



# ANNUAL STATEMENT

For the Year Ended December 31, 2002  
of the Condition and Affairs of the

## The Union Central Life Insurance Company

NAIC Group Code..... 0000, 0000 (Current Period) (Prior Period) NAIC Company Code..... 80837 Employer's ID Number..... 31-0472910

Organized under the Laws of Ohio State of Domicile or Port of Entry Ohio  
Country of Domicile US  
Incorporated..... January 1, 1867 Commenced Business..... January 1, 1867

Statutory Home Office	1876 Waycross Road ..... Cincinnati ..... OH ..... 45240 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	1876 Waycross Road ..... Cincinnati ..... OH ..... 45240 <i>(Street and Number) (City or Town, State and Zip Code)</i>	513-595-2200 <i>(Area Code) (Telephone Number)</i>
Mail Address	Post Office Box 40888 ..... Cincinnati ..... OH ..... 45240 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	1876 Waycross Road ..... Cincinnati ..... OH ..... 45240 <i>(Street and Number) (City or Town, State and Zip Code)</i>	513-595-2200 <i>(Area Code) (Telephone Number)</i>
Internet Website Address	www.unioncentral.com	
Statement Contact	Lori Dashewich <i>(Name)</i> ldashewich@unioncentral.com <i>(E-Mail Address)</i>	513-595-2269 <i>(Area Code) (Telephone Number) (Extension)</i> 513-595-2926 <i>(Fax Number)</i>
Policyowner Relations Contact	1876 Waycross Road ..... Cincinnati ..... Ohio ..... 45240 <i>(Street and Number) (City or Town, State and Zip Code)</i>	513-595-2826 <i>(Area Code) (Telephone Number) (Extension)</i>

### OFFICERS

President (Chairman of the Board & CEO)	John Hale Jacobs
Treasurer (Vice President & Controller)	Lisa Ann Mullen
Secretary (Executive VP & General Counsel)	David Francis Westerbeck
Actuary (Executive VP & CFO)	James Loyd Livingston, Jr. #

### EXECUTIVE / SENIOR VICE PRESIDENTS

Gary Thomas Huffman	Executive Vice President
Dale Donald Johnson	Senior Vice President
Elizabeth Gay Monsell	Senior Vice President
Mark Dennis Quinlan	Senior Vice President
Steven Robert Sutermeister	Senior Vice President & CIO

### DIRECTORS

James Milton Anderson	Richard Howard Finan	William Alfred Friedlander	John Hale Jacobs
William George Kagler	Lawrence Arthur Leser	Francis Victor Mastrianna Ph. D.	Mary Dickson Nelson FSA
Thomas Edwin Petry	Larry Ross Pike	Myrtis Hall Powell Ph. D.	Dudley Sutphin Taft
John McLellan Tew, Jr., M.D.			

State of..... Ohio  
County of..... Hamilton

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.

_____ (Signature) John Hale Jacobs _____ (Printed Name) President (Chairman of the Board & CEO)	_____ (Signature) David Francis Westerbeck _____ (Printed Name) Secretary (Executive VP & General Counsel)	_____ (Signature) Lisa Ann Mullen _____ (Printed Name) Treasurer (Vice President & Controller)
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Subscribed and sworn to before me this  
.....day of ....., 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.....

**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds.....	3,267,636,443		3,267,636,443	2,759,511,586
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	29,334,699		29,334,699	12,508,000
2.2 Common stocks (Schedule D, Part 2, Section 2).....	34,680,506		34,680,506	105,831,471
3. Mortgage loans on real estate (Schedule B, Part 1):				
3.1 First liens.....	578,913,245		578,913,245	719,014,498
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	22,238,337		22,238,337	22,952,481
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	334,616		334,616	334,616
4.3 Properties held for sale (less \$.....0 encumbrances).....	13,884,985		13,884,985	17,245,512
5. Policy loans.....	145,654,126	1,628,206	144,025,920	146,187,816
6. Premium notes, including \$.....0 for first year premiums.....			0	
7. Cash (\$.....(8,036,868), Schedule E, Part 1) and short-term investments (\$.....135,972,799, Schedule DA, Part 2).....	127,935,931		127,935,931	29,994,500
8. Other invested assets (Schedule BA, Part 1).....	29,267,683		29,267,683	24,135,701
9. Receivable for securities.....	6,939,485		6,939,485	13,619,819
10. Aggregate write-ins for invested assets.....	1,536,195	0	1,536,195	2,819,620
11. Subtotals, cash and invested assets (Lines 1 to 10).....	4,258,356,251	1,628,206	4,256,728,045	3,854,155,620
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers (Schedule S, Part 2).....	2,811,156		2,811,156	1,910,026
12.2 Commissions and expense allowances due.....	1,549,593		1,549,593	1,138,341
12.3 Experience rating and other refunds due.....			0	
12.4 Other amounts receivable under reinsurance contracts.....			0	
13. Electronic data processing equipment and software.....	22,351,020	20,432,195	1,918,825	1,780,770
14. Federal and foreign income tax recoverable and interest thereon (including \$.....26,511,825 net deferred tax asset).....	122,560,542	81,296,858	41,263,684	32,505,912
15. Guaranty funds receivable or on deposit.....	421,069		421,069	616,149
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$.....2,217,642 loading).....	10,705,229	227,580	10,477,649	10,183,854
17. Accident and health premiums due and unpaid.....	2,254,028	40,784	2,213,244	819,959
18. Investment income due and accrued.....	45,263,811		45,263,811	44,145,791
19. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....	4,879,312	264,306	4,615,006	4,458,910
21. Amounts receivable relating to uninsured accident and health plans.....			0	
22. Amounts due from agents.....	273,371	273,371	0	
23. Other assets nonadmitted (Exhibit 9).....	6,867,361	6,867,361	0	
24. Aggregate write-ins for other than invested assets.....	47,927,665	18,024,959	29,902,706	23,246,964
25. Total assets excluding Separate Accounts business (Lines 11 to 24).....	4,526,220,408	129,055,620	4,397,164,788	3,974,962,296
26. From Separate Accounts Statement.....	1,400,671,810		1,400,671,810	1,631,705,673
27. Total (Lines 25 and 26).....	5,926,892,218	129,055,620	5,797,836,598	5,606,667,969

**DETAILS OF WRITE-INS**

1001. Derivative instruments.....	1,536,195		1,536,195	2,819,620
1002. ....			0	
1003. ....			0	
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).....	1,536,195	0	1,536,195	2,819,620
2401. COLI cash surrender value.....	26,371,000		26,371,000	20,609,000
2402. Pension plan intangible asset.....	10,751,322	10,751,322	0	
2403. Unearned annualized commissions.....	6,931,031	6,931,031	0	
2498. Summary of remaining write-ins for Line 24 from overflow page.....	3,874,312	342,606	3,531,706	2,637,964
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	47,927,665	18,024,959	29,902,706	23,246,964

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....3,521,403,011 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....	3,521,403,011	3,163,532,392
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$.....0 Modco Reserve).....	217,023,501	205,490,517
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve).....	117,672,036	109,087,262
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11).....	17,075,056	22,477,827
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11).....	2,723,016	2,488,826
5. Policyholders' dividends \$.....101,000 and coupons \$.....0 due and unpaid (Exhibit 4, Line 10).....	101,000	101,000
6. Provision for policyholders' dividends and coupons payable in following calendar year--estimated amounts:		
6.1 Dividends apportioned for payment to December 31, 2003 (including \$.....0 Modco Reserve).....	13,735,570	15,339,587
6.2 Dividends not yet apportioned (including \$.....0 Modco Reserve).....		
6.3 Coupons and similar benefits (including \$.....0 Modco Reserve).....		
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 \$.....0 discount; including \$.....843,910 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14).....	2,557,663	2,620,538
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including \$.....3,908,105 accident and health experience rating refunds.....	4,886,354	3,609,115
9.3 Other amounts payable on reinsurance including \$.....0 assumed and \$.....1,161,746 ceded.....	1,161,746	991,398
9.4 Interest Maintenance Reserve (Page 33, Line 6).....	28,161,511	10,089,595
10. Commissions to agents due or accrued-life and annuity contracts \$.....291,613, accident and health \$.....48,564 and deposit-type contract funds \$.....0.....	340,177	461,249
11. Commissions and expense allowances payable on reinsurance assumed.....	14,974	34,754
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 5).....	41,406,892	32,876,220
13. Transfers to Separate Accounts due or accrued (net) (including \$.....(23,058,808) accrued for expense allowances recognized in reserves).....	(21,519,979)	(20,000,906)
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5).....	3,146,184	5,396,510
15. Federal and foreign income taxes, including \$.....0 on realized capital gains (losses) (including \$.....0 net deferred tax liability).....		
16. Unearned investment income.....	40,482	35,610
17. Amounts withheld or retained by company as agent or trustee.....	1,465,606	2,118,727
18. Amounts held for agents' account, including \$.....2,848,249 agents' credit balances.....	2,848,249	2,305,528
19. Remittances and items not allocated.....	9,106,205	36,336,445
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....	12,293,845	11,667,718
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (Page 34, Line 16, Col. 7).....	4,370,236	23,619,721
24.2 Reinsurance in unauthorized companies.....		33,052
24.3 Funds held under reinsurance treaties with unauthorized reinsurers.....		
24.4 Payable to parent, subsidiaries and affiliates.....	2,327,000	
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.....	140,932,972	5,052,038
24.9 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	2,912,543	6,024,970
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25).....	4,126,185,850	3,641,789,693
27. From Separate Accounts Statement.....	1,400,671,810	1,631,705,673
28. Total liabilities (Lines 26 and 27).....	5,526,857,660	5,273,495,366
29. Common capital stock.....		
30. Preferred capital stock.....		
31. Aggregate write-ins for other than special surplus funds.....	(207,350)	(216,050)
32. Surplus notes.....	50,000,000	50,000,000
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1).....		
34. Aggregate write-ins for special surplus funds.....	0	19,829,000
35. Unassigned funds (surplus).....	221,186,288	263,559,653
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	270,978,938	333,172,603
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55).....	270,978,938	333,172,603
39. Totals of Lines 28 and 38 (Page 2, Line 27, Col. 3).....	5,797,836,598	5,606,667,969

