



ANNUAL STATEMENT

For the Year Ended December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

MCKINLEY LIFE INSURANCE COMPANY

NAIC Group Code	1204 <small>(Current Period)</small>	1204 <small>(Prior Period)</small>	NAIC Company Code	77216	Employer's ID Number	341624818
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio		
Country of Domicile	United States of America					
Incorporated	08/15/1989		Commenced Business	11/01/1989		
Statutory Home Office	2600 SIXTH STREET SW <small>(Street and Number)</small>			CANTON, OH 44710 <small>(City, or Town, State and Zip Code)</small>		
Main Administrative Office	2600 SIXTH STREET SW <small>(Street and Number)</small>					
	CANTON, OH 44710 <small>(City or Town, State and Zip Code)</small>			(330)363-4057 <small>(Area Code) (Telephone Number)</small>		
Mail Address	2600 SIXTH STREET SW <small>(Street and Number or P.O. Box)</small>			CANTON, OH 44710 <small>(City, or Town, State and Zip Code)</small>		
Primary Location of Books and Records	2600 SIXTH STREET SW <small>(Street and Number)</small>					
	CANTON, OH 44710 <small>(City, or Town, State and Zip Code)</small>			(330)363-4057 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	_____					
Statement Contact	JEFFREY ALAN SCHEATZLE <small>(Name)</small>			(330)363-4057 <small>(Area Code)(Telephone Number)(Extension)</small>		
	JSCHAEATZLE@AULTMAN.COM <small>(E-Mail Address)</small>			(330)438-2911 <small>(Fax Number)</small>		
Policyowner Relations Contact	_____					
	(City, or Town, State and Zip Code)			(Area Code) (Telephone Number)(Extension)		

OFFICERS

President RICK L HAINES
 Secretary WILLIAM S ALFORD DO #
 Treasurer CHRISTOPHER E REMARK #
 Executive Vice President EDWARD J ROTH

VICE PRESIDENTS

DIRECTORS

RAYMOND L CANDAGE M.D.
 JOHN B HUMPHREY JR., M.D.
 GREGORY HABAN M.D.
 EDWARD J ROTH III
 RICK L HAINES

WILLIAM A HAMMERSTROM
 WILLIAM S ALFORD D.O
 CHRISTOPHER E REMARK
 EILEEN W GOOD
 MICHAEL A RICH M.D.

State of Ohio
 County of Stark ss

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

_____ (Signature) RICK L HAINES _____ (Printed Name) PRESIDENT	_____ (Signature) GEORGE E FILM _____ (Printed Name) CONTROLLER	_____ (Signature) _____ (Printed Name)
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a. Is this an original filing? Yes[X] No[]
 b. If no, 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

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

_____ (Notary Signature)

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Columns 1-2)	Net Admitted Assets
1. Bonds	10,838,707		10,838,707	9,168,457
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)				
2.2 Common stocks (Schedule D, Part 2, Section 2)				
3. Mortgage loans on real estate (Schedule B, Part 1):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$..... encumbrances)				
4.2 Properties held for the production of income (less \$..... encumbrances)				
4.3 Properties held for sale (less \$..... encumbrances)				
5. Policy loans				
6. Premium notes, including \$..... for first year premiums				
7. Cash (\$.....2,320,092, Schedule E, Part 1) and short-term investments (\$....., Schedule DA, Part 2)	2,320,092		2,320,092	2,171,337
8. Other invested assets (Schedule BA, Part 1)	980		980	980
9. Receivable for Securities				
10. Aggregate write-ins for invested assets				
11. Subtotals, cash and invested assets (Lines 1 to 10)	13,159,779		13,159,779	11,340,774
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers (Schedule S, Part 2)	670,768		670,768	569,186
12.2 Commissions and expense allowances due				
12.3 Experience rating and other refunds due				
12.4 Other amounts receivable under reinsurance contracts				
13. Electronic data processing equipment and software				
14. Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
15. Guaranty funds receivable or on deposit				
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$..... loading)				
17. Accident and health premiums due and unpaid	1,840,434	87,460	1,752,974	1,692,008
18. Investment income due and accrued	205,179		205,179	192,409
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivable from parent, subsidiaries and affiliates	8,738,288		8,738,288	4,192,492
21. Amounts receivable relating to uninsured accident and health plans				
22. Amounts due from agents				
23. Other assets nonadmitted (Exhibit 9)				
24. Aggregate write-ins for other than invested assets	49,832		49,832	213,493
25. TOTAL assets excluding Separate Accounts business (Lines 11 to 24)	24,664,280	87,460	24,576,820	18,200,362
26. From Separate Accounts Statement				
27. TOTAL (Lines 25 and 26)	24,664,280	87,460	24,576,820	18,200,362
DETAILS OF WRITE-INS				
1001				
1002				
1003				
1098. Summary of remaining write-ins for Line 10 from overflow page				
1099. TOTALS (Lines 1001 through 1003 plus 1098) (Line 10 above)				
2401. OTHER RECEIVABLES - REFUNDS	49,832		49,832	34,481
2402. REBATES				150,000
2403. PREPAID EXPENSES PPM				12,500
2498. Summary of remaining write-ins for Line 24 from overflow page				16,513
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	49,832		49,832	213,493

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$..... (Exhibit 5, Line 9999999) less \$..... included in Line 6.3 (including \$..... Modco Reserve)		
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$..... Modco Reserve)		
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$..... Modco Reserve)		
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10, and 11)		
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10, and 11)	7,083,648	5,741,995
5. Policyholders' dividends \$..... and coupons \$..... due and unpaid (Exhibit 4, Line 10)		
6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts:		
6.1 Dividends apportioned for payment to (including \$..... Modco)		
6.2 Dividends not yet apportioned (including \$..... Modco)		
6.3 Coupons and similar benefits (including \$..... Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$..... discount; including \$.....2,277,869 accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Lines 4 and 14)	2,277,869	620,210
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$..... A & H experience rating refunds		
9.3 Other amounts payable on reinsurance; including \$..... assumed and \$..... ceded		
9.4 Interest Maintenance Reserve (Page 33, Line 6)	116,596	(12,001)
10. Commissions to agents due or accrued-life and annuity contracts \$..... accident and health \$..... and deposit-type contract funds \$.....		162,232
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued (Exhibit 2, Line 12, Column 5)	388,039	208,640
13. Transfers to Separate Accounts due or accrued (net) (Including \$..... accrued for expense allowances recognized in reserves)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5)	678,008	468,734
15. Federal and foreign income taxes, including \$..... on realized capital gains (losses) (including \$..... net deferred tax liability)		
16. Unearned investment income		
17. Amounts withheld or retained by company as agent or trustee		
18. Amounts held for agents' account, including \$..... agents' credit balances		
19. Remittances and items not allocated		
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$..... and interest thereon \$.....		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset Valuation Reserve (Page 34, Line 16, Column 7)		
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		
24.4 Payable to parent, subsidiaries and affiliates	7,339,533	5,597,220
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured accident and health plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities		
24.9 Capital notes \$..... and interest thereon \$.....		
25. Aggregate write-ins for liabilities		
26. TOTAL Liabilities excluding Separate Accounts business (Lines 1 to 25)	17,883,693	12,787,030
27. From Separate Accounts Statement		
28. TOTAL LIABILITIES (Lines 26 and 27)	17,883,693	12,787,030
29. Common capital stock	1,000,000	1,000,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus Notes		
33. Gross paid in and contributed surplus (Page 3, Line 33, Column 2 plus Page 4, Line 51.1, Column 1)	5,950,000	4,850,000
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(256,873)	(436,668)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$.....)		
36.2 shares preferred (value included in Line 30 \$.....)		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (Including \$..... in Separate Accounts Statement)	5,693,127	4,413,332
38. TOTALS of Lines 29, 30 and 37 (Page 4, Line 55)	6,693,127	5,413,332
39. TOTALS of Lines 28 and 38 (Page 2, Line 27, Column 3)	24,576,820	18,200,362
DETAILS OF WRITE-INS		
2501		
2502		
2503		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)		
3101		
3102		
3103		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. TOTALS (Lines 3101 through 3103 plus 3198) (Line 31 above)		
3401		
3402		
3403		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. TOTALS (Lines 3401 through 3403 plus 3498) (Line 34 above)		

