\$ (596,364)</u>	<u>(59.91)</u>
Total	\$ (454,548)	(45.66)
Federal income taxes incurred	\$ 384,196	38.60
Change in net deferred income taxes	<u>\$ (838,744)</u>	<u>(84.26)</u>
Total statutory income taxes	\$ (454,548)	(45.66)

- F. (1) The Company's federal Income Tax return for 2002 is consolidated with the following entities:

Acceleration Life Insurance Company, Acceleration National Service Corporation, Advantage Warranty Corporation, Autoquest Insurance Services of Nevada, Autoquest Insurance Services of Utah, Checker Flag Protection, Inc., Citizen's Accident & Health Insurance Company, Delaware Newco, Inc., Dublin International, LTD, Empire General Life Assurance, Financial Protection Marketing, Inc., First Protection Company, First Protection Corp., First Protection Corp of Florida, First Protection, LTD., First Protective Insurance Group, FPC Insurance Agency, Inc., Gulfco Insurance Services, Inc., Gulfco Life Insurance Company, Hotel Development Company, Inc., Income Development Specialist, Investment Distributors, Inc., Lyndon American, Inc., Lyndon Financial Corporation, Lyndon General Agency of Texas, Inc., Lyndon Insurance Group, Inc., Lyndon Life Insurance Company, Lyndon Property Insurance Company, Lyndon Southern Insurance Company, Protective Administrative Services, Inc., Matrix Direct, Inc., National Health Care Systems of Florida, Inc., Oracare Consultants, Inc., Oracare Dental Assoc., PA, Paramount Financial Group, Inc., PES Insurance Agency of Massachusetts, PES of Maryland, Inc., PES of Ohio, Inc., Product Resources Group, Proequities of Texas, Inc., Proequities, Inc., Protective Agency of Texas, Protective Asset Management Group, Inc., Protective Benefits Communication of Ohio, Protective Benefits Communication of Texas, Protective Finance Corporation, Protective Finance Corporation II, Protective Finance Corporation III, Protective Investment Advisors, Inc., Protective Life Insurance Company, Protective Life Corporation, Protective Life Insurance Company of Kentucky, Protective Life Insurance Company of Ohio, Protective Marketing Enterprises, Inc., Protective Producers Association, Protective Services, Inc., Protective Real Estate Holdings, Inc., Real Estate Asset Purchase Corporation, Specialty Asset Management Corporation, Western Diversified Accident & Health, LTD., Western Diversified Capital Funding, Western Diversified Casualty Insurance Company, and Western Diversified Service, Inc.

- (2) The Company is included in the consolidated federal income tax return of PLC and its subsidiaries. Pursuant to PLC's tax sharing agreement, income tax expense is allocated to those entities within the group as if each individual entity filed a separate return and the Company incurs a liability to PLC to the extent that a separate return calculation indicates that the Company has a federal income tax liability. If the Company has an income tax

NOTES TO FINANCIAL STATEMENTS

benefit, the benefit is not recorded currently, but is instead used as an offset to income tax expenses realized in the future. Federal income tax liabilities are settled periodically.

10. Information Concerning Parent, Subsidiaries and Affiliates

A. Nature of Relationships

The Company is a wholly owned subsidiary of Lyndon Property Insurance Company (LPIC) an insurance company domiciled in the State of Missouri, which is a wholly owned subsidiary of Lyndon Insurance Group (LIGI) an insurance holding company domiciled in the State of Missouri. LIGI is a wholly owned subsidiary of Protective Life Insurance Company (Protective Life) which is a wholly owned subsidiary of Protective Life Corporation (PLC), an insurance holding company domiciled in the State of Delaware. Affiliated companies include Protective Life and Annuity Insurance Company, Protective Life Insurance Company of Kentucky, Protective Life Insurance Company of Ohio, West Coast Life Insurance Company (West Coast), Citizens Accident and Health Insurance Company, Checker Flag Protection, Inc., Financial Protection Marketing, Inc., Western Diversified Services, Inc., Western Diversified Capital Funding Corporation, Advantage Warranty Corporation, Western Diversified Accident and Health Ltd., Insurance Company of the South, Regions Life Insurance Company, MCB Life Insurance Company, Western Diversified Casualty Insurance Company, Dublin International, Ltd., First Agents Alliance LLC, Prizm Solutions LLC, Lyndon-DFS Administrative Services, Inc., Acceleration National Service Corporation, Lyndon American, Inc., Protective Administrative Services, Inc., First Protection Company, First Protection Corporation of Florida, FPC Insurance Agency, Inc., First Protection Limited, Paramount Financial Group, Inc., First Protection Corporation, Gulfco Insurance Services, Inc., Consumer Auto Resale Express, LLC (C.A.R.E. LLC), Lyndon General Agency of Texas, Inc., Lyndon Southern Insurance Company, Gulfco Life Insurance Company, First Variable Life Insurance Company, National Health Care Systems of Florida, Inc., Oracare Dental Associates, Inc., Oracare Consultants, Inc., and Lyndon Financial Corporation.

B. Detail of Transactions Greater Than or Equal to 1/2% of Admitted Assets.

The Company paid common stock dividends to Lyndon Property Insurance Company, on December 30, 2002, in the amount of \$8,015,496 in cash, and \$13,368,212 in bonds totaling \$21,383,708.

C. Change in Terms of Intercompany Arrangements.

Not applicable.

D. Amounts Due To or From Related Parties

At December 31, 2002, the Company reported \$39,464 due from Lyndon Property Insurance Company and \$4,324 due to Acceleration National Service Company.