**DETAILS OF WRITE-INS**

2501. Due to reinsuring company (reserve amount).....	2,147,410	2,179,520
2502. Accounts payable - purchase of affiliate.....	487,780	462,410
2503. Accrued interest on policy or contract claims.....	277,353	483,040
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	2,900,000
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	2,912,543	6,024,970
3101. Surplus note discount.....	(207,350)	(216,050)
3102. ....		
3103. ....		
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).....	(207,350)	(216,050)
3401. Reserve for group life insurance.....		19,429,000
3402. Reserve for state guaranty funds.....		400,000
3403. ....		
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	19,829,000

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**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).....	987,867,686	936,622,582
2. Considerations for supplementary contracts with life contingencies.....	404,577	622,474
3. Net investment income (Exhibit of Net Investment Income, Line 17).....	258,856,352	262,993,093
4. Amortization of Interest Maintenance Reserve (IMR) (Page 33, Line 5).....	930,767	1,347,521
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....	.....	105,531
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1).....	13,993,191	9,221,149
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.....	15,997,236	18,495,560
8.2 Charges and fees for deposit-type contracts.....	.....	.....
8.3 Aggregate write-ins for miscellaneous income.....	14,861,864	11,971,931
9. Totals (Lines 1 to 8.3).....	1,292,911,673	1,241,379,841
10. Death benefits.....	84,961,148	92,877,650
11. Matured endowments (excluding guaranteed annual pure endowments).....	822,163	1,147,661
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8).....	83,306,697	78,411,297
13. Disability benefits and benefits under accident and health contracts.....	35,461,334	37,067,140
14. Coupons, guaranteed annual pure endowments and similar benefits.....	.....	.....
15. Surrender benefits and withdrawals for life contracts.....	400,966,742	478,633,074
16. Group conversions.....	.....	.....
17. Interest and adjustments on contract or deposit-type contract funds.....	5,012,449	5,987,280
18. Payments on supplementary contracts with life contingencies.....	1,857,991	1,968,429
19. Increase in aggregate reserves for life and accident and health contracts.....	369,403,603	215,154,686
20. Totals (Lines 10 to 19).....	981,792,127	911,247,217
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1).....	51,435,746	45,797,092
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1).....	653,754	745,497
23. General insurance expenses (Exhibit 2, Line 10, Cols. 1 + 2 + 3).....	128,868,356	111,409,935
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3).....	14,894,219	14,491,908
25. Increase in loading on deferred and uncollected premiums.....	687,281	805,211
26. Net transfers to or (from) Separate Accounts.....	100,287,236	91,459,816
27. Aggregate write-ins for deductions.....	13,773,015	1,641,410
28. Totals (Lines 20 to 27).....	1,292,391,734	1,177,598,086
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	519,939	63,781,755
30. Dividends to policyholders.....	14,211,319	15,509,309
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	(13,691,380)	48,272,446
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	(6,245,544)	15,042,855
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).....	(7,445,836)	33,229,591
34. Net realized capital gains or (losses) less capital gains tax of \$.....(8,216,832) (excluding taxes of \$.....10,232,214 transferred to the IMF).....	(52,651,100)	(31,876,452)
35. Net income (Line 33 plus Line 34).....	(60,096,936)	1,353,139
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2).....	333,172,603	353,873,369
37. Net income (Line 35).....	(60,096,936)	1,353,139
38. Change in net unrealized capital gains or (losses).....	(11,638,983)	(7,086,784)
39. Change in net unrealized foreign exchange capital gain (loss).....	.....	.....
40. Change in net deferred income tax.....	7,171,465	79,725,473
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Col.3).....	(16,876,546)	(79,009,298)
42. Change in liability for reinsurance in unauthorized companies.....	33,052	(33,052)
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4).....	.....	(4,819,153)
44. Change in asset valuation reserve (Page 34, Lines 2 through 5 minus Line 6 plus Lin 11 plus Line 11 plus Line 14 plus Line 15, Column 7).....	19,249,485	16,519,436
45. Change in treasury stock, (Page 3, Lines 36.1 and 36.2 Col. 2 minus Col. 1).....	.....	.....
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....	.....	2,967,292
47. Other changes in surplus in Separate Accounts Statement.....	.....	(3,093,576)
48. Change in surplus notes.....	8,700	8,700
49. Cumulative effect of changes in accounting principles.....	.....	(16,626,869)
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.....	.....	.....
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.....	(43,902)	(10,606,074)
54. Net change in capital and surplus for the year (Lines 37 through 53).....	(62,193,665)	(20,700,766)
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38).....	270,978,938	333,172,603
<b>DETAILS OF WRITE-INS</b>		
08.301. Miscellaneous income and reinsurance experience refund.....	14,861,864	11,971,931
08.302. ....	.....	.....
08.303. ....	.....	.....
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	14,861,864	11,971,931
2701. Adjustment for minimum pension liability.....	12,921,163	.....
2702. Miscellaneous deductions and interest paid.....	851,852	1,641,410
2703. ....	.....	.....
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	13,773,015	1,641,410
5301. Net gain/loss on sale of furniture and equipment.....	(43,902)	(6,176)
5302. Adjustment of prior years reserves.....	.....	510,000
5303. Seed money from Separate Accounts.....	.....	(68,299)
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	(11,041,599)
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	(43,902)	(10,606,074)

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**CASH FLOW**

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums and annuity considerations for life and accident and health contracts.....	985,658,575	938,886,673
2. Charges and fees for deposit-type contracts.....		
3. Considerations for supplementary contracts with life contingencies.....	404,577	622,474
4. Net investment income.....	262,764,312	263,208,536
5. Commissions and expense allowances on reinsurance ceded.....	13,581,939	8,846,583
6. Fees associated with investment management, administration and contract guarantees from Separate Accounts.....	15,997,236	18,495,560
7. Aggregate write-ins for miscellaneous income.....	15,024,834	11,921,254
8. Total (Lines 1 to 7).....	1,293,431,473	1,241,981,080
9. Death benefits.....	94,810,160	100,980,242
10. Matured endowments.....	769,114	1,297,133
11. Annuity benefits.....	83,087,997	80,089,261
12. Disability benefits and benefits under accident and health contracts.....	31,953,856	33,341,364
13. Coupons, guaranteed annual pure endowments and similar benefits.....		
14. Surrender benefits and withdrawals for life contracts.....	400,966,742	478,633,074
15. Group conversions.....		
16. Interest and adjustments on contract or deposit-type contract funds.....	5,210,132	6,124,177
17. Payments on supplementary contracts with life contingencies.....	1,857,917	1,974,133
18. Total (Lines 9 to 17).....	618,655,918	702,439,384
19. Commissions on premiums, annuity considerations and deposit-type contract funds.....	51,556,818	45,775,585
20. Commissions and expense allowances on reinsurance assumed.....	673,534	714,437
21. General insurance expenses.....	120,848,505	116,142,918
22. Insurance taxes, licenses and fees, excluding federal income taxes.....	17,049,167	13,115,000
23. Net transfers to or (from) Separate Accounts.....	101,806,309	83,986,913
24. Aggregate write-ins for deductions.....	851,852	1,641,410
25. Total (Lines 18 to 24).....	911,442,103	963,815,647
26. Dividends paid to policyholders.....	15,815,336	15,783,959
27. Federal income taxes (excluding tax on capital gains).....	(6,098,819)	13,185,228
28. Total (Lines 25 to 27).....	921,158,620	992,784,834
29. Net cash from operations (Line 8 minus Line 28).....	372,272,853	249,196,246
<b>Cash from Investments</b>		
30. Proceeds from investments sold, matured or repaid:		
30.1 Bonds.....	2,227,931,247	2,202,181,421
30.2 Stocks.....	79,903,285	29,782,387
30.3 Mortgage loans.....	271,408,585	116,812,715
30.4 Real estate.....	1,876,736	363,116
30.5 Other invested assets.....	2,575,089	12,927,861
30.6 Net gains (losses) on cash and short-term investments.....	(18,413)	54,926
30.7 Miscellaneous proceeds.....	143,904,431	9,252,324
30.8 Total investment proceeds (Lines 30.1 to 30.7).....	2,727,580,960	2,371,374,750
31. Net tax on capital gains (losses).....		
32. Total (Line 30.8 minus Line 31).....	2,727,580,960	2,371,374,750
33. Cost of investments acquired (long-term only):		
33.1 Bonds.....	2,784,000,398	2,407,162,060
33.2 Stocks.....	40,168,966	45,259,117
33.3 Mortgage loans.....	115,450,000	124,817,125
33.4 Real estate.....	1,864,304	4,680,188
33.5 Other invested assets.....	15,022,263	11,203,832
33.6 Miscellaneous applications.....		4,988,331
33.7 Total investments acquired (lines 33.1 to 33.6).....	2,956,505,931	2,598,110,653
34. Net increase (or decrease) in policy loans and premium notes.....	(2,065,015)	(3,001,720)
35. Net cash from investments (Line 32 minus Line 33.7 minus Line 34).....	(226,859,956)	(223,734,183)
<b>Cash from Financing and Miscellaneous Sources</b>		
36. Cash provided:		
36.1 Surplus notes, capital and surplus paid in.....		
36.2 Borrowed money \$.....519,339,201 less amounts repaid \$.....519,339,201.....		
36.3 Capital notes \$.....0 less amounts repaid \$.....0.....		
36.4 Deposits on deposit-type contract funds and other liabilities without life or disability contingencies.....	93,684,270	93,846,501
36.5 Other cash provided.....		
36.6 Total (Lines 36.1 to 36.5).....	93,684,270	93,846,501
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.....	88,565,838	81,250,884
37.4 Other applications (net).....	52,589,898	5,207,220
37.5 Total (Lines 37.1 to 37.4).....	141,155,736	86,458,104
38. Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5).....	(47,471,466)	7,388,397
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
39. Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38).....	97,941,431	32,850,460
40. Cash and short-term investments:		
40.1 Beginning of year.....	29,994,500	(2,855,960)
40.2 End of year (Line 39 plus Line 40.1).....	127,935,931	29,994,500
<b>DETAILS OF WRITE-INS</b>		
0701. Miscellaneous income and reinsurance reserve adjustments.....	15,024,834	11,921,254
0702. ....		
0703. ....		
0798. Summary of remaining write-ins for Line 7 from overflow page.....	0	0
0799. Total (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	15,024,834	11,921,254
2401. Miscellaneous deductions and interest paid.....	851,852	1,641,410
2402. ....		
2403. ....		
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0
2499. Total (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	851,852	1,641,410