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)	73,836,566	61,338,373
2. Considerations for supplementary contracts with life contingencies		
3. Net investment income (Exhibit of Net Investment Income Line 17)	497,946	531,171
4. Amortization of Interest Maintenance Reserve (IMR) (Page 33, Line 5)	11,185	(12,770)
5. Separate Accounts net gain from operations excluding unrealized gains or losses		
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Column 1)		
7. Reserve adjustments on reinsurance ceded		
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts		
8.2 Charges and fees for deposit-type contracts		
8.3 Aggregate write-ins for miscellaneous income	4,195,806	105,988
9. Totals (Lines 1 to 8.3)	78,541,503	61,962,762
10. Death benefits		
11. Matured endowments (excluding guaranteed annual pure endowments)		
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Columns 4 + 8)		
13. Disability benefits and benefits under accident and health contracts	71,251,748	55,528,444
14. Coupons, guaranteed annual pure endowments and similar benefits		
15. Surrender benefits and other fund withdrawals for life contracts		
16. Group conversions		
17. Interest and adjustments on contract or deposit-type contract funds		
18. Payments on supplementary contracts with life contingencies		
19. Increase in aggregate reserves for life and accident and health contracts		
20. Totals (Lines 10 to 19)	71,251,748	55,528,444
21. Commissions on premiums, annuity considerations, and deposit type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)	2,987,514	2,677,004
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)		
23. General insurance expenses (Exhibit 2, Line 10, Columns 1 + 2 + 3)	3,428,147	3,239,945
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Columns 1 + 2 + 3)	1,020,115	774,961
25. Increase in loading on deferred and uncollected premiums		
26. Net transfers to or (from) Separate Accounts		
27. Aggregate write-ins for deductions		
28. Totals (Lines 20 to 27)	78,687,524	62,220,353
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(146,021)	(257,592)
30. Dividends to policyholders		
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	(146,021)	(257,592)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)		157,318
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)	(146,021)	(414,910)
34. Net realized capital gains or (losses) less capital gains tax of \$..... (excluding taxes of \$..... transferred to the IMR)		6,653
35. Net Income (Line 33 plus Line 34)	(146,021)	(408,257)
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)	5,413,333	5,259,185
37. Net Income (Line 35)	(146,021)	(408,257)
38. Change in net unrealized capital gains (losses)		
39. Change in net unrealized foreign exchange capital gain (loss)		
40. Change in net deferred income tax		
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Column 3)	185,429	(65,072)
42. Change in liability for reinsurance in unauthorized companies		
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4)		
44. Change in asset valuation reserve (Page 34, Lines 2 + 3 + 4 + 5 - 6 + 7 + 11 + 14 + 15, Col. 7)		
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 1)		
46. Surplus (contributed to) withdrawn from Separate Accounts during period		
47. Other changes in surplus in Separate Accounts Statement		
48. Change in surplus notes		
49. Cumulative effect of changes in accounting principles		
50. Capital changes:		
50.1 Paid in		
50.2 Transferred from surplus (Stock Dividend)		
50.3 Transferred to surplus		
51. Surplus adjustment:		
51.1 Paid in	1,100,000	500,000
51.2 Transferred to capital (Stock Dividend)		
51.3 Transferred from capital		
51.4 Change in surplus as a result of reinsurance		
52. Dividends to stockholders		
53. Aggregate write-ins for gains and losses in surplus	140,385	127,477
54. Net change in capital and surplus for the year (Lines 37 through 53)	1,279,793	154,148
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	6,693,126	5,413,333
DETAILS OF WRITE-INS		
08.301. AGENCY INCOME		105,988
08.302. REINSURANCE INCOME	4,195,806	
08.303		
08.398. Summary of remaining write-ins for Line 8.3 from overflow page		
08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	4,195,806	105,988
2701		
2702		
2703		
2798. Summary of remaining write-ins for Line 27 from overflow page		
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)		
5301. AUDIT ADJUSTMENT		127,477
5302. FUND BALANCE TRANSFER	140,385	
5303		
5398. Summary of remaining write-ins for Line 53 from overflow page		
5399. TOTALS (Lines 5301 through 5303 plus 5398) (Line 53 above)	140,385	127,477

ANNUAL STATEMENT FOR THE YEAR **2002** OF THE **MCKINLEY LIFE INSURANCE COMPANY**
CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and annuity considerations for life and accident and health contracts	75,706,801	60,914,354
2.	Charges and fees for deposit-type contracts		
3.	Considerations for supplementary contracts with life contingencies		
4.	Net investment income	476,730	513,453
5.	Commissions and expense allowances on reinsurance ceded		
6.	Fees associated with investment management, administration, and contract guarantee from Separate Accounts		
7.	Aggregate write-ins for miscellaneous income	4,195,806	
8.	Total (Lines 1 to 7)	80,379,337	61,427,807
9.	Death benefits		
10.	Matured endowments		
11.	Annuity benefits		
12.	Disability benefits and benefits under accident and health contracts	69,910,095	55,274,348
13.	Coupons, guaranteed annual pure endowments and similar benefits		
14.	Surrender benefits and withdrawals for life contracts		
15.	Group conversions		
16.	Interest and adjustments on contract or deposit-type contract funds		
17.	Payments on supplementary contracts with life contingencies		
18.	Total (Lines 9 to 17)	69,910,095	55,274,348
19.	Commissions on premiums, annuity considerations, and deposit-type contract funds	3,149,746	2,768,772
20.	Commissions and expense allowances on reinsurance assumed		
21.	General insurance expenses	3,248,748	3,978,132
22.	Insurance taxes, licenses and fees, excluding federal income taxes	810,841	306,227
23.	Net transfers to or (from) Separate Accounts		
24.	Aggregate write-ins for deductions		
25.	Total (Lines 18 to 24)	77,119,430	62,327,479
26.	Dividends paid to policyholders		
27.	Federal income taxes (excluding tax on capital gains)		(107,087)
28.	Total (Lines 25 to 27)	77,119,430	62,220,393
29.	Net cash from operations (Line 8 minus Line 28)	3,259,907	(792,586)
CASH FROM INVESTMENTS			
30.	Proceeds from investments sold, matured or repaid:		
30.1	Bonds	4,500,227	778,828
30.2	Stocks		
30.3	Mortgage loans		
30.4	Real estate		
30.5	Other invested assets		
30.6	Net gains (losses) on cash and short-term investments		
30.7	Miscellaneous proceeds		
30.8	Total investment proceeds (Lines 30.1 to 30.7)	4,500,227	778,828
31.	Net tax on capital gains (losses)		
32.	Total (Line 30.8 minus Line 31)	4,500,227	778,828
33.	Cost of investments acquired (long-term only):		
33.1	Bonds	6,075,979	1,840,995
33.2	Stocks		
33.3	Mortgage loans		
33.4	Real estate		
33.5	Other invested assets		
33.6	Miscellaneous applications		
33.7	Total investments acquired (Lines 33.1 to 33.6)	6,075,979	1,840,995
34.	Net increase (or decrease) in policy loans and premium notes		
35.	Net cash from investments (Line 32 minus Line 33.7 minus Line 34)	(1,575,752)	(1,062,167)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
36.	Cash provided:		
36.1	Surplus notes, capital and surplus paid in	1,100,000	500,000
36.2	Borrowed money \$..... less amounts repaid \$.....		
36.3	Capital notes \$..... less amounts repaid \$.....		
36.4	Deposits on deposit type contract funds and other liabilities without life or disability contingencies		
36.5	Other cash provided	1,910,395	4,126,343
36.6	Total (Lines 36.1 to 36.5)	3,010,395	4,626,343
37.	Cash applied:		
37.1	Dividends to stockholders paid		
37.2	Interest on indebtedness		
37.3	Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies		
37.4	Other applications (net)	4,545,796	3,568,058
37.5	Total (Lines 37.1 to 37.4)	4,545,796	3,568,058
38.	Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5)	(1,535,401)	1,058,285
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
39.	Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38)	148,755	(796,467)
40.	Cash and short-term investments:		
40.1	Beginning of year	2,171,337	2,967,804
40.2	End of year (Line 39 plus Line 40.1)	2,320,092	2,171,337
DETAILS OF WRITE-INS			
0701.	REINSURANCE INCOME	4,195,806	
0702.	.....	
0703.	.....	
0798.	Summary of remaining write-ins for Line 7 from overflow page		
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	4,195,806	
2401.	.....	
2402.	.....	
2403.	.....	
2498.	Summary of remaining write-ins for Line 24 from overflow page		
2499.	TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)		