These arrangements are settled at least quarterly.

E. Guarantees or Contingencies For Related Parties

Not applicable.

F. Management Service Contracts, Cost Sharing Arrangements

Protective Life Corporation has contracts with its affiliates under which it supplies investment, legal and data processing services on a fee basis and other managerial and administrative services on a shared cost basis. In addition, the affiliates have a joint contract relating to allocation of costs for services performed by employees of one affiliate for another.

Certain affiliates lease office space, equipment and/or electronic data processing equipment from Protective Life based upon amounts that would be similar to those charged to an unrelated company in an arms-length transaction.

G. Nature of Relationships That Could Affect Operations

Not applicable.

H. Amount Deducted For Investments in Upstream Company

Not applicable.

I. Detail of Investments in Affiliates Greater Than 10% of Admitted Assets

Not applicable.

J. Write Down For Impairments of Investments in Subsidiaries, Controlled or Affiliated Companies

Not Applicable.

11. Debt

A. Capital Notes

Not applicable.

B. All Other Debt

Not applicable.

NOTES TO FINANCIAL STATEMENTS

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

Not applicable – the Company has no employees.

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

- A. Outstanding Shares

The Company has 500 shares of \$5,000 par value common stock authorized and 400 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

- B. Dividend Rate of Preferred Stock
Not applicable.

- C., D., & E. Dividend Restrictions

Dividends are noncumulative and paid as declared by the Board of Directors of the Company. After receiving approval from the Department, a dividend of \$21,383,708 was paid to the parent company, Lyndon Property Insurance Company, Inc. Pursuant to Ohio law, the maximum dividend that may be paid without prior approval of the Superintendent of Insurance is limited to the greater of gain from operations of the preceding calendar year or 10% of capital and surplus as of the prior December 31. Any dividend paid from other than earned surplus shall be considered an extraordinary dividend and requires specific advance approval by the Department. Accordingly, the maximum dividend payout to shareholders that may be made without prior approval of the Department is \$2,677,469. There are no restrictions on the Company's unassigned surplus funds.

- F. Mutual Surplus Advances
Not applicable.

- G. Company Stock Held for Special Purposes
Not applicable.

- H. Changes in Special Surplus Funds
Not applicable.

- I. Changes in Unassigned Funds

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

Description	Current Year Increase (Decrease) in Surplus
1. Unrealized gain or loss	\$ 98,763
2. Nonadmitted assets	\$ 370,258
3. Separate account business	\$ 0
4. Asset valuation reserve	\$ 0
5. Provision for reinsurance	\$ 0

The current year change displayed above excludes any cumulative effect of changes in accounting principles due to the adoption of Codification effective January 1, 2001. See Note 2B.

- J. Surplus Notes
Not applicable.

- K. and L. Quasi Reorganizations
Not applicable.

14. Contingencies

- A. Contingent Commitments.
Not applicable.

- B. Guaranty Fund and Other Assessments
Not applicable.

- C. Gain Contingencies
Not applicable.

- D. All Other Contingencies

Lawsuits arise against the Company in the normal course of business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company.

15. Leases
Not applicable.

NOTES TO FINANCIAL STATEMENTS

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk
- A. Financial Instruments With Off-Balance Sheet Risk
Not applicable.
 - B. Financial Instruments With Concentrations of Credit Risk
Not applicable.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- A. Transfers of Receivables Reported as Sales
Not applicable.
 - B. Transfer and Servicing of Financial Assets
Not applicable.
 - C. Wash Sales
Not applicable.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans
- A. Administrative Services Only (ASO) Plans
Not applicable.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators
Not applicable.
20. Other Items
- A. Extraordinary Items
Not applicable.
 - B. Troubled Debt Restructuring
Not applicable.
 - C. Other Disclosures

Certain assets are pledged or on deposit as collateral with state insurance departments. These assets are identified on Schedule D with a C per NAIC instructions. Assets that are only partially pledged will be identified with a C followed by an *.
 - D. Uncollectible Premiums Receivable
Not applicable.
 - E. Reinsurance Accounted for as a Deposit
Not applicable.
 - F. Multiple Peril Crop Insurance
 - G. Mezzanine Real Estate Loans
Not applicable.
 - H. Health Care Receivables
Not applicable.
 - I. September 11 Events
Not applicable.
 - J. Real Estate
Not applicable.
 - K. Participating Policies
Not applicable.
 - L. Premium Deficiency Reserves
Not applicable.
 - M. Loss/Claim Adjustment Expenses
Not applicable.
 - N. Structured Settlements
Not applicable.
 - O. Noncash Transactions
Not applicable.

NOTES TO FINANCIAL STATEMENTS

21. Events Subsequent
Not applicable.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

1. Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes () No (X)
If yes, give full details.

2. Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
Yes () No (X)
If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

1. Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits?
Yes () No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the company to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$ _____
- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability, for these agreements in this statement? \$ _____

2. Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?
Yes () No (X)
If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

1. What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$3,557,186

2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? The cession agreement with Lyndon Life Insurance Company was novated to Protective Life Insurance Company, ultimate parent, effective January 1, 2002.
Yes (X) No ()

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ 26,962,245

B. Uncollectible Reinsurance
Not applicable.

C. Commutation of Ceded Reinsurance
Not applicable.

23. Retrospectively Rated Contracts
Not applicable.

NOTES TO FINANCIAL STATEMENTS

24. Salvage and Subrogation
Not applicable.

25. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and loss adjustment expenses attributable to insured events of prior years was \$0. All of the business is ceded to Protective Life Insurance Company. Increases or decreases of this nature generally occur as a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements
Not applicable.