**ANALYSIS OF OPERATION 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.....	987,867,686		269,018,897	243,139,685			51,846,416	364,944,273	21,979,435		36,938,980	
2. Considerations for supplementary contracts with life contingencies.....	404,577				404,577							
3. Net investment income.....	258,856,352		126,638,353	57,588,248	1,712,722		5,650,922	49,761,536	1,382,624		16,121,947	
4. Amortization of Interest Maintenance Reserve (IMR).....	930,767		(154,552)	152,014	37,924		70,307	611,586	(1,991)		215,479	
5. Separate Accounts net gains from operations excluding unrealized gains or losses.....	0											
6. Commissions and expense allowances on reinsurance ceded.....	13,993,191		7,189,721				875,380		2,236,351		3,691,739	
7. Reserve adjustments on reinsurance ceded.....	0											
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from S/A.....	15,997,236		430,331	4,352,268				11,214,637				
8.2 Charges and fees for deposit-type contracts.....	0											
8.3 Aggregate write-ins for miscellaneous income.....	14,861,864	0	9,478,867	517,276	3,528	0	97,831	4,608,197	44,903	0	111,262	0
9. Totals (Lines 1 to 8.3).....	1,292,911,673	0	412,601,617	305,749,491	2,158,751	0	58,540,856	431,140,229	25,641,322	0	57,079,407	0
10. Death benefits.....	84,961,148		50,423,287				34,537,861					
11. Matured endowments (excluding guaranteed annual pure endowments).....	822,163		822,163									
12. Annuity benefits.....	83,306,697			19,439,894				63,866,803				
13. Disability benefits and benefits under accident and health contracts.....	35,461,334		1,038,499				2,188,523		11,667,245		20,567,067	
14. Coupons, guaranteed annual pure endowments and similar benefits.....	0											
15. Surrender benefits and withdrawals for life contracts.....	400,966,742		58,055,376	116,027,660			53,039	226,830,667				
16. Group conversions.....	0		(438,518)				438,518					
17. Interest and adjustments on contract or deposit-type contract funds.....	5,012,449		2,283,039	1,717,716	316,263		321,254	292,428	21,466		60,283	
18. Payments on supplementary contracts with life contingencies.....	1,857,991				1,857,991							
19. Increase in aggregate reserves for life and accident and health contracts.....	369,403,603		174,404,443	179,989,822	(532,044)		73,074	3,935,324	1,341,573		10,191,411	
20. Totals (Lines 10 to 19).....	981,792,127	0	286,588,289	317,175,092	1,642,210	0	37,612,269	294,925,222	13,030,284	0	30,818,761	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....	51,435,746		19,546,030	9,423,226			5,970,015	6,802,718	2,935,775		6,757,982	
22. Commissions and expense allowances on reinsurance assumed.....	653,754		13,157				16,858		7,307		616,432	
23. General insurance expenses.....	128,868,356		57,341,687	13,471,839	16,756		12,084,454	19,183,552	10,197,902		16,572,166	
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	14,894,219		8,862,684	881,023	829		1,709,430	817,753	904,020		1,718,480	
25. Increase in loading on deferred and uncollected premiums.....	687,281		688,123				(842)					
26. Net transfers to or (from) Separate Accounts.....	100,287,236		25,133,747	(30,561,149)				105,714,638				
27. Aggregate write-ins for deductions.....	13,773,015	0	4,551,763	3,439,040	47,433	0	724,662	2,773,733	399,586	0	1,836,798	0
28. Totals (Lines 20 to 27).....	1,292,391,734	0	402,725,480	313,829,071	1,707,228	0	58,116,846	430,217,616	27,474,874	0	58,320,619	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	519,939	0	9,876,137	(8,079,580)	451,523	0	424,010	922,613	(1,833,552)	0	(1,241,212)	0
30. Dividends to policyholders.....	14,211,319		14,021,330	19,657	110,932		59,400					
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	(13,691,380)	0	(4,145,193)	(8,099,237)	340,591	0	364,610	922,613	(1,833,552)	0	(1,241,212)	0
32. Federal income taxes incurred (excluding tax on capital gains).....	(6,245,544)		164,844	(4,016,499)	93,619		(62,827)	(980,446)	(818,406)		(625,829)	
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).....	(7,445,836)	0	(4,310,037)	(4,082,738)	246,972	0	427,437	1,903,059	(1,015,146)	0	(615,383)	0

**DETAILS OF WRITE-INS**

08.301. Miscellaneous income and reinsurance experience refund.....	14,861,864		9,478,867	517,276	3,528		97,831	4,608,197	44,903		111,262	
08.302. ....	0											
08.303. ....	0											
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. Total (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	14,861,864	0	9,478,867	517,276	3,528	0	97,831	4,608,197	44,903	0	111,262	0
2701. Adjustment for minimum pension liability.....	12,921,163		4,498,167	3,379,905	47,395		640,838	2,753,991	266,344		1,334,523	
2702. Miscellaneous deductions and interest paid.....	851,852		53,596	59,135	38		83,824	19,742	133,242		502,275	
2703. ....	0											
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. Total (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	13,773,015	0	4,551,763	3,439,040	47,433	0	724,662	2,773,733	399,586	0	1,836,798	0

(a) Includes the following amounts for FEGLI/SGLI: Line 1.....0 Line 10.....0 Line 16.....0 Line 23.....0 Line 24.....0.

**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
<b>Involving Life or Disability Contingencies (Reserves)</b>								
(Net of Reinsurance Ceded)								
1. Reserve December 31, prior year.....	3,163,532,392		1,605,678,816	795,468,292	11,714,856		60,683,896	689,986,532
2. Tabular net premiums or considerations.....	889,347,825		228,638,393	242,124,191	404,577		56,026,762	362,153,902
3. Present value of disability claims incurred.....	3,535,494		37,892		XXX		3,497,602	
4. Tabular interest.....	174,967,206		89,576,184	42,723,786	770,265		3,046,768	38,850,203
5. Tabular less actual reserve released.....	(2,484,024)			(131,476)	151,103		(2,472,584)	(31,067)
6. Increase in reserve on account of change in valuation basis.....	0							
7. Other increases (net).....	(8,384,197)		(4,880,746)	(2,388,000)			(43,496)	(1,071,955)
8. Totals (Lines 1 to 7).....	4,220,514,696	0	1,919,050,539	1,077,796,793	13,040,801	0	120,738,948	1,089,887,615
9. Tabular cost.....	110,163,985		54,178,886		XXX		55,985,099	
10. Reserves released by death.....	22,645,252		21,664,043	XXX	XXX		981,209	XXX
11. Reserves released by other terminations (net).....	413,412,098		62,085,853	118,166,436			827,145	232,332,664
12. Annuity, supplementary contract, and disability payments involving life contingencies.....	88,391,710		1,038,499	19,439,894	1,857,991		2,188,523	63,866,803
13. Net transfers to or (from) Separate Accounts.....	64,498,640			(35,267,652)				99,766,292
14. Total deductions (Lines 9 to 13).....	699,111,685	0	138,967,281	102,338,678	1,857,991	0	59,981,976	395,965,759
15. Reserve December 31, current year.....	3,521,403,011	0	1,780,083,258	975,458,115	11,182,810	0	60,756,972	693,921,856

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....1,771,383	.....862,613
1.1 Bonds exempt from U.S. tax.....	(a).....	.....
1.2 Other bonds (unaffiliated).....	(a).....198,161,649	.....201,176,198
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....2,045,434	.....2,045,434
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....325,230	.....311,646
2.21 Common stocks of affiliates.....	.....3,083,640	.....3,083,640
3. Mortgage loans.....	(c).....60,601,041	.....59,649,635
4. Real estate.....	(d).....7,808,599	.....7,779,641
5. Contract loans.....	.....9,514,846	.....9,527,824
6. Cash/short-term investments.....	(e).....589,927	.....589,927
7. Derivative instruments.....	(f).....(5,905,042)	.....(5,905,042)
8. Other invested assets.....	.....852,257	.....840,597
9. Aggregate write-ins for investment income.....	.....493,272	.....493,272
10. Total gross investment income.....	.....279,342,236	.....280,455,385
11. Investment expenses.....		(g).....12,838,624
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....1,326,322
13. Interest expense.....		(h).....4,481,899
14. Depreciation on real estate and other invested assets.....		(i).....2,470,785
15. Aggregate write-ins for deductions from investment income.....		.....481,403
16. Total deductions (Lines 11 through 15).....		.....21,599,033
17. Net investment income (Line 10 minus Line 16).....		.....258,856,352

**DETAILS OF WRITE-INS**

0901. Miscellaneous income.....	.....493,272	.....493,272
0902. ....		
0903. ....		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....493,272	.....493,272
1501. Miscellaneous fees and charges.....		.....481,403
1502. ....		
1503. ....		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....481,403