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	73,836,566								73,836,566			
2. Considerations for supplementary contracts with life contingencies												
3. Net investment income	497,946								497,946			
4. Amortization of Interest Maintenance Reserve (IMR)	11,185								11,185			
5. Separate Accounts net gain from operations excluding unrealized gains or losses												
6. Commissions and expense allowances on reinsurance ceded												
7. Reserve adjustments on reinsurance ceded												
8. Miscellaneous Income												
8.1 Fees associated with income from investment mngmt., admin., and contract guarantees (From S.A.)												
8.2 Charges and fees for deposit-type contracts												
8.3 Aggregate write-ins for miscellaneous income	4,195,806								4,195,806			
9. Totals (Lines 1 to 8.3)	78,541,503								78,541,503			
10. Death benefits												
11. Matured endowments (excluding guaranteed annual pure endowments)												
12. Annuity benefits												
13. Disability benefits and benefits under accident and health contracts	71,251,748								71,251,748			
14. Coupons, guaranteed annual pure endowments and similar benefits												
15. Surrender benefits and withdrawals for life contracts												
16. Group conversions												
17. Interest and adjustments on contract or deposit-type contract funds												
18. Payments on supplementary contracts with life contingencies												
19. Increase in aggregate reserves for life and accident and health contracts												
20. Totals (Lines10 to 19)	71,251,748								71,251,748			
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	2,987,514								2,987,514			
22. Commissions and expense allowances on reinsurance assumed												
23. General insurance expenses	3,428,147								3,428,147			
24. Insurance taxes, licenses and fees, excluding federal income taxes	1,020,115								1,020,115			
25. Increase in loading on deferred and uncollected premiums												
26. Net transfers to or (from) Separate Accounts												
27. Aggregate write-ins for deductions												
28. Totals (Lines 20 to 27)	78,687,524								78,687,524			
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 - Line 28)	(146,021)								(146,021)			
30. Dividends to policyholders												
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 - Line 30)	(146,021)								(146,021)			
32. Federal income taxes incurred (excluding tax on capital gains)												
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)	(146,021)								(146,021)			
DETAILS OF WRITE-INS												
08.301. AGENCY INCOME												
08.302. REINSURANCE INCOME	4,195,806								4,195,806			
08.303												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page												
08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	4,195,806								4,195,806			
2701												
2702												
2703												
2798. Summary of remaining write-ins for Line 27 from overflow page												
2799. TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)												

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

ANALYSIS OF INCREASE IN RESERVES AND DEPOSIT FUNDS 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					X X X			
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					X X X			
10. Reserves released by death				X X X	X X X			X X X
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								

N O N E

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)..... 479,777	..... 500,993
1.1 Bonds exempt from U.S. tax	(a).....	.....
1.2 Other bonds (unaffiliated)	(a).....	.....
1.3 Bonds of affiliates	(a).....	.....
2.1 Preferred stocks (unaffiliated)	(b).....	.....
2.11 Preferred stocks of affiliates	(b).....	.....
2.2 Common stocks (unaffiliated) .....	.....	.....
2.21 Common stocks of affiliates .....	.....	.....
3. Mortgage loans	(c).....	.....
4. Real estate	(d).....	.....
5. Contract loans .....	.....	.....
6. Cash/short-term investments	(e)..... 2,352	..... 2,352
7. Derivative instruments	(f).....	.....
8. Other invested assets .....	.....	.....
9. Aggregate write-ins for investment income .....	.....	.....
10. Total gross investment income	482,129	503,345
11. Investment expenses .....	.....	(g)..... 5,399
12. Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g).....
13. Interest expense .....	.....	(h).....
14. Depreciation on real estate and other invested assets .....	.....	(i).....
15. Aggregate write-ins for deductions from investment income .....	.....	.....
16. Total deductions (Lines 11 through 15) .....	.....	5,399
17. Net Investment income (Line 10 minus Line 16) .....	.....	497,946
DETAILS OF WRITE-INS		
0901 .....	.....	.....
0902 .....	.....	.....
0903 .....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501 .....	.....	.....
1502 .....	.....	.....
1503 .....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. Government bonds
1.1 Bonds exempt from U.S. tax
1.2 Other bonds (unaffiliated)
1.3 Bonds of affiliates
2.1 Preferred stocks (unaffiliated)
2.11 Preferred stocks of affiliates
2.2 Common stocks (unaffiliated)
2.21 Common stocks of affiliates
3. Mortgage loans
4. Real estate
5. Contract loans
6. Cash/short-term investments
7. Derivative instruments
8. Other invested assets
9. Aggregate write-ins for capital gains (losses)
10. Total capital gains (losses)
DETAILS OF WRITE-INS					
0901
0902
0903
0998. Summary of remaining write-ins for Line 9 from overflow page
0999. TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)