27. Reserves for Life Contracts and Deposit-Type Contracts

- (1) The Company does not waive deduction of deferred fractional premiums upon death of the insured and holds net level reserves on mortality and interest bases consistent with the basic policies. The Company does not return any portion of the final premium for periods beyond the date of death, except for premiums on credit life insurance where required by law. Surrender values are not promised in excess of the legally computed reserves.
- (2) The Company makes no underwriting classification for substandard lives, consequently, no special valuation is provided.
- (3) At December 31, 2002, the Company had \$-0- insurance in force for which future gross premiums are less than the net premiums according to the standards of valuation set by various states. The amount of reserves attributable to such deficiencies is reported in Exhibit 5, Section G, Line 1.
- (4) The Tabular Interest (Page 7, Line 4) has been determined by formula as described in the instruction for Page 7. The Tabular Actual Released (Part 7, Line 5) has been determined by formula as described in the instructions for Page 7. The Tabular Cost (Page 7, Line 9) has been determined by formula as described in the instructions for Page 7.
- (5) For determination of Tabular Interest on funds not involving life contingencies under Page 7, Line 3, each valuation interest rate was applied to its corresponding mean of beginning and end of year funds. The total amount of Tabular Interest for all such funds appears on Page 7, Line 4.
- (6) There were no reserves not involving life or disability contingencies in the current or prior year.

28. Variable Annuities with Guaranteed Living Benefits
Not applicable.

29. Analysis of Annuity Actuarial Reserves and Deposit Liabilities by Withdrawal Characteristics
Not applicable.

30. Premium and Annuity Considerations Deferred and Uncollected
Not applicable.

31. Separate Accounts
Not applicable.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	6,922,423	95.506	6,922,423	95.506
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
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		0.000		0.000
1.512 Issued by FNMA and FHLMC		0.000		0.000
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
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		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
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		0.000		0.000
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	0	0.000
7. Receivables for securities	8,113	0.112	8,113	0.112
8. Cash and short-term investments	317,600	4.382	317,600	4.382
9. Other invested assets		0.000		0.000
10. Total invested assets	7,248,136	100.000	7,248,136	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 [X] No []
- 2.2 If yes, date of change:11/13/2002
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1998
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1998
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).08/25/1999
- 3.4 By what department or departments? State of 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?
 PriceWaterhouse Coopers, 800 Market Street, St. Louis, Mo 63101.....
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?
 E. Perry Kupferman, FSA, MAAA, Senior Vice President and Chief Actuary of and an employee for Acceleration Life Insurance Company.....
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA []

BOARD OF DIRECTORS

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

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|-----------|
| | 14.11 To directors or other officers .. | \$0 |
| | 14.12 To stockholders not officers ... | \$0 |
| | 14.13 Trustees, supreme or grand (Fraternal only) | \$0 |
- 14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | | |
|--|---|-----------|
| | 14.21 To directors or other officers ... | \$0 |
| | 14.22 To stockholders not officers | \$0 |
| | 14.23 Trustees, supreme or grand (Fraternal only) | \$0 |
- 15.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- | | | |
|--|----------------------------------|----------|
| | 15.21 Rented from others | \$ |
| | 15.22 Borrowed from others | \$ |
| | 15.23 Leased from others | \$ |
| | 15.24 Other | \$ |
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 16.2 If answer is yes,
- | | | |
|--|--|----------|
| | 16.21 Amount paid as losses or risk adjustment | \$ |
| | 16.22 Amount paid as expenses | \$ |
| | 16.23 Other amounts paid | \$ |

GENERAL INTERROGATORIES

(continued)
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[X]	[]	[X]
Common	500	400	5,000.000	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 [X]
 If no, attach a description with this statement.

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

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

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

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
The Bank of New York.....	One Wall Street 14th Floor, New York, NY 10289.....
US Bank.....	PO Box 527, St. Louis, Mo 63104.....
Fidelity Investments.....	82 Devonshire Street - T2J, Boston, MA 02109.....
Wachovia Bank NA.....	1525 West W. T. Harris Blvd., Charlotte, NC 28288-1151.....

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
7506.....	Leman Brothers.....	3414 Peachtree Rd NE 26th Floor Atlanta GA 30326.....
28432.....	Bear Stearns & Co Inc.....	3424 Peachtree Rd 17th Floor Atlanta GA 30326.....
18718.....	Chase Securities Inc.....	270 Park Ave 4th Floor New York NY 10017-2070.....
7691.....	Merrill Lynch.....	3414 Peachtree Rd Suite 410 Monarch Plaza Atlanta, GA.....
8209.....	Morgan Stanley.....	1585 Broadway 2nd Floor New York NY 10036.....
816.....	First Boston.....	11 Madison Ave 4th Floor New York NY 10010.....
26091.....	Bank of America.....	100 N Tryon St 6th Floor Charlotte NC 28255.....
47224.....	Goldman Sachs.....	6075 Poplar Ave suite 720 Memphis TN 38119.....
7059.....	Salomon Brothers.....	3455 Peachtree Rd Suite 1900 Atlanta GA 30326.....
13042.....	Paine Webber/Warburg.....	3455 Peachtree Rd NE Suite 1700 Atlanta GA 30309.....