- (a) Includes \$.....4,570,109 accrual of discount less \$.....6,704,988 amortization of premium and less \$.....24,750,112 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....614,219 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....3,341,939 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....510,628 accrual of discount less \$.....84,122 amortization of premium and less \$.....662,811 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....4,100,000 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....2,470,785 depreciation on real estate and \$.....0 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 or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. government bonds.....	.....(3,587,614)				.....(3,587,614)
1.1 Bonds exempt from U.S. tax.....					.....0
1.2 Other bonds (unaffiliated).....	.....18,430,610	.....(57,320,582)		.....(3,332,136)	.....(42,222,108)
1.3 Bonds of affiliates.....					.....0
2.1 Preferred stocks (unaffiliated).....	.....12,600				.....12,600
2.11 Preferred stocks of affiliates.....					.....0
2.2 Common stocks (unaffiliated).....	.....(2,673,419)			.....(1,139,371)	.....(3,812,790)
2.21 Common stocks of affiliates.....	.....(6,454,581)	.....(4,483,199)		.....148,024	.....(10,789,756)
3. Mortgage loans.....	.....15,857,333				.....15,857,333
4. Real estate.....	.....50,054	.....(1,627,165)			.....(1,577,111)
5. Contract loans.....				.....(96,882)	.....(96,882)
6. Cash/short-term investments.....	.....(18,413)				.....(18,413)
7. Derivative instruments.....					.....0
8. Other invested assets.....	.....(50,873)			.....(7,218,618)	.....(7,269,491)
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....21,565,697	.....(63,430,946)	.....0	.....(11,638,983)	.....(53,504,232)

**DETAILS OF WRITE-INS**

0901. ....					.....0
0902. ....					.....0
0903. ....					.....0
0998. Summary of remaining write-ins for Line 9 from overflow page..	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

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

	1		2		3 Ordinary		4	5	6 Group		7 Accident and Health		8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance			Annuities	Group	Credit (Group & Individual)	Other				
<b>FIRST YEAR (other than single)</b>																
1. Uncollected.....	(698,874)		(743,732)												44,858	
2. Deferred and accrued.....	4,180,878		4,180,878													
3. Deferred, accrued and uncollected:																
3.1 Direct.....	4,300,791		4,256,320												44,471	
3.2 Reinsurance assumed.....	387														387	
3.3 Reinsurance ceded.....	819,174		819,174													
3.4 Net (Line 1 + Line 2).....	3,482,004	0	3,437,146	0	0	0	0	0	0	0	0	0	0	0	44,858	0
4. Advance.....	286,166		99,069												187,097	
5. Line 3.4 - Line 4.....	3,195,838	0	3,338,077	0	0	0	0	0	0	0	0	0	0	0	(142,239)	0
6. Collected during year:																
6.1 Direct.....	152,972,299		145,585,818												7,386,481	
6.2 Reinsurance assumed.....	35,991		19,590												16,401	
6.3 Reinsurance ceded.....	8,259,658		5,949,614												2,310,044	
6.4 Net.....	144,748,632	0	139,655,794	0	0	0	0	0	0	0	0	0	0	0	5,092,838	0
7. Line 5 + Line 6.4.....	147,944,470	0	142,993,871	0	0	0	0	0	0	0	0	0	0	0	4,950,599	0
8. Prior year (uncollected + deferred and accrued - advance).....	2,021,787		2,153,542												(131,755)	
9. First year premiums and considerations:																
9.1 Direct.....	154,504,306		147,128,408												7,375,898	
9.2 Reinsurance assumed.....	36,090		19,590												16,500	
9.3 Reinsurance ceded.....	8,617,713		6,307,669												2,310,044	
9.4 Net (Line 7 - Line 8).....	145,922,683	0	140,840,329	0	0	0	0	0	0	0	0	0	0	0	5,082,354	0
<b>SINGLE</b>																
10. Single premiums and considerations:																
10.1 Direct.....	14,499,612		10,932,434	3,567,178												
10.2 Reinsurance assumed.....	0															
10.3 Reinsurance ceded.....	0															
10.4 Net.....	14,499,612	0	10,932,434	3,567,178	0	0	0	0	0	0	0	0	0	0	0	0
<b>RENEWAL</b>																
11. Uncollected.....	1,588,303		(2,920,414)					2,299,547		1,696,525					512,645	
12. Deferred and accrued.....	10,106,592		10,106,284					308								
13. Deferred, accrued and uncollected:																
13.1 Direct.....	18,266,482		11,537,294					2,806,471		3,513,390					409,327	
13.2 Reinsurance assumed.....	164,154		60,836												103,318	
13.3 Reinsurance ceded.....	6,735,741		4,412,260					506,616		1,816,865						
13.4 Net (Line 11 + Line 12).....	11,694,895	0	7,185,870	0	0	0	0	2,299,855	0	1,696,525	0	0	0	0	512,645	0
14. Advance.....	2,271,497		1,602,424					12,260		3,992					652,821	
15. Line 13.4 - Line 14.....	9,423,398	0	5,583,446	0	0	0	0	2,287,595	0	1,692,533	0	0	0	0	(140,176)	0
16. Collected during year:																
16.1 Direct.....	883,204,696		151,520,888	239,572,507				55,884,546	364,944,273	36,582,770					34,699,712	
16.2 Reinsurance assumed.....	6,148,345		527,766					352		31,287					5,588,940	
16.3 Reinsurance ceded.....	62,942,711		34,488,591					4,067,637		15,934,676					8,451,807	
16.4 Net.....	826,410,330	0	117,560,063	239,572,507	0	0	0	51,817,261	364,944,273	20,679,381	0	0	0	0	31,836,845	0
17. Line 15 + Line 16.4.....	835,833,728	0	123,143,509	239,572,507	0	0	0	54,104,856	364,944,273	22,371,914	0	0	0	0	31,696,669	0
18. Prior year (uncollected + deferred and accrued - advance).....	8,388,338		5,897,376					2,258,440		392,479					(159,957)	
19. Renewal premiums and considerations:																
19.1 Direct.....	885,643,248		152,710,189	239,572,507				55,780,332	364,944,273	37,927,387					34,708,560	
19.2 Reinsurance assumed.....	6,220,114		588,602					352		31,287					5,599,873	
19.3 Reinsurance ceded.....	64,417,972		36,052,658					3,934,268		15,979,239					8,451,807	
19.4 Net (Line 17 - Line 18).....	827,445,390	0	117,246,133	239,572,507	0	0	0	51,846,416	364,944,273	21,979,435	0	0	0	0	31,856,626	0
<b>TOTAL</b>																
20. Total premiums and annuity considerations:																
20.1 Direct.....	1,054,647,166	0	310,771,031	243,139,685	0	0	0	55,780,332	364,944,273	37,927,387	0	0	0	0	42,084,458	0
20.2 Reinsurance assumed.....	6,256,204	0	608,192	0	0	0	0	352	0	31,287	0	0	0	0	5,616,373	0
20.3 Reinsurance ceded.....	73,035,685	0	42,360,327	0	0	0	0	3,934,268	0	15,979,239	0	0	0	0	10,761,851	0
20.4 Net (Lines 9.4 + 10.4 + 19.4).....	987,867,685	0	269,018,896	243,139,685	0	0	0	51,846,416	364,944,273	21,979,435	0	0	0	0	36,938,980	0

**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 & Individual)	10 Other	
<b>DIVIDENDS AND COUPONS APPLIED (included in Part 1)</b>											
21. To pay renewal premiums (Exhibit 4, Line 1).....	3,239,608		3,239,608								
22. All other (Exhibit 4, Lines 2, 3 & 4).....	10,037,337		10,021,006	16,185		146					
<b>REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED</b>											
23. First year (other than single):											
23.1 Reinsurance ceded.....	7,550,800		5,557,890							1,992,910	
23.2 Reinsurance assumed.....	13,405		3,024					1,180		9,201	
23.3 Net ceded less assumed.....	7,537,395	0	5,554,866	0	0	0	0	(1,180)	0	1,983,709	0
24. Single:											
24.1 Reinsurance ceded.....	0										
24.2 Reinsurance assumed.....	0										
24.3 Net ceded less assumed.....	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded.....	6,442,391		1,631,831			875,380		2,236,351		1,698,829	
25.2 Reinsurance assumed.....	640,349		10,133			16,858		6,127		607,231	
25.3 Net ceded less assumed.....	5,802,042	0	1,621,698	0	0	858,522	0	2,230,224	0	1,091,598	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6).....	13,993,191	0	7,189,721	0	0	875,380	0	2,236,351	0	3,691,739	0
26.2 Reinsurance assumed (Page 6, Line 22).....	653,754	0	13,157	0	0	16,858	0	7,307	0	616,432	0
26.3 Net ceded less assumed.....	13,339,437	0	7,176,564	0	0	858,522	0	2,229,044	0	3,075,307	0
<b>COMMISSIONS INCURRED (direct business only)</b>											
27. First year (other than single).....	22,920,119		14,509,185	4,783,522						3,627,412	
28. Single.....	2,677,098		2,391	2,674,707							
29. Renewal.....	25,838,529		5,034,454	1,964,997		5,970,015	6,802,718	2,935,775		3,130,570	
30. Deposit-type contract funds.....	0										
31. Totals (to agree with Page 6, Line 21).....	51,435,746	0	19,546,030	9,423,226	0	5,970,015	6,802,718	2,935,775	0	6,757,982	0

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**EXHIBIT 2 - GENERAL EXPENSES**