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

	1	2	Ordinary		5	Group		Accident and Health			11
			3	4		6	7	8	9	10	
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
FIRST YEAR (other than single)											
1.	Uncollected										
2.	Deferred and accrued										
3.	Deferred, accrued and uncollected:										
3.1	Direct										
3.2	Reinsurance assumed										
3.3	Reinsurance ceded										
3.4	Net (Line 1 + Line 2)										
4.	Advance										
5.	Line 3.4 - Line 4										
6.	Collected during year:										
6.1	Direct										
6.2	Reinsurance assumed										
6.3	Reinsurance ceded										
6.4	Net										
7.	Line 5 + Line 6.4										
8.	Prior year (uncollected + deferred and accrued - advance)										
9.	First year premiums and considerations:										
9.1	Direct										
9.2	Reinsurance assumed										
9.3	Reinsurance ceded										
9.4	Net (Line 7 - Line 8)										
SINGLE											
10.	Single premiums and considerations:										
10.1	Direct										
10.2	Reinsurance assumed										
10.3	Reinsurance ceded										
10.4	Net										
RENEWAL											
11.	Uncollected	2,277,869						2,277,869			
12.	Deferred and accrued										
13.	Deferred, accrued and uncollected:										
13.1	Direct	2,277,869						2,277,869			
13.2	Reinsurance assumed										
13.3	Reinsurance ceded										
13.4	Net (Line 11 + Line 12)	2,277,869						2,277,869			
14.	Advance	2,277,869						2,277,869			
15.	Line 13.4 - Line 14										
16.	Collected during year:										
16.1	Direct	77,276,513						77,276,513			
16.2	Reinsurance assumed										
16.3	Reinsurance ceded	1,661,107						1,661,107			
16.4	Net	75,615,406						75,615,406			
17.	Line 15 + Line 16.4	75,615,406						75,615,406			
18.	Prior year (uncollected + deferred and accrued - advance)	1,778,840						1,778,840			
19.	Renewal premiums and considerations:										
19.1	Direct	75,497,673						75,497,673			
19.2	Reinsurance assumed										
19.3	Reinsurance ceded	1,661,107						1,661,107			
19.4	Net (Line 17 - Line 18)	73,836,566						73,836,566			
TOTAL											
20.	TOTAL premiums and annuity considerations:										
20.1	Direct	75,497,673						75,497,673			
20.2	Reinsurance assumed										
20.3	Reinsurance ceded	1,661,107						1,661,107			
20.4	Net (Lines 9.4 + 10.4 + 19.4)	73,836,566						73,836,566			

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

	1	2	Ordinary		5	Group		Accident and Health			11
			3	4		6	7	8	9	10	
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21.	To pay renewal premiums (Exhibit 4, Line 1)										
22.	All other (Exhibit 4, Lines 2, 3 & 4)										
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1	Reinsurance ceded										
23.2	Reinsurance assumed										
23.3	Net ceded less assumed										
24. Single:											
24.1	Reinsurance ceded										
24.2	Reinsurance assumed										
24.3	Net ceded less assumed										
25. Renewal:											
25.1	Reinsurance ceded										
25.2	Reinsurance assumed										
25.3	Net ceded less assumed										
26. TOTALS:											
26.1	Reinsurance ceded (Page 6, Line 6)										
26.2	Reinsurance assumed (Page 6, Line 22)										
26.3	Net ceded less assumed										
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)											
28.	Single	2,987,514						2,987,514			
29.	Renewal										
30.	Deposit-type contract funds										
31.	Totals (to agree with Page 6, Line 21)	2,987,514						2,987,514			

EXHIBIT 2 - GENERAL EXPENSES

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent		114,875			114,875
2. Salaries and wages		1,790,520			1,790,520
3.11 Contributions for benefit plans for employees		410,761			410,761
3.12 Contributions for benefit plans for agents					
3.21 Payments to employees under non-funded benefit plans					
3.22 Payments to agents under non-funded benefit plans					
3.31 Other employee welfare					
3.32 Other agent welfare					
4.1 Legal fees and expenses		7,367			7,367
4.2 Medical examination fees					
4.3 Inspection report fees					
4.4 Fees of public accountants and consulting actuaries		34,937			34,937
4.5 Expense of investigation and settlement of policy claims					
5.1 Traveling expenses		46,428			46,428
5.2 Advertising		31,145			31,145
5.3 Postage, express, telegraph and telephone		236,343			236,343
5.4 Printing and stationery		91,397			91,397
5.5 Cost or depreciation of furniture and equipment					
5.6 Rental of equipment					
5.7 Cost or depreciation of EDP equipment and software					
6.1 Books and periodicals					
6.2 Bureau and association fees					
6.3 Insurance, except on real estate					
6.4 Miscellaneous losses					
6.5 Collection and bank service charges				5,399	5,399
6.6 Sundry general expenses					
6.7 Group service and administration fees		664,374			664,374
6.8 Reimbursements by uninsured accident and health plans					
7.1 Agency expense allowance					
7.2 Agents' balances charged off (less \$..... recovered)					
7.3 Agency conferences other than local meetings					
9.1 Real estate expenses					
9.2 Investment expenses not included elsewhere					
9.3 Aggregate write-ins for expenses					
10. General expenses Incurred		3,428,147		5,399	(a) 3,433,546
11. General expenses unpaid December 31, prior year		208,640			208,640
12. General expenses unpaid December 31, current year		388,039			388,039
13. Amounts receivable relating to uninsured accident and health plans, prior year					
14. Amounts receivable relating to uninsured accident and health plans, current year					
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)		3,248,748		5,399	3,254,147

DETAILS OF WRITE-INS

09.301					
09.302					
09.303					
09.398. Summary of remaining write-ins for Line 9.3 from overflow page					
09.399. TOTALS (Lines 09.301 through 09.303 plus 09.398) (Line 9.3 above)					

(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					
2. State insurance department licenses and fees					
3. State taxes on premiums		1,020,115			1,020,115
4. Other state taxes, incl. \$..... for employee benefits					
5. U.S. Social Security taxes					
6. All other taxes					
7. Taxes, licenses and fees incurred		1,020,115			1,020,115
8. Taxes, licenses and fees unpaid December 31, prior year		468,734			468,734
9. Taxes, licenses and fees unpaid December 31, current year		678,008			678,008
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)		810,841			810,841

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 through 4)		
6. Paid in cash		
7. Left on deposit		
8. Aggregate write-ins for dividend or refund options		
9. Total (Lines 5 through 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 through 14)		
16. Total from prior year		
17. Total dividends or refunds (Lines 9 + 15 - 16)		

N O N E

DETAILS OF WRITE-INS

0801		
0802		
0803		
0898. Summary of remaining write-ins for Line 8 from overflow page		
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above)		

12 Exhibit 5 - Aggregate Reserve for Life - NONE

13 Exhibit 5 - Interrogatories - NONE

13 Exhibit 5A - Changes in Bases of Valuation - NONE

14 Exhibit 6 - Aggregate Reserve for Acc. and Health - NONE

15 Exhibit 7 - Deposit Type Contracts - NONE

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other
1. Due and Unpaid:											
1.1 Direct											
1.2 Reinsurance assumed											
1.3 Reinsurance ceded											
1.4 Net											
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct											
2.12 Reinsurance assumed											
2.13 Reinsurance ceded											
2.14 Net			(b)	(b)		(b)	(b)				
2.2 Other:											
2.21 Direct											
2.22 Reinsurance assumed											
2.23 Reinsurance ceded											
2.24 Net			(b)	(b)		(b)	(b)		(b)	(b)	(b)
3. Incurred but unreported:											
3.1 Direct	7,083,648								7,083,648		
3.2 Reinsurance assumed											
3.3 Reinsurance ceded											
3.4 Net	7,083,648		(b)	(b)		(b)	(b)		(b) 7,083,648	(b)	(b)
4. TOTALS:											
4.1 Direct	7,083,648								7,083,648		
4.2 Reinsurance assumed											
4.3 Reinsurance ceded											
4.4 Net	7,083,648	(a)	(a)			(a)	(a)		7,083,648		

(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. Reserve (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).