OTHER

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

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
	\$
	\$
	\$

24.1 Amount of payments for legal expenses, if any?..... \$.....0

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
	\$
	\$

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 [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does this reporting entity have Separate Accounts? Yes [] No [X]
- 2.2 If yes, has a Separate Accounts Statement been filed with this Department? Yes [] No [] NA [X]
- 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 [] No []
- 2.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [] No []
- 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 [] No [X]
- 3.2 Net reimbursement of such expenses between reporting entities:
- 3.21 Paid: \$
- 3.22 Received: \$
- 4.1 Does the reporting entity write any guaranteed interest contracts? Yes [] No [X]
- 4.2 If yes, what amount pertaining to these items is included in:
- 4.21 Page 3, Line 3 \$
- 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: \$10,934,803
6. Total dividends paid stockholders since organization of the reporting entity:
- 6.11 Cash: \$18,950,299
- 6.12 Stock: \$13,368,212
- 7.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 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 ACCELERATION 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	0
2. Ordinary - Term (Line 21, Col. 4, less Line 34, Col. 4)	0	0	218	231	244
3. Credit Life (Line 21, Col. 6)	233,953	471,226	806,975	1,059,229	1,103,987
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4)	0	0	0	0	0
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)	233,953	471,226	807,193	1,059,460	1,104,231
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)	0	0	0	0	0
10. Credit Life (Line 2, Col. 6)	688	35,322	239,435	578,062	573,617
11. Group (Line 2, Col. 9)	0	0	0	0	0
12. Industrial (Line 2, Col. 2)	0	0	0	0	0
13. Total (Line 2, Col. 10)	688	35,322	239,435	578,062	573,617
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)	0	0	0	0	0
15.2 Ordinary-Individual Annuities (Exhibit 1-Part 1, Line 20.4, Col. 4)	0	0	0	0	0
16. Credit Life (Group and Individual) (Exhibit 1-Part 1, Line 20.4, Col. 5)	0	0	(4,654,520)	1,928,744	1,115,487
17.1 Group Life Insurance (Exhibit 1-Part 1, Line 20.4, Col. 6)	0	0	0	0	0
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)	0	0	0	0	0
18.2 A & H-Credit (Group and Individual) (Exhibit 1-Part 1, Line 20.4, Col. 9)	0	0	(6,153,211)	2,420,618	3,921,782
18.3 A & H-Other (Exhibit 1-Part 1, Line 20.4, Col. 10)	0	0	7,191	4,673	14,473
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	0	0	(10,800,540)	4,354,035	5,051,742
Balance Sheet Items (Pages 2 & 3)					
22. Total Admitted Assets Excluding Separate Accounts Business (Page 2, Line 25, Col. 3)	7,446,179	28,564,071	29,463,515	66,919,303	70,565,942
23. Total Liabilities Excluding Separate Accounts Business (Page 3, Line 26)	96,651	1,789,375	1,996,960	44,615,549	51,454,320
24. Aggregate Life Reserves (Page 3, Line 1)	0	0	0	4,869,083	6,276,585
25. Aggregate A & H Reserves (Page 3, Line 2)	0	0	0	8,553,117	11,039,702
26. Deposit-type contract funds (Page 3, Line 3)	0	0	XXX	XXX	XXX
27. Asset Valuation Reserve (Page 3, Line 24.1)	0	206,653	211,448	246,200	199,609
28. Capital (Page 3, Lines 29 and 30)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
29. Surplus (Page 3, Line 37)	5,349,528	24,774,696	25,466,555	20,303,754	17,111,622
Risk-Based Capital Analysis					
30. Total Adjusted Capital	7,349,528	26,981,349	27,678,003	22,549,954	19,311,231
31. Authorized Control Level Risk - Based Capital	33,631	200,175	350,737	928,846	1,270,903
Percentage Distribution of Assets					
(Page 2, Col. 3) (Line No. / Page 2, Line 11, Col. 3) x 100.0					
32. Bonds (Line 1)	95.5	90.0	80.6	86.8	90.1
33. Stocks (Lines 2.1 and 2.2)	0.0	1.6	1.6	2.1	1.1
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)	0.0	0.0	0.0	0.0	0.0
37. Premium Notes (Line 6)	0.0	0.0	0.0	0.0	0.0
38. Cash and Short - Term Investments (Line 7)	4.4	8.0	17.3	9.8	7.8
39. Other Invested Assets (Line 8)	0.0	0.3	0.3	0.2	0.3
40. Receivable for Securities (Line 9)	0.1	0.1	0.2	1.1	0.7
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)	0	0	0	0	0
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	0	0	0	0	0
Total Non-admitted and Admitted Assets					
50. Total Non admitted Assets (Page 2, Line 27, Col. 2)	0	370,258	266,218	202,865	259,786
51. Total Admitted Assets (Page 2, Line 27, Col. 3)	7,446,179	28,564,071	29,463,515	66,919,303	70,565,942
Investment Data					
52. Net Investment Income (Exhibit of Net Investment Income)	1,369,874	1,555,072	3,695,132	4,111,288	4,480,097
53. Realized Capital Gains (Losses)	(163,788)	(37,303)	(232,800)	(513,411)	48,656
54. Unrealized Capital Gains (Losses)	98,763	(50,962)	(102,506)	42,074	15,483
55. Total of above Lines 52, 53 & 54	1,304,849	1,466,807	3,359,826	3,639,951	4,544,236
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)	0	0	231,123	1,153,263	867,613
57. Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11)	0	0	2,345,100	2,669,617	3,452,082
58. Increase in Life Reserves - Other than Group and Annuities (Line 19, Cols. 2 and 3)	0	0	(2,193)	(295)	(1,730)
59. Increase in A & H Reserves (Line 19, Cols. 9, 10 & 11)	0	0	(8,553,117)	(2,486,585)	(4,993,759)
60. Dividends to Policyholders (Line 30, Col. 1)	0	0	0	0	0
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	0.0	0.0	26.2	130.9	133.0
62. Lapse Percent (Ordinary Only) (Exhibit of Life Insurance, Col. 4, Lines 14 & 15) x 100.0 / 1/2 (Lines 1 & 21)	0.0	0.0	0.0	0.0	0.0
63. A & H Loss Percent (Schedule H, Part 1, Lines 3 and 4, Col. 2)	0.0	0.0	88.7	48.8	17.1
64. A & H Expense Percent (Schedule H, Pt. 1, Line 8, Col. 2)	0.0	0.0	(224.6)	89.8	84.0
A & H Claim Reserve Adequacy					
65. Incurred Losses on Prior Years' Claims - Group Health (Schedule H, Part 3, Line 3.1 Col. 2)	0	0	0	0	0
66. Prior Years' Claim Liability and Reserve - Group Health (Schedule H, Part 3, Line 3.2 Col. 2)	0	0	0	0	0
67. Incurred Losses on Prior Years' Claims-Health other than Group (Schedule H, Part 3, Line 3.1 Col. 1 less Col. 2)	0	0	1,896,950	2,934,828	4,131,756
68. Prior Years' Claim Liability and Reserve-Health other than Group (Schedule H, Part 3, Line 3.2 Col. 1 less Col. 2)	0	0	2,322,562	2,991,126	5,894,539
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)	0	0	8,193	495	1,572
71. Ordinary - Individual Annuities (Col. 4)	0	0	0	0	0
72. Ordinary-Supp. Contracts (Col. 5)	0	0	0	0	0
73. Credit Life (Col. 6)	262,813	127,379	1,961,474	1,437,241	1,054,825
74. Group Life (Col. 7)	0	0	0	0	0
75. Group Annuities (Col. 8)	0	0	0	0	0
76. A & H-Group (Col. 9)	0	0	0	0	0
77. A & H-Credit (Col. 10)	348,381	169,713	2,588,390	634,007	2,019,909
78. A & H-Other (Col. 11)	0	0	15,417	5,216	(9,679)
79. Aggregate of All Other Lines of Business (Col. 12)	0	0	0	0	0
80. Total (Col. 1)	611,194	297,092	4,573,474	2,076,959	3,066,627