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent.....	5,274,002	896,406		91,889	6,262,298
2. Salaries and wages.....	51,123,690	11,795,428		2,471,283	65,390,401
3.11 Contributions for benefit plans for employees.....	11,166,121	2,563,689		324,368	14,054,178
3.12 Contributions for benefit plans for agents.....	921,861	81,076			1,002,936
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.....	227,640	4,286			231,927
3.32 Other agent welfare.....					0
4.1 Legal fees and expenses.....	866,275	375,264		230,173	1,471,711
4.2 Medical examination fees.....	1,868,052	538,807			2,406,859
4.3 Inspection report fees.....	215,539	42,436			257,975
4.4 Fees of public accountants and consulting actuaries.....	2,178,906	122,123		1,512	2,302,542
4.5 Expense of investigation and settlement of policy claims.....	122,735	597,305			720,040
5.1 Traveling expenses.....	2,674,555	420,412		28,911	3,123,878
5.2 Advertising.....	421,502	74,787		2,212	498,501
5.3 Postage, express, telegraph and telephone.....	1,637,901	416,700		25,594	2,080,195
5.4 Printing and stationery.....	2,024,780	334,098		21,038	2,379,917
5.5 Cost or depreciation of furniture and equipment.....	2,541,554	168,268		45,622	2,755,444
5.6 Rental of equipment.....	178,666	26,868		247	205,781
5.7 Cost or depreciation of EDP equipment and software.....	2,325,734	1,648,567		464,499	4,438,800
6.1 Books and periodicals.....	145,826	16,226		2,657	164,709
6.2 Bureau and association fees.....	469,782	20,923		5,894	496,599
6.3 Insurance, except on real estate.....	212,206	15,047		7,510	234,762
6.4 Miscellaneous losses.....					0
6.5 Collection and bank service charges.....	459,263	55,302		72,256	586,820
6.6 Sundry general expenses.....	331,799	57,770		125,817	515,386
6.7 Group service and administration fees.....	350,032	4,214,813			4,564,845
6.8 Reimbursements by uninsured accident and health plans.....					0
7.1 Agency expense allowance.....	9,673,500	2,197,195			11,870,695
7.2 Agents' balances charged off (less \$.....0 recovered).....	243,800	43,700			287,500
7.3 Agency conferences other than local meetings.....	1,960,451	1,147			1,961,598
9.1 Real estate expenses.....				2,895,486	2,895,486
9.2 Investment expenses not included elsewhere.....	50,278			5,089,444	5,139,722
9.3 Aggregate write-ins for expenses.....	2,431,839	41,423	0	932,212	3,405,474
10. General expenses Incurred.....	102,098,288	26,770,067	0	12,838,624	(a) 141,706,979
11. General expenses unpaid December 31, prior year.....	24,318,671	5,316,907		3,240,642	32,876,220
12. General expenses unpaid December 31, current year.....	29,833,211	7,822,217		3,751,464	41,406,892
13. Amounts receivable relating to uninsured accident and health plans, prior year.....					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).....	96,583,748	24,264,757	0	12,327,802	133,176,307

**DETAILS OF WRITE-INS**

09.301. Data processing services.....	1,926,322	36,590		(5)	1,962,907
09.302. Servicing fees on mortgage loans.....				857,602	857,602
09.303. Contributions to charitable, welfare and scientific organizations.....	447,665	2,301		74,615	524,581
09.398. Summary of remaining write-ins for Line 9.3 from overflow page.....	57,852	2,532	0	0	60,384
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398)(Line 9.3 above).....	2,431,839	41,423	0	932,212	3,405,474

(a) Includes management fees of \$.....0 to affiliates \$.....0 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.....				797,837	797,837
2. State insurance department licenses and fees.....	647,675	103,027			750,702
3. State taxes on premiums.....	6,800,722	1,413,104			8,213,826
4. Other state taxes, including \$.....114,715 for employee benefits.....	108,444	16,648		3,783	128,875
5. U.S. Social Security taxes.....	4,502,475	1,095,928		438,453	6,036,856
6. All other taxes.....	212,403	(6,207)		86,249	292,445
7. Taxes, licenses and fees incurred.....	12,271,719	2,622,500	0	1,326,322	16,220,541
8. Taxes, licenses and fees unpaid December 31, prior year.....	4,235,316	808,559		352,635	5,396,510
9. Taxes, licenses and fees unpaid December 31, current year.....	2,380,258	508,669		257,257	3,146,184
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9).....	14,126,777	2,922,390	0	1,421,700	18,470,867

**EXHIBIT 4 - DIVIDENDS OR REFUNDS**

	Dividends	
	1 Life	2 Accident and Health
1. Applied to pay renewal premiums.....	3,239,608	
2. Applied to shorten the endowment or premium-paying period.....		
3. Applied to provide paid-up additions.....	10,021,152	
4. Applied to provide paid-up annuities.....	16,186	
5. Total Lines 1 through 4.....	13,276,946	0
6. Paid-in cash.....	2,213,039	
7. Left on deposit.....	325,352	
8. Aggregate write-ins for dividend or refund options.....	0	0
9. Total Lines 5 through 8.....	15,815,337	0
10. Amount due and unpaid.....	101,000	
11. Provision for dividends or refunds payable in the following calendar year.....	13,585,637	
12. Terminal dividends.....	149,933	
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.....	13,836,570	0
16. Total from prior year.....	15,440,587	
17. Total dividends or refunds (Lines 9 + 15 - 16).....	14,211,320	0

**DETAILS OF WRITE-INS**

0801. ....		
0802. ....		
0803. ....		
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	0
0899. Totals (Line 0801 thru 0803 plus 0898) (Line 8 above).....	0	0

**EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS**

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
<b>Life Insurance:</b>					
0100001. AE 3-1/2% NLP to 35.....	2,877,410		2,877,410		
0100002. AE 3% NLP 35 - 47.....	18,363,415		18,361,787		1,628
0100003. 41 CSO 2-3/4% NLP 57 - 02 NB.....	868,762				868,762
0100004. 41 CSO 2-1/2% NLP 55 - 63 ORD TRST.....	205,085		143,559		61,526
0100005. 41 CSO 2-1/2% NLP 50 - 56 GRP PERM.....	201,378				201,378
0100006. 41 CSO 2-1/4% MOD 48 - 63.....	47,673		47,673		
0100007. 41 CSO 2-1/4% NLP 48 - 63.....	90,381,575		90,381,575		
0100008. 58 CSO 4-1/2% CRVM 81 - 88.....	548,038,707		548,038,707		
0100009. 58 CSO 4-1/2% CRV 86 - 96.....	2,045,867				2,045,867
0100010. 58 CSO 4-1/2% NLP 81 - 84.....	138,153		138,153		
0100011. 58 CSO 4-1/2%/4% CRVM 81 - 88.....	5,625,851		5,625,851		
0100012. 58 CSO 4-1/2%/4% NLP 81 - 88.....	12,114,363		12,114,363		
0100013. 58 CSO 4% CRVM 78 - 84.....	670		670		
0100014. 58 CSO 4% NLP 63 - 84.....	954,860		954,860		
0100015. 58 CSO 3-1/2% CRVM 76 - 77.....	3,104		3,104		
0100016. 58 CSO 3% MOD 64 - 84.....	85,588				85,588
0100017. 58 CSO 3% MOD 63 - 64 ORD.....	3,764,074		3,764,074		
0100018. 58 CSO 3%/20/2% NLP 63 - 92.....	144,502,190		144,502,190		
0100019. 58 CSO 3% NLP 63 - 02 NB.....	795,973				795,973
0100020. 58 CSO 3%/20/2% MOD 63 - 84.....	1,050,459		1,050,459		
0100021. 58 CSO 3%/20/2% NLP 63 - 84.....	711				711
0100022. 80 CSO 5%/20/4% CRVM 93 - 02 NB.....	30,972,078		30,972,078		
0100023. 80 CSO 6% NLP 83 - 86.....	2,128,950		623,363		1,505,587
0100024. 80 CSO 5-1/2% CRVM 87 - 92.....	41,107,329		41,107,329		
0100025. 80 CSO 5-1/2% NLP 87 - 92.....	42,470,271		42,470,271		
0100026. 80 CSO 5-1/2% NLP 90 - 02 NB.....	11,497,647				11,497,647
0100027. 80 CSO 4-1/2% CRVM 88 - 02 NB.....	825,628,915		825,628,915		
0100028. 80 CSO 4% MOD 90 - 02 NB.....	34,180,293		34,180,293		
0100029. 80 CSO 4% CRVM 96 - 02 NB.....	3,079,043		3,079,043		
0100030. 80 CSO 5% CRVM 93 - 02 NB.....	18,584,805		18,584,805		
0100031. 58 CET 3% NLP 63 - 88.....	851,581		851,581		
0100032. 58 CET 3%/20/2% 63 - 88.....	4,236		4,236		
0100033. 58 CET 4-1/2%/20/4% 63 - 88.....	17,426		17,426		
0100034. 80 CET 4% 90 - 02 NB.....	209,566		209,566		
0100035. 80 CET 4-1/2% 88 - 02 NB.....	60,636		60,636		
0100036. 80 CET 5%/20/4% 93 - 02 NB.....	343,031		343,031		
0100037. 80 CET 5-1/2% 87 - 97.....	137,521		137,521		
0100038. Unearned Premium 1995 AND LATER.....	899,625				899,625
0199997. Totals (Gross).....	1,844,238,824	0	1,826,274,532	0	17,964,292
0199998. Reinsurance ceded.....	57,727,889		57,727,889		
0199999. Totals (Net).....	1,786,510,935	0	1,768,546,643	0	17,964,292
<b>Annuities (excluding supplementary contracts with life contingencies):</b>					
0200001. 37 SA and 49A 3-1/2% IMM 47 - 74.....	369,094	XXX	369,094	XXX	
0200002. 37 SA (0,5) 3-1/2% IMM & DEF 74.....	12,660	XXX		XXX	12,660
0200003. 51 GA (0,5) 3-1/2% - 6% IMM & DEF 74 - 75.....	1,507,784	XXX		XXX	1,507,784
0200004. 71 GAM (0,6) 6% TO 11-1/4% IMM & DEF 75 - 84.....	15,454,513	XXX		XXX	15,454,513
0200005. 71 IAM 6% - 7-1/2% IMM 75 - 82.....	176,859	XXX	176,859	XXX	
0200006. 83 GAM (0,6) 5% - 11% IMM & DEF 85 - 98.....	36,243,797	XXX		XXX	36,243,797
0200007. 83 IAM 5-1/4% - 8-3/4% DEF CARVM 82 - 97.....	368,254,316	XXX	368,254,316	XXX	
0200008. 83 IAM 5-1/2% - 9-1/2% IMM 83 - 98.....	24,282,181	XXX	24,282,181	XXX	
0200009. A-2000 5% - 5-3/4% DEF CARVM 97 - 02 NB.....	567,004,320	XXX	567,004,320	XXX	
0200010. A-2000 6-1/4% - 7% IMM 99 - 02 NB.....	17,538,715	XXX	14,170,708	XXX	3,368,007
0200011. Interest only 2-1/4% - 7% DEF.....	1,200,637	XXX	1,200,637	XXX	
0200012. Interest only 3-1/2% - 9-1/4% DEF 66 - 02 NB.....	637,295,372	XXX		XXX	637,295,372
0299997. Totals (Gross).....	1,669,340,248	XXX	975,458,115	XXX	693,882,133
0299999. Totals (Net).....	1,669,340,248	XXX	975,458,115	XXX	693,882,133
<b>Supplementary Contracts with Life Contingencies:</b>					
0300001. 37 SA and 49 A 3-1/2% IMM 47 - 74.....	1,331,275		1,331,275		
0300002. Remarriage Tables 01 - 02 NB.....	2,072				2,072
0300003. 71 IAM 6% - 7-1/2% IMM 75 - 82.....	1,169,541		1,169,541		
0300004. 83 IAM 6-1/4% - 9-1/2% IMM 83 - 98.....	7,339,796		7,339,796		
0300005. A-2000 6-1/4% - 7% IMM 99 - 02 NB.....	1,342,198		1,342,198		
0399997. Totals (Gross).....	11,184,882	0	11,182,810	0	2,072
0399999. Totals (Net).....	11,184,882	0	11,182,810	0	2,072
<b>Accidental Death Benefits:</b>					
0400001. 26 - 33 INTERCO 3% TO 48.....	1,048		1,048		
0400002. 26 - 33 INTERCO DI W/41 CSO 2-1/2% 48-63.....	10,116		10,116		
0400003. 59 ADB W/58 CSO 3% 63-02 NB.....	156,972		156,972		
0499997. Totals (Gross).....	168,136	0	168,136	0	0
0499999. Totals (Net).....	168,136	0	168,136	0	0
<b>Disability - Active Lives:</b>					
0500001. 52 INTERCO DIS W/41 CSO 2-1/2% 48 - 63.....	5,053		5,053		
0500002. 52 INTERCO DIS W/58 CSO 3% 53-02 NB.....	305,453		305,453		
0500003. 52 INTERCO DIS W/58 CSO 3-1/2% 81-02 NB.....	10,061		2,433		7,628
0500004. 52 INTERCO DIS W/80 CSO 5% 87-02 NB.....	3,396,839		3,396,839		
0599997. Totals (Gross).....	3,717,406	0	3,709,778	0	7,628
0599998. Reinsurance ceded.....	2,161,205		2,161,205		
0599999. Totals (Net).....	1,556,201	0	1,548,573	0	7,628
<b>Disability - Disabled Lives:</b>					
0600001. 30-50 INTERCO DISA 2-1/2% 75-02 NB.....	87,223		82,315		4,908
0600002. 30-50 INTERCO DIS 3%.....	6,859,691		6,859,691		
0600003. 70 INTERCO DISA 3-1/2% - 6% 50-02 NB.....	44,188,229				44,188,229
0600004. 52 INTERCO DISA 3-1/2% 81-02 NB.....	2,249,003		2,216,907		32,096
0600005. Interest Only 3%.....	38,477				38,477
0699997. Totals (Gross).....	53,422,623	0	9,158,913	0	44,263,710
0699998. Reinsurance ceded.....	2,424,265		983,258		1,441,007
0699999. Totals (Net).....	50,998,358	0	8,175,655	0	42,822,703
<b>Miscellaneous Reserves:</b>					
0700001. Deficiency Reserve.....	6,077,567		6,077,567		
0700002. Non-deduct Premium.....	480,922		480,922		
0799997. Totals (Gross).....	6,558,489	0	6,558,489	0	0
0799998. Reinsurance ceded.....	4,914,238		4,914,238		
0799999. Totals (Net).....	1,644,251	0	1,644,251	0	0
9999999. Totals (Net) - Page 3, Line 1.....	3,521,403,011	0	2,766,724,183	0	754,678,828

## EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes  No   
 1.2 If not, state which kind is issued.....  
 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes  No   
 2.2 If not, state which kind is issued..... Participating  
 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes  No   
 If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.  
  
 4. Has the reporting entity any assessment or stipulated premium contracts in force? If so, state: Yes  No   
 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 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.  
 None  
 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   
 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   
 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	

NONE

**EXHIBIT 6 - AGGREGATE RESERVES 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
<b>ACTIVE LIFE RESERVE</b>									
1. Unearned premium reserves.....	4,537,708	141,415			4,333,400	62,818			75
2. Additional contract reserves (a).....	90,014,431				88,352,812	1,651,258			10,361
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).....	94,552,139	141,415	0	0	92,686,212	1,714,076	0	0	10,436
8. Reinsurance ceded.....	19,057,773	81,939			18,969,956	5,878			
9. Totals (Net).....	75,494,366	59,476	0	0	73,716,256	1,708,198	0	0	10,436
<b>CLAIM RESERVE</b>									
10. Present value of amounts not yet due on claims.....	214,578,227	45,465,155			168,749,705	363,367			
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).....	214,578,227	45,465,155	0	0	168,749,705	363,367	0	0	0
15. Reinsurance ceded.....	73,049,092	33,002,191			40,046,901				
16. Totals (Net).....	141,529,135	12,462,964	0	0	128,702,804	363,367	0	0	0
17. TOTALS (Net).....	217,023,501	12,522,440	0	0	202,419,060	2,071,565	0	0	10,436
18. TABULAR FUND INTEREST.....	8,488,742				8,411,002	77,352			388

**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 + 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	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Supplemental Contracts and Annuities Certain	Dividend Accumulations or Refunds	Premium and Other Deposit Funds	Other
1. Balance at the beginning of the year before reinsurance.....	109,087,262		44,519,470	5,915,726	573,388	58,078,678
2. Deposits received during the year.....	93,684,270		9,362,014	325,352	177,628	83,819,276
3. Investment earnings credited to the account.....	4,180,560		2,406,545	160,076	18,894	1,595,045
4. Other net change in reserves.....	0					
5. Fees and other charges assessed.....	714,219		714,219			
6. Surrender charges.....	0					
7. Net surrender or withdrawal payments.....	88,565,838		10,768,660	191,395	143,623	77,462,160
8. Other net transfers to or (from) Separate Accounts.....	0					
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8).....	117,672,035	0	44,805,150	6,209,759	626,287	66,030,839
10. Reinsurance balance at the beginning of the year.....	0					
11. Net change in reinsurance assumed.....	0					
12. Net change in reinsurance ceded.....	0					
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12).....	0	0	0	0	0	0
14. Balance at the end of the current year after reinsurance (Lines 9 + 13).....	117,672,035	0	44,805,150	6,209,759	626,287	66,030,839

## 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.....	10,505			2,903	3,191			4,411			
1.2 Reinsurance assumed.....	0										
1.3 Reinsurance ceded.....	0										
1.4 Net.....	10,505	0	0	2,903	3,191	0	0	4,411	0	0	0
2. In course of settlement:											
2.1 Resisted:											
2.11 Direct.....	251,690		18,857				232,833				
2.12 Reinsurance assumed.....	0										
2.13 Reinsurance ceded.....	0										
2.14 Net.....	251,690	0	(b).....18,857	(b).....0	0	(b).....0	(b).....232,833	0	0	0	0
2.2 Other:											
2.21 Direct.....	17,158,089		8,101,885	2,991,357			3,689,383	539,417	879,377		956,670
2.22 Reinsurance assumed.....	355,655						44,868				310,787
2.23 Reinsurance ceded.....	5,695,632		4,814,362				112,000		372,990		396,280
2.24 Net.....	11,818,112	0	(b).....3,287,523	(b).....2,991,357	0	(b).....0	(b).....3,622,251	539,417	(b).....506,387	(b).....0	(b).....871,177
3. Incurred but unreported:											
3.1 Direct.....	8,882,372		2,987,901				4,576,000		656,425		662,046
3.2 Reinsurance assumed.....	304,316										304,316
3.3 Reinsurance ceded.....	1,468,923		1,140,000				51,588		48,496		228,839
3.4 Net.....	7,717,765	0	(b).....1,847,901	(b).....0	0	(b).....0	(b).....4,524,412	0	(b).....607,929	(b).....0	(b).....737,523
4. Totals:											
4.1 Direct.....	26,302,656	0	11,108,643	2,994,260	3,191	0	8,498,216	543,828	1,535,802	0	1,618,716
4.2 Reinsurance assumed.....	659,971	0	0	0	0	0	44,868	0	0	0	615,103
4.3 Reinsurance ceded.....	7,164,555	0	5,954,362	0	0	0	163,588	0	421,486	0	625,119
4.4 Net.....	19,798,072	(a).....0	(a).....5,154,281	2,994,260	3,191	0	(a).....8,379,496	543,828	1,114,316	0	1,608,700