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life (a)	Life Insurance (b)	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (c)	Annuities	Group	Credit (Group and Individual)	Other
1. Settlements during the year:											
1.1 Direct	71,571,202								71,571,202		
1.2 Reinsurance assumed											
1.3 Reinsurance ceded	1,661,107								1,661,107		
1.4 Net	(d) 69,910,095								69,910,095		
2. Liability December 31, current year from Part 1:											
2.1 Direct	7,083,648								7,083,648		
2.2 Reinsurance assumed											
2.3 Reinsurance ceded											
2.4 Net	7,083,648								7,083,648		
3. Amounts recoverable from reinsurers December 31, current year											
4. Liability December 31, prior year:											
4.1 Direct	5,741,995								5,741,995		
4.2 Reinsurance assumed											
4.3 Reinsurance ceded											
4.4 Net	5,741,995								5,741,995		
5. Amounts recoverable from reinsurers December 31, prior year											
6. Incurred benefits:											
6.1 Direct	72,912,855								72,912,855		
6.2 Reinsurance assumed											
6.3 Reinsurance ceded	1,661,107								1,661,107		
6.4 Net	71,251,748								71,251,748		

(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 NONADMITTED 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	87,460	272,889	185,429
2.	Other Nonadmitted Assets:			
2.1	Bills receivable			
2.2	Furniture and equipment			
2.3	Leasehold improvements			
2.4	Cash advanced to or in hands of officers or agents			
2.5	Loans on personal security, endorsed or not			
2.6	Supplies, stationery, printed matter			
2.7	Commutated commissions			
3.	TOTAL (Line 2.1 to 2.7)			
4.	Disallowed interest maintenance reserve			
5.	Aggregate write-ins for other assets			
6.	TOTAL (Line 1 plus Lines 3 to 5)	87,460	272,889	185,429
DETAILS OF WRITE-INS				
0501	.....		
0502	.....		
0503	.....		
0598.	Summary of remaining write-ins for Line 5 from overflow page			
0599.	TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)			

Notes to Financial Statement

SECTION A

1. Summary of Significant Accounting Policies.
 - A. The accompanying financial statement of the McKinley Life Insurance Company have been completed in accordance with the NAIC Accounting Practices and Procedures manual except to the extent that state law differs.
 - B. The preparation of financial statement in conformity with Statutory Accounting Principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also required 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
 - (1) The Company had no short-term investments.
 - (2) Bonds were stated at amortized cost using the straight-line method.
 - (3) Common stock was stated at market value.
 - (4) The Company had no preferred stock.
 - (5) The Company had no mortgage loans.
 - (6) The Company had no loan backed securities.
 - (7) The Company owned 98 percent (which is \$980) of common stock of the McKinley Life Insurance Agency.
 - (8) The Company had no investments in joint ventures, partnerships, or limited liability companies.
 - (9) The Company had no derivatives.
 - (10) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
 - (11) The Company estimated the liabilities for losses based on independent actuary opinions received quarterly.
2. Accounting Changes and Corrections of Errors
 - A. The Company had no material changes in accounting principles or correction of errors.
 - B. The Company had no changes in accounting principles as a result of the initial implementation of codification.
3. Business Combinations and Goodwill
 - A. The Company had no business combinations accounted for under the statutory purchase method.
 - B. The Company had no business combinations taking the form of a statutory merger.
 - C. The Company had no assumption of reinsurance.
 - D. An impairment loss was not recognized.
4. The Company did not discontinue any operations.
5. Investments
 - A. The Company had no mortgage loan investments.
 - B. The Company had no recorded investments in restructured loans.
 - C. The Company had no recorded investments in reverse mortgages.
 - D. The Company had no recorded investments in loan-backed securities.
 - E. The Company had no recorded investments in repurchase agreements.
6. Joint Ventures, Partnerships and Limited Liability Companies.
 - A. The Company had no investments in joint ventures, partnerships or limited liability companies.
 - B. The Company had no impaired investments in joint ventures, partnerships or limited liability companies.
7. The Company did not exclude any investment income due and accrued.
8. The Company had no derivative instruments.
9. The Company did not have any net deferred income tax asset (DTA) or deferred tax liability (DTL) recognized in the company's assets, liabilities, surplus or other funds.
10. Information Concerning Parent, Subsidiaries and Affiliates
 - A,B,C The Aultman Health Foundation made a capital contribution of \$1,100,000 to the Company. The Company paid Aultman Hospital \$11,188,817 in capitated claims for its enrollees. The Company paid \$183,960 to Aultman Health Foundation for management services. The Company paid \$114,875 to Aultman Health Foundation for rent.
 - D. At December 31, 2002, the Company reported \$2,679,136 as amounts due from the parent company, Aultman Health Foundation. The Company reported \$4,646,658 as amounts due from an affiliate, AultCare Corporation. The Company reported \$1,279,868 as amounts due from an affiliate, AultCare HMO. The Company reported \$132,626 as amounts due from an

Notes to Financial Statement

affiliate, McKinley Life Insurance Agency.

The Company reported \$706,430 as amounts due to the parent company, Aultman Health Foundation. The Company reported \$2,369,676 as amounts due to an affiliate, AultCare Corporation. The Company reported \$4,152,737 as amounts due to an affiliate PrimeTime Medical Insurance Company. The Company reported \$110,690 as amounts due to an affiliate, AultComp.

- E. The Company did not make any guarantees or undertakings, written or otherwise, for the benefit of an affiliate or related party which resulted in a material contingent exposure of the Company's assets to any liabilities.
 - F. Both Aultman Health Foundation, the parent, and AultCare Corporation, an affiliate, provided various administrative, marketing, and claims processing services for the Company.
 - G. All outstanding shares of the Company were owned by the parent company, Aultman Health foundation, a not-for-profit foundation domiciled in the State of Ohio.
 - H. The Company held no assets of its parent or affiliates. The Company had an investment in a subsidiary, McKinley Life Agency, Ltd. of \$980.
 - I. The Company did not have an investment in an SCA entity that exceeds 10% of admitted assets of the insurer.
 - J. The Company did not realize any impairment write down for its investments in subsidiary, controlled or affiliated companies during the statement period.
11. Debt
- A. The Company had no capital note obligations.
 - B. The Company had no outstanding debentures or similar obligations. As of December 31, 2002, the Company had no liability for borrowed money. The Company did not have any reverse purchase agreements.
12. The Company had no retirement plans, deferred compensation, post employment benefits and compensation absences and other postretirement benefit plans.
13. Capital And Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.
- (1) The Company had 750 shares authorized and 100 Shares outstanding. All shares are class A shares.
 - (2) The Company had no preferred stock outstanding.
 - (3) Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Ohio, to an amount that is based on restrictions relating to statutory surplus.
 - (4) The Company paid no dividends in 2002
 - (5) There were no restrictions placed on the Company's surplus.
 - (6) The total amount of advances to surplus not repaid is \$0.
 - (7) The amounts of stock held by the Company, including stock of affiliated companies, for special purposes was:
 - For conversion of preferred stock: 0 shares.
 - a. For employee stock options: 0 shares.
 - b. For stock purchase warrants: 0 shares.
 - (8) The Company had no special surplus funds.
 - (9) The Company did not have any surplus funds represented that were reduced.
 - (10) The Company had no outstanding surplus debentures of similar obligations.
 - (11) The Company had no restatements due to prior quasi-reorganizations.
 - (12) The Company was not involved in a quasi-reorganization.
14. Contingencies
- A. The Company was not aware of any material contingent liabilities.
 - B. The company was not aware of any assessments that could have a material financial effect.
 - C. The Company had no gain contingencies.
 - D. Contingent liabilities arising from litigation, income taxes and other matters were not considered material in relation to the financial position of the Company.
15. The Company had no lease obligations.
16. The Company had no financial instruments with off-balance sheet risk.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities.
- A. The Company had no transfers of receivables reported as sales.
 - B. The Company had no transfers of financial assets.
 - C. The Company had no wash sales.
18. The Company had no uninsured A&H plans or uninsured portion of partially insured plans.
19. The Company had no direct premium written or produced by managing general agents or third party administrators.
20. Other Items