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION LIFE INSURANCE COMPANY

EXHIBIT OF LIFE INSURANCE

	1		2		3		4		5		6		Group			10 Total Amount of Insurance (a)		
	Industrial		Ordinary		Ordinary		Ordinary		Credit Life (Group and Individual)		6		7		8		9 Amount of Insurance (a)	
	Number of Policies	Amount of Insurance (a)	Number of Policies	Amount of Insurance (a)	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)	Policies	Certificates	Amount of Insurance (a)					
1. In force end of prior year	0	0	0	0	0	0	0	0	71,735	471,226	0	0	0	0	0	0	0	471,226
2. Issued during year	0	0	0	0	0	0	0	0	44	688	0	0	0	0	0	0	0	688
3. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Revived during year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Increased during year (net)	0	0	0	0	0	0	0	0	44	688	0	0	0	0	0	0	0	688
6. Subtotals, Lines 2 to 5	XXX	0	XXX	0	XXX	0	XXX	0	XXX	688	0	0	0	0	0	0	0	688
7. Additions by dividends during year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Aggregate write-ins for increases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8)	0	0	0	0	0	0	0	0	71,779	471,914	0	0	0	0	0	0	0	471,914
Deductions during year:																		
10. Death																		
11. Maturity									376	1,599								1,599
12. Disability																		
13. Expiry																		
14. Surrender									22,781	204,136								204,136
15. Lapse									4,491	32,226								32,226
16. Conversion																		
17. Decreased (net)																		
18. Reinsurance																		
19. Aggregate write-ins for decreases	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20. Totals, (Lines 10 to 19)	0	0	0	0	0	0	0	0	27,648	237,961	0	0	0	0	0	0	0	237,961
21. In force end of year, (Line 9 minus Line 20)	0	0	0	0	0	0	0	0	44,131	233,953	0	0	0	0	0	0	0	233,953
22. Reinsurance ceded end of year	XXX	0	XXX	0	XXX	0	XXX	0	XXX	233,953	0	0	0	0	0	0	0	233,953
23. Line 21 minus Line 22	XXX	0	XXX	0	XXX	0	XXX	0	XXX	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS																		
0801.																		
0802.																		
0803.																		
0898. Summary of remaining write-ins for Line 8 from overflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0899. page	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0899. above) TOTALS (Lines 0801 thru 0803 plus 0898) (Line 8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1901.																		
1902.																		
1903.																		
1998. Summary of remaining write-ins for Line 19 from overflow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999. page	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1999. above) TOTALS (Lines 1901 thru 1903 plus 1998) (Line 19	0	0	0	0	0	0	0	0	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)
NONE				
24. Additions by dividends	XXX		XXX	
25. Other paid-up insurance				
26. Debit ordinary insurance	XXX	XXX		

ADDITIONAL INFORMATION ON ORDINARY INSURANCE

Term Insurance Excluding Extended Term 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)
NONE				
27. Term policies - decreasing				
28. Term policies - other				
29. Other term insurance - decreasing	XXX		XXX	
30. Other term insurance	XXX		XXX	
31. Totals, Line 27 to 30				
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)				