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$.....0 in Column 2, \$.....265,066 in Column 3 and \$.....0 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 \$.....8,175,655, Individual Annuities \$.....0, Credit Life (Group and Individual) \$.....0, and Group Life \$.....42,822,703,

are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$.....12,462,964, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$.....129,066,171

are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

## EXHIBIT 8 - CONTRACT 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.....	240,422,149		81,873,976	19,335,051	1,857,917		38,423,381	63,752,946	17,340,443		17,838,435
1.2 Reinsurance assumed.....	11,197,597		115,828				830,343		1,595,231		8,656,195
1.3 Reinsurance ceded.....	39,140,702		24,161,110				1,503,143		7,390,793		6,085,656
1.4 Net..... (d)	212,479,044	0	57,828,694	19,335,051	1,857,917	0	37,750,581	63,752,946	11,544,881	0	20,408,974
2. Liability December 31, current year from Part 1:											
2.1 Direct.....	26,302,656		11,108,643	2,994,260	3,191		8,498,216	543,828	1,535,802		1,618,716
2.2 Reinsurance assumed.....	659,971						44,868				615,103
2.3 Reinsurance ceded.....	7,164,555		5,954,362				163,588		421,486		625,119
2.4 Net.....	19,798,072	0	5,154,281	2,994,260	3,191	0	8,379,496	543,828	1,114,316	0	1,608,700
3. Amounts recoverable from reinsurers December 31, current year.....	2,811,156		1,969,268				151,690		292,350		397,848
4. Liability December 31, prior year:											
4.1 Direct.....	28,028,923		12,280,059	2,889,417	3,118		10,016,618	429,970	1,271,661		1,138,080
4.2 Reinsurance assumed.....	782,791						32,500				750,291
4.3 Reinsurance ceded.....	3,845,061		2,786,049				387,806		220,205		451,001
4.4 Net.....	24,966,653	0	9,494,010	2,889,417	3,118	0	9,661,312	429,970	1,051,456	0	1,437,370
5. Amounts recoverable from reinsurers December 31, prior year.....	1,910,026		764,253				409,308		351,853		384,612
6. Incurred benefits:											
6.1 Direct.....	238,695,882	0	80,702,560	19,439,894	1,857,990	0	36,904,979	63,866,804	17,604,584	0	18,319,071
6.2 Reinsurance assumed.....	11,074,777	0	115,828	0	0	0	842,711	0	1,595,231	0	8,521,007
6.3 Reinsurance ceded.....	43,361,326	0	28,534,438	0	0	0	1,021,307	0	7,532,571	0	6,273,010
6.4 Net.....	206,409,333	0	52,283,950	19,439,894	1,857,990	0	36,726,383	63,866,804	11,667,244	0	20,567,068

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$....769,114 in Line 1.1, \$....769,114 in Line 1.4, \$....822,163 in Line 6.1 and \$....822,163 in line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in line 6.4.

(d) Includes \$....1,098,683 premiums waived under total and permanent disability benefits.

**EXHIBIT 9 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 17 and 19 to 22, Column 2.....	102,535,094	94,617,026	(7,918,068)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....	750,767	993,278	242,511
2.2 Furniture and equipment.....	2,573,672	3,122,331	548,659
2.3 Leasehold improvements.....	121,593	180,072	58,479
2.4 Cash advanced to or in the hands of officers or agents.....	3,421,329	3,916,446	495,117
2.5 Loans on personal security, endorsed or not.....			0
2.6 Supplies, stationery, printed matter.....			0
2.7 Commuted commissions.....			0
3. Total (Lines 2.1 to 2.7).....	6,867,361	8,212,127	1,344,766
4. Disallowed interest maintenance reserve.....			0
5. Aggregate write-ins for other assets.....	18,024,959	7,191,254	(10,833,705)
6. Total (Line 1 plus Lines 3 to 5).....	127,427,414	110,020,407	(17,407,007)

**DETAILS OF WRITE-INS**

0501. Pension plan intangible asset.....	10,751,322		(10,751,322)
0502. Unearned annualized commissions.....	6,931,031	7,025,494	94,463
0503. Prepaid expenses.....	342,606	107,360	(235,246)
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	58,400	58,400
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	18,024,959	7,191,254	(10,833,705)

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## NOTES TO FINANCIAL STATEMENTS

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**1. Summary of Significant Accounting Policies****a. Accounting Practices**

The accompanying financial statements of The Union Central Life Insurance Company (the Company) have been prepared in conformity with accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Ohio.

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

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

**c. Accounting Policy**

For ordinary life insurance contracts and accident and health insurance contracts, premiums are recognized as revenues when premiums are due. For universal life insurance contracts and annuity considerations, revenues are recognized when premiums are received. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions are charged to operations as incurred.

Surplus in excess of the amount that the Board of Directors of the Company determines is necessary to meet current and future policyholder obligations and to maintain reserves and allow for appropriate growth of the Company's business is distributed annually in the form of dividends to participating policyholders in accordance with actuarially determined dividend scales.

In addition, the Company uses the following accounting policies:

- i. Short-term investments are stated at amortized cost.
- ii. Bonds not backed by other loans are stated at amortized cost using the interest method. Bonds assigned a rating of "6" by the NAIC are stated at the lower of amortized cost or fair value as assigned by the NAIC. Changes in the value of bonds that are assigned a rating of "6" by the NAIC are reported directly in surplus.
- iii. Common stocks are stated at market.
- iv. Preferred stocks are stated at cost.
- v. Mortgage loans on real estate are stated at the unpaid principal balance less unamortized discounts.
- vi. Loan-backed securities are stated at amortized cost using the interest method including anticipated prepayments at the date of purchase. The retrospective adjustment method is used to value all securities.
- vii. Subsidiaries and affiliates are carried based on the Company's proportionate share of the audited GAAP equity of each entity.
- viii. Limited partnerships are recorded based on the Company's proportionate share of the underlying GAAP equity.
- ix. Derivative instruments are valued consistently with the hedged items. Hedges of items carried at market value are valued at market value. Derivatives, which cease to be effective hedges, are valued at market value.
- x. Not applicable.
- xi. For individual accident and health contracts, the present value of amounts not yet due on claim reserve is a first principles type calculation based on a seriatim listing of open disability claims. Termination rates within the first two years from disability are modified based on Company experience. Termination rates beyond two years are 100% CIDA. All interest discounting assumptions are based on the appropriate NAIC standard. The adequacy of these reserves are demonstrated annually using "Follow-up studies" as defined in the Actuarial Standard of Practice No. 5, Section 5.14. In addition, the present value of future payments relative to all incurred but unreported claims is based on historical study and calculated as a percentage times tabular reserves, including a "gross-up" for litigated claims.

For group accident and health contracts, the present value of amounts not yet due on claim reserve is a tabular calculation based on a seriatim listing of open disability claims. The per \$100 of monthly benefit factors are generated based on the 1987 CGDT assumptions using the appropriate valuation interest rate, quinquennial age groupings, benefit period and duration from disablement. A modification is made for claims in the first two years from disablement. In addition, the present value expense associated with future claim payments relative to all incurred but unpaid claims is based on a historical study and calculated as a percentage times tabular reserves.

**2. Accounting Changes and Corrections of Errors**

- a. There were no material changes in accounting principles or corrections of errors for the period ending December 31, 2002. Other than the changes noted in "b" below, there were no material changes in accounting principles or corrections of errors for the period ending December 31, 2001.
- b. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required 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.

**NOTES TO FINANCIAL STATEMENTS**

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 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 in accounting principle, as an adjustment that decreased unassigned funds (surplus), of \$16,626,869 as of January 1, 2001. Included in this total adjustment is a reduction of unassigned funds (surplus) of \$40,346,993 related to the following items:

- Establishing a pension liability: \$23,330,194
- Recognizing other than temporary impairments on securities: \$7,416,837
- Establishing a liability for compensated absences: \$3,081,053
- Recognizing the midpoint of a range for a contingent liability: \$2,900,000
- Establishing a deferred tax liability: \$2,808,379
- Non-admitting uncollected premium balances greater than 90 days past due: \$530,463
- Writing off the unamortized balance of capitalized leasing commissions on REO properties: \$155,061
- Establishing an accrual for fees paid to mortgage servicers: \$68,060
- Non-admitting miscellaneous assets not specifically identified as admitted: \$56,946

Also included in this total adjustment is an increase in unassigned funds of \$23,720,124 related to establishing a deferred tax asset.

Changes in accounting principles during 2001 were as follows:

- The individual disabled life reserve system was converted from a grouped factor driven method to a seriatim first principles method. This change was treated as a change in valuation basis by increasing the Company's aggregate reserve for accident and health policies and decreasing surplus by \$4,819,153 at January 1, 2001.

Corrections during 2001 were as follows:

- A liability had not been recognized for several deferred compensation contracts dated prior to 2001, which resulted in liabilities being understated by \$2,771,925 at December 31, 2000. The understatement was corrected by increasing the liability held for benefits for employees and agents and decreasing surplus by \$2,771,925 at January 1, 2001.
- An overstatement occurred in the calculation of group health reserves, which resulted in reserves being overstated by \$510,000 at December 31, 2000. The overstatement was corrected by decreasing the Company's aggregate reserve for accident and health policies and increasing surplus by \$510,000 at January 1, 2001.

**3. Business Combinations and Goodwill**

Not applicable.

**4. Discontinued Operations**

Not applicable.

**5. Investments****a. Mortgage Loans**

- i. The maximum and minimum rate for mortgage loans issued during 2002 were as follows:  
City loans 7.85% and 5.75%.
- ii. During 2001, the Company reduced interest rates of outstanding mortgage loans as follows:  
3% \$0, 0 loans; 2% \$0, 0 loans; 1% \$0, 0 loans.
- iii. The maximum percentage of any one loan to the value of security at the time of origination, exclusive of insured or guaranteed or purchase money mortgages was: 75%

	<u>Current Year</u>	<u>Prior Year</u>
iv. As of year end, the Company held mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest	\$ 0	\$ 0
a. Total interest due on mortgages with interest more than 180 days past due	\$ 0	\$ 0
v. Taxes, assessments and any amounts advanced and not included in the mortgage loan total	\$ 0	\$ 0
vi. Current year impaired loans with a related allowance for credit losses	\$ 0	\$ 0
a. Related allowance for credit losses	\$ 0	\$ 0
vii. Impaired mortgage loans without an allowance for credit losses	\$ 0	\$ 0
viii. Average recorded investment in impaired loans	\$ 0	\$ 0
ix. Interest income recognized during the period the loans were impaired	\$ 0	\$ 0
x. Amount of interest income recognized on a cash basis during the period the loans were impaired	\$ 0	\$ 0

- xi. Not applicable.