Notes to Financial Statement

- A. The Company did not experience an extraordinary event or transaction that resulted in a gain or loss.
- B. The Company had no troubled debt to restructure.
- C. Assets in the amount of \$100,000 at December 31, 2002, were on deposit with government authorities as required by law.
- D. At December 31, 2002 the Company had admitted assets of \$1,624,584 in accounts receivable for uninsured plans and amounts due from agents. The Company routinely assesses the collectibility of these receivables. Based upon Company experience, less than 1% of the balance may become uncollectible and the potential loss is not material to the Company's financial condition.
21. There have been no events subsequent to December 31, 2002, which would have a material effect on the financial condition of the Company.
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)
- (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 any other person not primarily engaged in the insurance business?
Yes () No (X)
- 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)
- (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 which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurers exceed the total direct premium collected under the reinsured policies?
Yes () No (X)
- 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 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. \$0
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year this statement, to included policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?
Yes () No (X)
- B. The Company did not write off any uncollectible reinsurance during the year.
- C. The Company did not commuted any cede reinsurance during the year.
23. The Company did not have any retrospectively rated contracts or contracts subject to redetermination.
24. The Company did not make any changes in the provision for incurred loss and loss adjustment expenses attributable to insured events of prior years.
25. The Company had no intercompany pooling arrangements.
26. The Company was not required to hold reserves for life contracts or deposit-type contracts.
27. The Company had no variable annuities with guaranteed living benefits.
28. The Company had no annuity actuarial reserves, deposit type contract funds or other liabilities without life or disability contingencies. (Not Applicable)
29. The Company had no premium and annuity consideration deferred or uncollected.
30. The Company had no separate account of business.

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	10,778,957	100.000	10,778,957	82.288
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC				
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$..... including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities				
8. Cash and short-term investments			2,320,092	17.712
9. Other invested assets				
10. Total invested assets	10,778,957	100.000	13,099,049	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[] N/A[]
- 1.3 State Regulating? Ohio
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.01/01/2003.....
- 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.03/13/1999.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).03/13/1999.....
- 3.4 By what department or departments?
Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement) Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes, %
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, 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?
 Bruner-Cox LLP, 4505 Stephen Circle NW, Suite 200, Post Office Box 35429, Canton OH 44735-5429
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?
 Buck Consultants, 1111 Superior Ave. Suite 1600, Cleveland, OH 44114. Actuary/Consultant Assoc with Actuarial Consulting Firm
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
 Not Applicable
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes[] No[] N/A[X]

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred .....	.....	.....	.....	.....	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common	750,000	100,000	10,000.000	X X X	X X X	X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes[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 Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1). Yes[] No[X]
 19.2 If yes, state the amount thereof at December 31 of the current year:

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

19.3 For each category above, if any of these assets are held by other, identify by whom held:
 19.31
 19.32
 19.33
 19.34
 19.35
 19.36
 19.37
 19.38
 19.39

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes[] No[X]
 20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes[] No[] N/A[X]
 If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]
 21.2 If yes, state the amount thereof at December 31 of the current year. \$

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

	1 Name of Custodian(s)	2 Custodian's Address
22.1001	First merit Trust Company	4100 Dressler RD Canton, OH 44718

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?

Yes [] No [X]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
	Boyd Watterson	1801 East 9th St, suite 1400, Cleveland, OH 44114

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

\$

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

1 Name	2 Amount Paid

24.1 Amount of payments for legal expenses, if any?

\$

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

1 Name	2 Amount Paid

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

\$

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

PART 2 - 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	\$
1.62 Total incurred claims	\$
1.63 Number of covered lives	\$
All years prior to most current three years	
1.64 Total premium earned	\$
1.65 Total incurred claims	\$
1.66 Number of covered lives	\$
1.7 Group policies:	
Most current three years:	
1.71 Total premium earned	\$
1.72 Total incurred claims	\$
1.73 Number of covered lives	\$
All years prior to most current three years:	
1.74 Total premium earned	\$
1.75 Total incurred claims	\$
1.76 Number of covered lives	\$
2.1 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[] N/A[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[X]
2.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?	Yes[] No[X]
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:	\$
6. Total dividends paid stockholders since the organization of the reporting entity:	
6.11 Cash	\$
6.12 Stock	\$
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	..... 0
7.13 Total book/adjusted carrying value	\$
7.2 If yes, provide explanation	

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES (Continued)

- 8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as:
 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 exposures, of business originally written as workers' compensation insurance. Yes[] No[X]
- 8.2 If yes, has the reporting entity completed the WORKERS' COMPENSATION CARVE-OUT SUPPLEMENT to the Annual Statement? Yes[] No[X]
- 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 Line 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? \$