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	2	3	4
	Non-Participating	Participating	Non-Participating	Participating
36. Industrial	0			
37. Ordinary				
38. Credit Life (Group and Individual)	688		233,953	
39. Group				
40. Totals (Lines 36 to 39)	688	0	233,953	0

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	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	688	XXX	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis	44,131	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 contained in Family Income, Mortgage Protection, etc., policies and riders and of (47.2) term insurance on wife and children under Family, Parent and Children, etc., policies and riders, including alternative:	
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)
NONE								
48. Waiver of Premium								
49. Disability Income								
50. Extended Benefits			XXX	XXX				
51. Other								
52. Total	(b)		(b)		(b)		(b)	

(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	NONE						
2. Issued during year							
3. Reinsurance assumed							
4. Increased during year (net)							
5. Total (Lines 1 to 4)							
Deductions during year:							
6. Decreased (net)							
7. Reinsurance							
8. Totals (Lines 6 and 7)							
9. In force end of year							
10. Amount on deposit					(a)		(a)
11. Income now payable							
12. Amount of income payable	(a)	(a)	(a)	(a)			

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year	NONE			
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (Lines 1 to 4)				
Deductions during year:				
6. Decreased (net)				
7. Reinsurance				
8. Totals (Lines 6 and 7)				
9. In force end of year				
Income now payable:				
10. Amount of income payable .....					(a)	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance	XXX	(a)	XXX	(a)
Deferred not fully paid:				
12. Account balance	XXX	(a)	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	0	0	0	0	54,118	369,940,988
2. Issued during year					39	12,522
3. Reinsurance assumed					262	817,303
4. Increased during year (net)		XXX		XXX		XXX
5. Total (Lines 1 to 4)	0	XXX	0	XXX	54,419	XXX
Deductions during year:						
6. Conversions	XXX	XXX		XXX	XXX	XXX
7. Decreased (net)		XXX		XXX	21,396	XXX
8. Reinsurance		XXX		XXX		XXX
9. Total (Lines 6 thru 8)	0	XXX	0	XXX	21,396	XXX
10. In force end of year	0 (a)		0 (a)		33,023 (a)	

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2		
	Deposit Funds Contracts	Dividend Accumulations Contracts		
1. In force end of prior year	NONE			
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (Lines 1 to 4)				
Deductions During Year:				
6. Decreased (net)				
7. Reinsurance				
8. Totals (Lines 6 and 7)				
9. In force end of year				
10. Amount of account balance			(a)	(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 6,922,424 2. Canada 0 3. Other Countries 0 4. Totals 6,922,424	7,094,916 0 0 7,094,916	6,949,250 0 0 6,949,250	6,762,000 0 0 6,762,000
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 0 14. Canada 0 15. Other Countries 0 16. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Public Utilities (unaffiliated)	17. United States 0 18. Canada 0 19. Other Countries 0 20. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 0 22. Canada 0 23. Other Countries 0 24. Totals 0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	25. Totals 0 26. Total Bonds 6,922,424	0 7,094,916	0 6,949,250	0 6,762,000
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 0 54. Total Common Stocks 0 55. Total Stocks 0 56. Total Bonds and Stocks 6,922,424	0 0 0 7,094,916	0 0 0 6,949,250	0 0 0 6,762,000

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year 24,240,586	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 3,098,256	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 (34,853)	6.3 Column 11, Part 2, Sec. 2 0
3.2 Column 12, Part 2, Sec. 1 0	6.4 Column 11, Part 4 0
3.3 Column 10, Part 2, Sec. 2 0	7. Book/adjusted carrying value at end of current period 6,922,424
3.4 Column 10, Part 4 59,915	8. Total valuation allowance 0
4. Total gain (loss), Col. 14, Part 4 (163,788)	9. Subtotal (Lines 7 plus 8) 6,922,424
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 20,277,692	10. Total nonadmitted amounts 0
	11. Statement value of bonds and stocks, current period 6,922,424