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, Column 4)					
2. Ordinary - term (Line 21, Column 4, less Line 34, Column 4)					
3. Credit life (Line 21, Column 6)					
4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Lines 43 & 44, Column 4)					
5. Industrial (Line 21, Column 2)					
6. FEGLI/SGLI (Lines 43 & 44, Column 4)					
7. TOTAL (Line 21, Column 10)					
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary - whole life and endowment (Line 34, Col. 2)					
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2)					
10. Credit life (Line 2, Column 6)					
11. Group (Line 2, Column 9)					
12. Industrial (Line 2, Column 2)					
13. TOTAL (Line 2, Column 10)					
Premium Income-Lines of Business					
14. Industrial life (Exhibit 1 - Part 1, Line 20.4, Column 2)					
15.1 Ordinary life insurance (Exhibit 1 - Part 1, Line 20.4, Column 3) ..					
15.2 Ordinary individual annuities (Exhibit 1 - Part 1, Line 20.4, Column 4)					
16. Credit life, (Group and Individual) (Exhibit 1 - Part 1, Line 20.4, Column 5)					
17.1 Group life insurance (Exhibit 1 - Part 1, Line 20.4, Column 6)			4,222	95,887	121,806
17.2 Group annuities (Exhibit 1 - Part 1, Line 20.4, Column 7)					
18.1 A & H group (Exhibit 1 - Part 1, Line 20.4, Column 8)	73,836,566	61,338,373	49,915,573	40,503,333	35,456,328
18.2 A & H credit (group and individual) (Exhibit 1 - Part 1, Line 20.4, Column 9)					
18.3 A & H other (Exhibit 1 - Part 1, Line 20.4, Column 10)					
19. Aggregate of all other lines of business (Exhibit 1 - Part 1, Line 20.4, Column 11)					
20. Deposit-type funds	X X X	X X X			
21. TOTAL	73,836,566	61,338,373	49,919,795	40,599,220	35,578,134
Balance Sheet Items (Pages 2 and 3)					
22. TOTAL admitted assets excluding Separate Accounts business (Page 2, Line 25, Column 3)	24,576,820	18,200,362	14,368,036	14,456,264	12,610,807
23. TOTAL liabilities excluding Separate Accounts business (Page 3, Line 26)	17,883,693	12,787,030	8,887,494	8,739,424	7,510,769
24. Aggregate life reserves (Page 3, Line 1)					
25. Aggregate A & H reserves (Page 3, Line 2)					
26. Deposit-type contract funds (Page 3, Line 3)			X X X	X X X	X X X
27. Asset valuation reserve (Page 3, Line 24.1)					
28. Capital (Page 3, Lines 29 & 30)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
29. Surplus (Page 3, Line 37)	5,693,127	4,413,332	4,480,542	4,709,170	4,100,038
Risk-Based Capital Analysis					
30. TOTAL adjusted capital	6,693,127	5,618,833	5,180,929	5,202,000	5,100,038
31. Authorized control level risk-based capital	3,225,474	2,459,769	2,523,766	2,485,162	2,008,661
Percentage Distribution of Assets (Page 2, Column 3) (Line No./Page 2, Line 11, Column 3) x 100.0					
32. Bonds (Line 1)	82.4	80.8	73.3	69.1	68.0
33. Stocks (Lines 2.1 and 2.2)					
34. Mortgage loans on real estate (Line 3.1 and 3.2)					
35. Real estate (Lines 4.1, 4.2 and 4.3)					
36. Policy loans (Line 5)					
37. Premium notes (Line 6)					
38. Cash and short-term investments (Line 7)	17.6	19.1	26.6	30.9	32.0
39. Other invested assets (Line 8)	0.0	0.0			
40. Receivable for securities (Line 9)					
41. Aggregate write-ins for invested assets (Line 10)					
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 Column 1)					
44. Affiliated preferred stocks (Schedule D Summary, Line 39, Column 1)					
45. Affiliated common stocks (Schedule D Summary, Line 53, Column 2)					
46. Affiliated short-term investments (subtotal included in Schedule DA, Part 2, Column 5, Line 11)					
47. Affiliated mortgage loans on real estate					
48. All other affiliated					
49. TOTAL of above Lines 43 to 48					
Total Nonadmitted and Admitted Assets					
50. TOTAL nonadmitted assets (Page 2, Line 27, Column 2)	87,460	272,889	207,817	231,144	385,998
51. TOTAL admitted assets (Page 2, Line 27, Column 3)	24,576,820	19,185,618	14,368,036	14,456,264	12,610,807
Investment Data					
52. Net investment income (Exhibit of Net Investment Income)	497,946	531,171	600,629	490,910	511,378
53. Realized capital gains (losses)		6,653	(64,970)	32,503	30,028
54. Unrealized capital gains (losses)					
55. TOTAL of above Lines 52, 53, and 54	497,946	537,824	535,659	523,413	541,406
Benefits and Reserve Increase (Page 6)					
56. TOTAL contract benefits-life (Lines 10, 11, 12, 13, 14 and 15, Col. 1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11)				134,000	138,000
57. TOTAL contract benefits - A & H (Lines 13 & 14, Columns 9, 10 & 11)	71,251,748	55,528,444	45,027,945	35,842,544	31,698,586
58. Increase in life reserves-other than group and annuities (Line 19, Columns 2 & 3)					
59. Increase in A & H reserves (Line 19, Columns 9, 10 & 11)					
60. Dividends to policyholders (Line 30, Column 1)					
Operating Percentages					
61. Insurance expense percent (Page 6, Column 1, Lines 21, 22 & 23 less Line 6) / (Page 6 Col. 1, Line 1 plus group annuity contribution funds) x 100.00					
62. Lapse percent (ordinary only) Exhibit of Life Insurance, Column 4, Lines 14 & 15) x 100.00 / 1/2 (Lines 1 & 21)					
63. A & H loss percent (Schedule H, Part 1, Lines 3 & 4, Column 2)					
64. A & H expense percent (Schedule H, Part 1, Line 8, Column 2)					
A & H Claim Reserve Adequacy					
65. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2)	6,271,581	3,473,063	4,744,330	3,889,299	3,839,723
66. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2)	5,741,995	5,512,900	5,211,714	4,925,000	4,745,000
67. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Column 2)					
68. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Column 2)					
Net Gains From Operations After Federal Income					
Taxes by Lines of Business (Page 6, Line 33)					
69. Industrial life (Column 2)					
70. Ordinary - life (Column 3)					
71. Ordinary - individual annuities (Column 4)					
72. Ordinary - supplementary contracts (Column 5)					
73. Credit life (Column 6)					
74. Group life (Column 7)			4,222	(33,692)	(37,378)
75. Group annuities (Column 8)					
76. A & H - group (Column 9)	(146,021)	(414,910)	(191,207)	351,791	(142,591)
77. A & H - credit (Column 10)					
78. A & H - other (Column 11)					
79. Aggregate of all other lines of business (Column 12)					
80. TOTAL (Column 1)	(146,021)	(414,910)	(186,985)	318,099	(179,969)