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION 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	.0	.0	.0	.0
2. Alaska	AK	Yes	.0	.0	.0	.0
3. Arizona	AZ	Yes	.0	.0	.0	.0
4. Arkansas	AR	Yes	.0	.0	.0	.0
5. California	CA	No	.0	.0	.0	.0
6. Colorado	CO	Yes	.0	.0	.0	.0
7. Connecticut	CT	No	.0	.0	.0	.0
8. Delaware	DE	Yes	.0	.0	.0	.0
9. District of Columbia	DC	Yes	.0	.0	.0	.0
10. Florida	FL	Yes	(4,797)	.0	(5,569)	.0
11. Georgia	GA	Yes	(11,885)	.0	(7,355)	.0
12. Hawaii	HI	Yes	.0	.0	.0	.0
13. Idaho	ID	Yes	.0	.0	.0	.0
14. Illinois	IL	Yes	(155)	.0	(173)	.0
15. Indiana	IN	Yes	(19,944)	.0	(27,207)	.0
16. Iowa	IA	Yes	.0	.0	.0	.0
17. Kansas	KS	Yes	.0	.0	.0	.0
18. Kentucky	KY	Yes	(31,295)	.0	(9,206)	.0
19. Louisiana	LA	Yes	.0	.0	.0	.0
20. Maine	ME	No	.0	.0	.0	.0
21. Maryland	MD	Yes	(752)	.0	(713)	.0
22. Massachusetts	MA	No	.0	.0	.0	.0
23. Michigan	MI	No	.0	.0	.0	.0
24. Minnesota	MN	Yes	.0	.0	.0	.0
25. Mississippi	MS	Yes	.0	.0	.0	.0
26. Missouri	MO	Yes	.0	.0	.0	.0
27. Montana	MT	Yes	.0	.0	.0	.0
28. Nebraska	NE	Yes	.0	.0	.0	.0
29. Nevada	NV	Yes	.0	.0	.0	.0
30. New Hampshire	NH	No	.0	.0	.0	.0
31. New Jersey	NJ	No	.0	.0	.0	.0
32. New Mexico	NM	Yes	.0	.0	.0	.0
33. New York	NY	No	.0	.0	.0	.0
34. North Carolina	NC	Yes	(13,903)	.0	(26,991)	.0
35. North Dakota	ND	Yes	.0	.0	.0	.0
36. Ohio	OH	Yes	(254,512)	.0	(337,675)	.0
37. Oklahoma	OK	Yes	.0	.0	.0	.0
38. Oregon	OR	Yes	.0	.0	.0	.0
39. Pennsylvania	PA	Yes	(6,670)	.0	(11,243)	.0
40. Rhode Island	RI	No	.0	.0	.0	.0
41. South Carolina	SC	Yes	.0	.0	.0	.0
42. South Dakota	SD	Yes	.0	.0	.0	.0
43. Tennessee	TN	Yes	(1,742)	.0	(280)	.0
44. Texas	TX	Yes	(8,552)	.0	(9,196)	.0
45. Utah	UT	Yes	.0	.0	.0	.0
46. Vermont	VT	No	.0	.0	.0	.0
47. Virginia	VA	Yes	(58,588)	.0	(100,125)	.0
48. Washington	WA	Yes	.0	.0	.0	.0
49. West Virginia	WV	Yes	(78,494)	.0	(32,501)	.0
50. Wisconsin	WI	Yes	.0	.0	.0	.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) 41		(491,289)	.0	(568,234)	.0
90. Reporting entity contributions for employee benefit plans	XXX					
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		(491,289)	.0	(568,234)	.0
96. Plus Reinsurance Assumed	XXX					
97. Totals (All Business)	XXX		(491,289)	.0	(568,234)	.0
98. Less Reinsurance Ceded	XXX		(491,289)	.0	(568,234)	.0
99. Totals (All Business) less Reinsurance Ceded	XXX		0	0	0	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

Premiums are allocated by location of risk.

(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:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