30 Exhibit of Life Insurance - #1 - NONE

31 Exhibit of Life Insurance - #2 - NONE

31 Exhibit of Life Insurance - #3 - NONE

32 Supplementary Contracts - NONE

32 Annuities - NONE

32 Accident and Health Insurance - NONE

32 Deposit Funds and Dividend Accumulations - NONE

SCHEDULE D - SUMMARY BY COUNTRY

Long-term Bonds and Stocks OWNED December 31 of Current Year

Description	1	2	3	4
	Book/Adjusted Carrying Value	Fair Value (a)	Actual Cost	Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 10,838,390	..... 11,375,918	..... 10,668,476	..... 10,515,000
	2. Canada .....	.....	.....	.....
	3. Other Countries .....	.....	.....	.....
	4. Totals .....	..... 10,838,390	..... 11,375,918	..... 10,515,000
States, Territories and Possessions (Direct and Guaranteed)	5. United States .....	.....	.....	.....
	6. Canada .....	.....	.....	.....
	7. Other Countries .....	.....	.....	.....
	8. Totals .....	.....	.....	.....
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9. United States .....	.....	.....	.....
	10. Canada .....	.....	.....	.....
	11. Other Countries .....	.....	.....	.....
	12. Totals .....	.....	.....	.....
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	.....	.....	.....
	14. Canada .....	.....	.....	.....
	15. Other Countries .....	.....	.....	.....
	16. Totals .....	.....	.....	.....
Public Utilities (unaffiliated)	17. United States .....	.....	.....	.....
	18. Canada .....	.....	.....	.....
	19. Other Countries .....	.....	.....	.....
	20. Totals .....	.....	.....	.....
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....	.....	.....	.....
	22. Canada .....	.....	.....	.....
	23. Other Countries .....	.....	.....	.....
	24. Totals .....	.....	.....	.....
Parent, Subsidiaries and Affiliates	25. Totals .....	.....	.....	.....
	26. Total Bonds .....	..... 10,838,390	..... 11,375,918	..... 10,668,476
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States .....	.....	.....	.....
	28. Canada .....	.....	.....	.....
	29. Other Countries .....	.....	.....	.....
	30. Totals .....	.....	.....	.....
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....	.....	.....	.....
	32. Canada .....	.....	.....	.....
	33. Other Countries .....	.....	.....	.....
	34. Totals .....	.....	.....	.....
Industrial and Miscellaneous (unaffiliated)	35. United States .....	.....	.....	.....
	36. Canada .....	.....	.....	.....
	37. Other Countries .....	.....	.....	.....
	38. Totals .....	.....	.....	.....
Parent, Subsidiaries and Affiliates	39. Totals .....	.....	.....	.....
	40. Total Preferred Stocks .....	.....	.....	.....
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States .....	.....	.....	.....
	42. Canada .....	.....	.....	.....
	43. Other Countries .....	.....	.....	.....
	44. Totals .....	.....	.....	.....
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....	.....	.....	.....
	46. Canada .....	.....	.....	.....
	47. Other Countries .....	.....	.....	.....
	48. Totals .....	.....	.....	.....
Industrial and Miscellaneous (unaffiliated)	49. United States .....	.....	.....	.....
	50. Canada .....	.....	.....	.....
	51. Other Countries .....	.....	.....	.....
	52. Totals .....	.....	.....	.....
Parent, Subsidiaries and Affiliates	53. Totals .....	.....	.....	.....
	54. Total Common Stocks .....	.....	.....	.....
	55. Total Stocks .....	.....	.....	.....
	56. Total Bonds and Stocks .....	..... 10,838,390	..... 11,375,918	..... 10,668,476

(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.....	9,168,457	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	6,075,979	6.1 Column 17, Part 1.....	_____
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	_____
3.1 Column 16, Part 1.....	(40,932)	6.3 Column 11, Part 2, Section 2.....	_____
3.2 Column 12, Part 2, Section 1.....	_____	6.4 Column 11, Part 4.....	_____
3.3 Column 10, Part 2, Section 2.....	_____	7. Book/adjusted carrying value at end of current period.....	10,837,730
3.4 Column 10, Part 4.....	(5,329) (46,261)	8. Total valuation allowance.....	_____
4. Total gain (loss), Column 14, Part 4.....	139,782	9. Subtotal (Lines 7 plus 8).....	10,837,730
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.....	_____
Column 6, Part 4.....	4,500,227	11. Statement value of bonds and stocks, current period.....	10,837,730

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

1	States, Etc.	Is Insurer Licensed (Yes or No)	Direct Business Only				
			Life Contracts		4 Accident and Health Insurance Premiums Including Policy, Membership and Other Fees	5 Deposit-Type Contract Funds	6 Other Considerations
			2 Life Insurance Premiums	3 Annuity Considerations			
1.	Alabama AL	No					
2.	Alaska AK	No					
3.	Arizona AZ	No					
4.	Arkansas AR	No					
5.	California CA	No					
6.	Colorado CO	No					
7.	Connecticut CT	No					
8.	Delaware DE	No					
9.	District of Columbia DC	No					
10.	Florida FL	No					
11.	Georgia GA	No					
12.	Hawaii HI	No					
13.	Idaho ID	No					
14.	Illinois IL	No					
15.	Indiana IN	No					
16.	Iowa IA	No					
17.	Kansas KS	No					
18.	Kentucky KY	No					
19.	Louisiana LA	No					
20.	Maine ME	No					
21.	Maryland MD	No					
22.	Massachusetts MA	No					
23.	Michigan MI	No					
24.	Minnesota MN	No					
25.	Mississippi MS	No					
26.	Missouri MO	No					
27.	Montana MT	No					
28.	Nebraska NE	No					
29.	Nevada NV	No					
30.	New Hampshire NH	No					
31.	New Jersey NJ	No					
32.	New Mexico NM	No					
33.	New York NY	No					
34.	North Carolina NC	No					
35.	North Dakota ND	No					
36.	Ohio OH	Yes			75,130,316		
37.	Oklahoma OK	No					
38.	Oregon OR	No					
39.	Pennsylvania PA	No					
40.	Rhode Island RI	No					
41.	South Carolina SC	No					
42.	South Dakota SD	No					
43.	Tennessee TN	No					
44.	Texas TX	No					
45.	Utah UT	No					
46.	Vermont VT	No					
47.	Virginia VA	No					
48.	Washington WA	No					
49.	West Virginia WV	No					
50.	Wisconsin WI	No					
51.	Wyoming WY	No					
52.	American Samoa AS	No					
53.	Guam GU	No					
54.	Puerto Rico PR	No					
55.	U.S. Virgin Islands VI	No					
56.	Canada CN	No					
57.	Aggregate other alien OT	X X X					
58.	Subtotal	(a) X X X 1			75,130,316		
90.	Reporting entity contributions for employee benefits plans	X X X					
91.	Dividends or refunds applied to purchase paid-up additions and annuities	X X X					
92.	Dividends or refunds applied to shorten endowment or premium paying period	X X X					
93.	Premium or annuity considerations waived under disability or other contract provisions	X X X					
94.	Aggregate other amounts not allocable by State	X X X					
95.	Totals (Direct Business)	X X X			75,130,316		
96.	Plus Reinsurance Assumed	X X X					
97.	Totals (All Business)	X X X			75,130,316		
98.	Less Reinsurance Ceded	X X X					
99.	Totals (All Business) less Reinsurance Ceded	X X X			(b) 75,130,316		
DETAILS OF WRITE-INS							
5701		X X X					
5702		X X X					
5703		X X X					
5798.	Summary of remaining write-ins for Line 57 from overflow page	X X X					
5799.	Totals (Lines 5701 through 5703 plus 5798) (Line 57 above)	X X X					
9401		X X X					
9402		X X X					
9403		X X X					
9498.	Summary of remaining write-ins for Line 94 from overflow page	X X X					
9499.	Totals (Lines 9401 through 9403 plus 9498) (Line 94 above)	X X X					

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

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

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

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

AULTMAN HEALTH FOUNDATION-TAX EXEMPT FOUNDATION (34-1445390)
(PARENT)

1. AULTCARE CORPORATION--MANAGED CARE (34-1488123)
 - 1A. AULTCARE HMO--HMO (34-1758734)
2. AULTMAN DEVELOPMENT INSTITUTE (34-1388891)
3. AULTMAN HOSPITAL--HOSPITAL (34-0714538)
4. MCKINLEY LIFE INSURANCE COMPANY--HEALTH INSURANCE (34-1624818)
 - 4A. MCKINLEY LIFE INSURANCE AGENCY, LTD--AGENCY (34-1795772)
5. NORTH CENTRAL MEDICAL RESOURCES--DURABLE MEDICAL EQUIPMENT (34-1610344)
6. PRIMETIME MEDICAL INSURANCE COMPANY--HEALTH INSURANCE (34-1809738)
7. OHIO PHYSICIAN SUPPORT SERVICES--MSO (34-1819356)
 - 7a. OHIO PHYSICIAN PROFESSIONAL CORP (31-1509897)
 - 7b. OHIO SPECIALTY PHYSICIAN CORP (34-1853300)