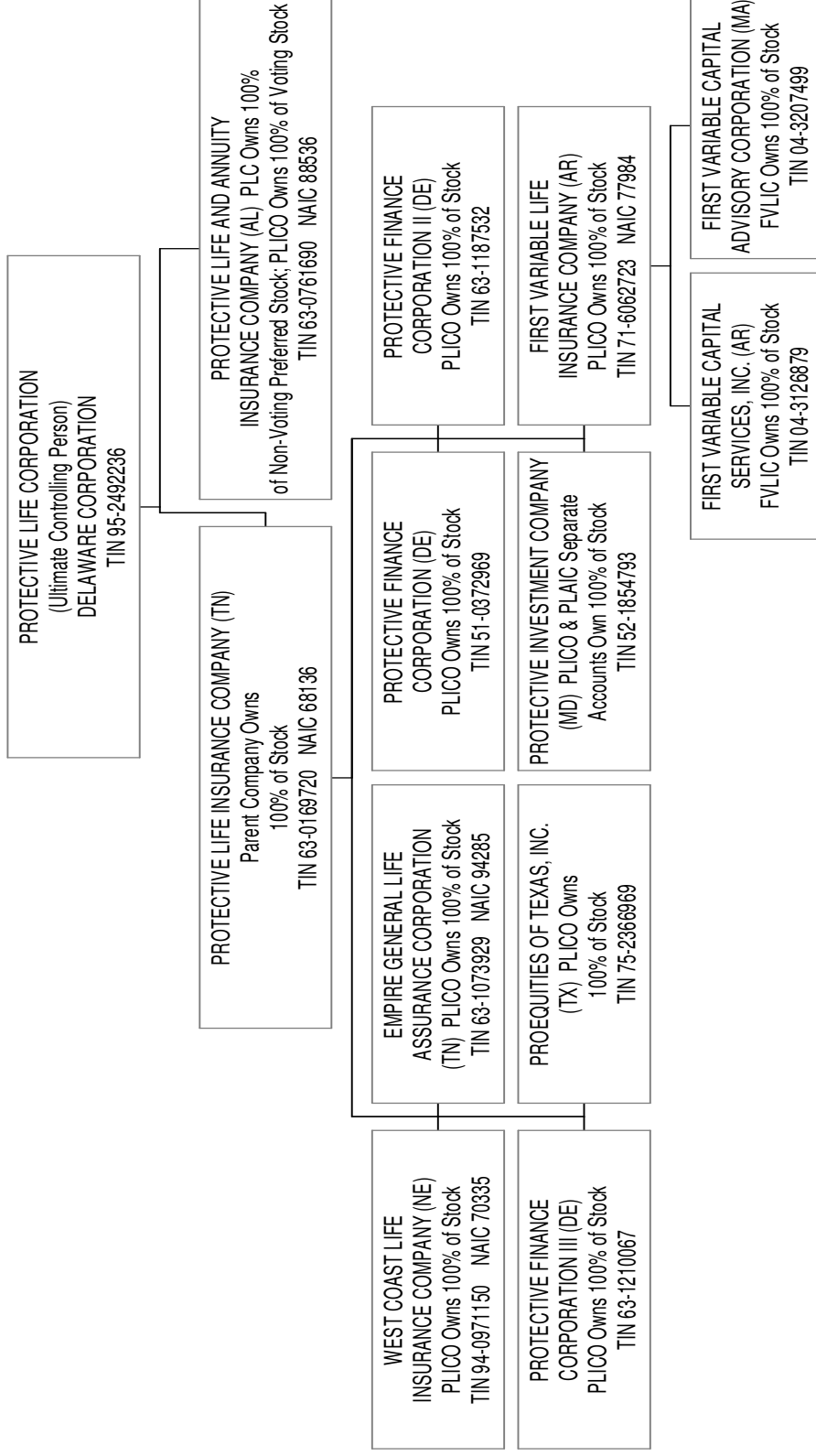
PART 1 - ORGANIZATIONAL CHART

PROTECTIVE LIFE CORPORATION ORGANIZATIONAL CHART

as of DECEMBER 31, 2002

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(PLICO INSURANCE SUBSIDIARIES, EXCLUDING APD)

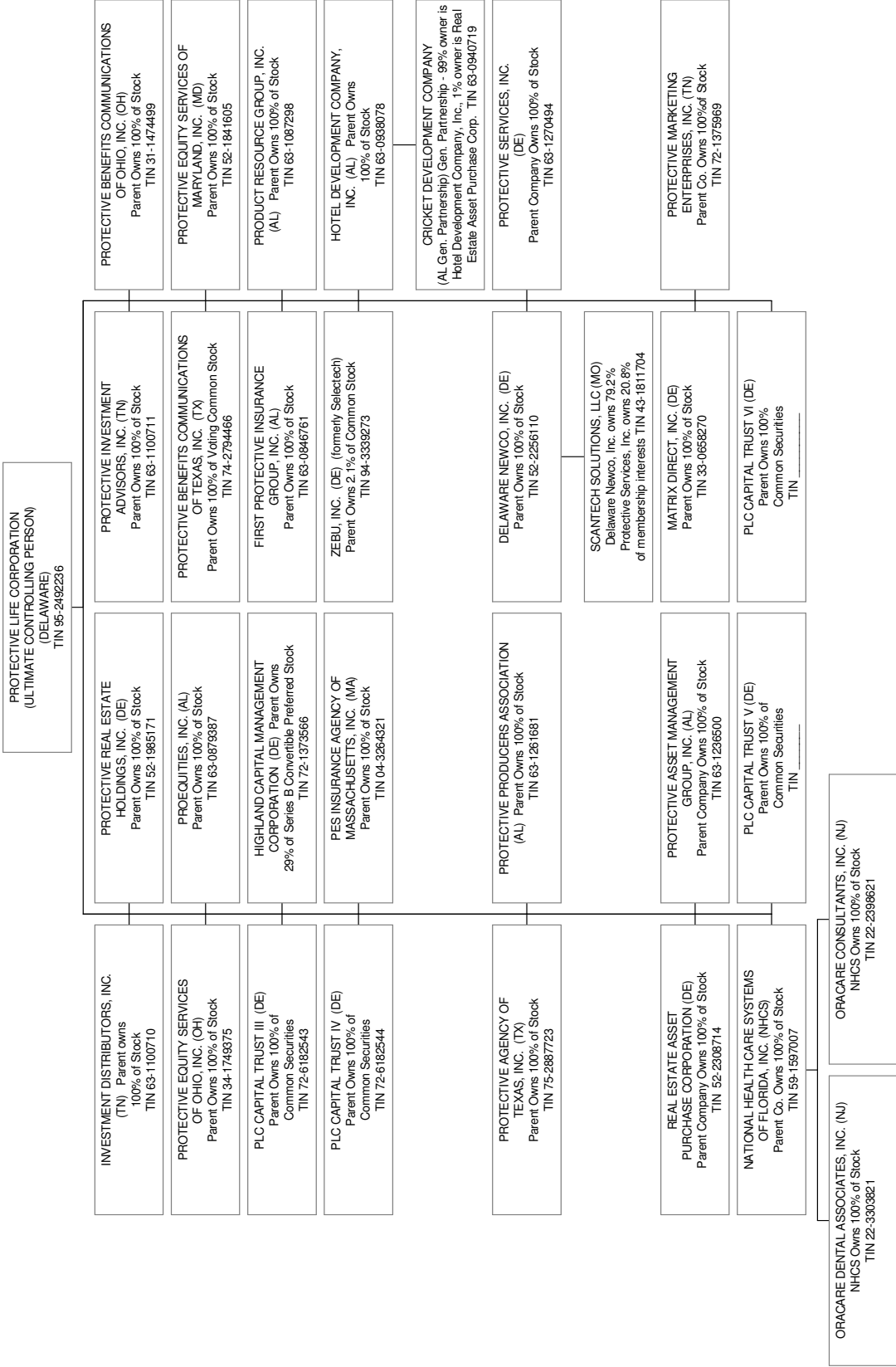


ANNUAL STATEMENT FOR THE YEAR 2002 OF THE ACCELERATION LIFE INSURANCE COMPANY
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

PROTECTIVE LIFE CORPORATION ORGANIZATIONAL CHART
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PLC NON-INSURANCE COMPANIES (EXCLUDING APD)



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ASSET PROTECTION DIVISION - Page 2 of 2 (Lyndon Group Organization)

* Denotes insurance company

** Pursuant to Louisiana Insurance Code de 22:81(2) each director of a domestic insurer must own at least 10 shares