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**NOTES TO FINANCIAL STATEMENTS**


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**b. Debt Restructuring**

	<u>Current Year</u>	<u>Prior Year</u>
i. The total recorded investment in restructured loans, as of year-end	\$ 0	\$ 0
ii. The realized capital losses related to these loans	\$ 0	\$ 0
iii. Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings	\$ 0	\$ 0
iv. Not applicable.		
v. Allowances for credit losses:		
a. Balance at beginning of period	\$ 0	\$ 0
b. Additions charged to operations	0	0
c. Direct write-downs charged against the allowances	0	0
d. Recoveries of amounts previously charged off	<u>0</u>	<u>0</u>
e. Balance at end of period	\$ <u>0</u>	\$ <u>0</u>

**c. Reverse Mortgages**

None

**d. Loan-Backed Securities**

- i. Loan-backed securities are stated at amortized cost using the interest method including anticipated prepayments at the date of purchase.
- ii. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment.
- iii. The market values for publicly traded bonds were obtained from HUB Data, an outside pricing service. The market values for most private placement bonds were obtained from Capital Management Science System. The remaining market values were based on comparable publicly offered bonds of the same rate, maturity and quality.
- iv. The retrospective adjustment method is used to value all securities and has not changed from prior years.

**e. Repurchase Agreements**

None

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

- a. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- b. In 2001, the Company recognized impairment write-downs for its investment in Seaboard Capital Partners, LP and Global Convergence, LP of \$1,285,956 and \$765,583, respectively.

**7. Investment Income**

- a. Due and accrued income was excluded from surplus on the following basis:  
All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default (180 days).
- b. The total amount excluded was \$0.

**8. Derivative Instruments**

- a. The Company is exposed to credit-related losses in the event of nonperformance by counter-parties to the call options. To minimize this risk, the Company only enters into private contracts with counter-parties having Standard & Poor's credit ratings of AA- or above or listed contracts guaranteed by the Chicago Board Options Exchange. The credit exposure is limited to the market value of the call options and swaps of \$1,536,195 at December 31, 2002.
- b. The Company purchases call options to hedge insurance contracts whose credited interest is linked to returns in Standard & Poor's 500 Stock Index (Index) based on a formula which applies participation rates to the returns in the Index. Call options are contracts, which give the option purchaser the right, but not the obligation, to buy securities at a specified price during a specified period. The Company holds call options, which expire quarterly until December 31, 2003. The Company paid initial fees (the option premium) to enter the option contracts. The Index call options give the Company the right to receive cash at settlement if the closing Index value is above the strike price. These proceeds do not result in income to the Company because the hedged insurance contracts would be credited interest for an equivalent amount.

The Company enters into one-month swap agreements with Deutsche Bank and Morgan Stanley to hedge the change in value of a portion of its investments in certain Summit Mutual Fund, Inc. mutual funds. The notional amount of the swap agreements is set based on the amount of the Company's investments in the mutual funds that it determines to hedge. Under the swap agreements, the Company pays or receives the total return of the associated indexes during the term of the swap agreements, and receives interest income on the notional amount of the swap agreements that approximates the prevailing short-term rates. Upon termination of the swap agreements, the return paid or received based on the return of the associated indexes is recorded through surplus as an unrealized gain or loss and the cost basis of the hedged Summit

**NOTES TO FINANCIAL STATEMENTS**

mutual funds is adjusted. The Company records the change in value of its investments in the hedged Summit mutual funds through surplus as an unrealized gain or loss. The interest revenue resulting from the swap agreements is not part of the hedging relationship, and is recorded directly to "Net investment income" in the Summary of Operations.

For the years ended December 31, 2002 and 2001, the swap agreements offset unrealized losses of \$3,449,000 and \$4,188,000, respectively, and realized losses of \$7,919,000 and \$1,215,000, respectively, that the Company incurred in the hedged mutual funds. Interest income based on the notional value of the swap agreements of \$138,000 and \$1,157,000, respectively, was earned in 2002 and 2001. The swap agreements met the criteria of an effective hedge.

In addition, in 2002, the Company entered into interest rate swap agreements with a notional value of \$200,000,000 with Deutsche Bank and Morgan Stanley. The purpose of the interest rate swap agreements was to hedge interest rate risk associated with a pool of commercial mortgage loans that the Company had agreed to sell to Morgan Stanley. Under the interest rate swap agreements, the Company paid a fixed rate and received a floating interest rate. The objective of the interest rate swaps was to offset any change in value due to market interest rate fluctuations of the pool of commercial mortgage loans prior to the sale to Morgan Stanley. The interest rate swaps were terminated upon the closing of the sale of the mortgage loans to Morgan Stanley. A loss of \$5,980,000 was incurred on the swap agreements. The loss was combined with the gain on the sale of the commercial mortgage loans to Morgan Stanley. The interest rate swap agreements met the criteria of an effective hedge.

- c. The S&P 500 Index call options are valued consistently with hedged items. The marked to market adjustment is recognized as net investment income. During 2002, a loss of \$6,043,000 was recorded in net investment income related to the S&P 500 Index call options. However, there is no net effect on operations as interest credited to policyholders is adjusted accordingly. The Company uses the group method of amortization for interest-related gains and losses arising from the sale of securities.

**9. Income Taxes**

The components of the net deferred tax asset/(liability) at December 31 are:

	<u>2002</u>	<u>2001</u>
	<i>(000's Omitted)</i>	
Total of gross deferred tax assets	\$113,829	\$104,665
Total of deferred tax liabilities	<u>(6,020)</u>	<u>(4,028)</u>
Net deferred tax assets	107,809	100,637
Deferred tax assets non-admitted	<u>(81,297)</u>	<u>(74,520)</u>
Net admitted deferred tax assets	<u>\$ 26,512</u>	<u>\$ 26,117</u>
Increase in non-admitted deferred tax assets	<u>\$ 6,777</u>	<u>\$ 10,370</u>

The provision for incurred taxes on earnings for the years ended December 31 are:

Federal income tax expense (benefit) on gain from operations	\$ (6,245)	\$15,042
Federal income tax benefit on net capital losses	<u>(8,217)</u>	<u>(8,354)</u>
Federal income taxes incurred	<u>\$(14,462)</u>	<u>\$ 6,688</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31 are as follows:

	<u>2002</u>	<u>2001</u>
	<i>(000's Omitted)</i>	
Deferred tax assets:		
Policyholder dividends	\$4,739	\$5,269
Reserves	17,812	18,159
Unrealized capital losses	30,361	22,365
Proxy DAC	36,893	33,236
Deferred compensation and benefit liabilities	12,244	13,174
Other	<u>11,780</u>	<u>12,462</u>
Total deferred tax assets	113,829	104,665
Non-admitted deferred tax assets	<u>(81,297)</u>	<u>(74,520)</u>
Admitted deferred tax assets	<u>32,532</u>	<u>30,145</u>
Deferred tax liabilities:		
Bond discount	430	1,643
Depreciation	507	508
Pension plan	4,998	1,874
Other	<u>85</u>	<u>3</u>
Total deferred tax liabilities	<u>6,020</u>	<u>4,028</u>
Net admitted deferred tax asset	<u>\$26,512</u>	<u>\$26,117</u>

**NOTES TO FINANCIAL STATEMENTS**

The change in net deferred income taxes as of December 31 is comprised of the following:

	<u>2002</u>	<u>2001</u> <i>(000's Omitted)</i>	<u>Change</u>
Total deferred tax assets	\$113,829	\$104,665	\$9,164
Total deferred tax liabilities	<u>6,020</u>	<u>4,028</u>	<u>1,992</u>
Net deferred tax asset	<u>\$107,809</u>	<u>\$100,637</u>	7,172
Tax effect of unrealized gains (losses)			<u>0</u>
Change in net deferred income tax			<u>\$7,172</u>

The provision for federal income taxes incurred and the change in deferred tax assets and liabilities differs from the result obtained by applying the federal statutory rate to pre-tax net income due to the dividends received deduction and the release of tax reserves no longer required.

The amount of federal income taxes incurred in the current year and each preceding year, which are available for recoupment in the event of future net losses is \$35,719,070.

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

- Summit Investment Partners, Inc.
- Carillon Investments, Inc.
- Carillon Marketing Agency, Inc.
- PRBA, Inc.
- Family Enterprise Institute, Inc.
- Union Central Mortgage Funding, Inc.

The consolidated tax liability is allocated among members based on the portion of consolidated taxable income attributable to each member. Intercompany tax balances are settled annually.

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

**a-c.** During 2002, the Summit Emerging Markets Bond Fund was liquidated. The Company withdrew its entire balance in the Fund and realized a loss of \$1,584,685. In addition, during 2002, the Company sold B&B Benefits Administration, Inc. No realized gain or loss was recognized as a result of the sale.

During 2002, the Company established Union Central Mortgage Funding, Inc., which is a facility to originate, sell and service commercial mortgage loans.

The Company earned the following dividends from its subsidiaries and affiliates in 2002 and 2001:

	<u>2002</u>	<u>2001</u> <i>(000's Omitted)</i>
Summit Investment Partners, Inc.	\$1,048	\$1,112
Carillon Investments, Inc.	0	100
Summit Apex Russell 2000 Small Cap Index Fund	31	110
Summit Pinnacle Russell 2000 Small Cap Index Portfolio	118	759
Summit Apex Lehman Aggregate Bond Index Fund	136	703
Summit Pinnacle S&P MidCap 400 Index Portfolio	0	1,062
Summit Apex S&P MidCap 400 Index Fund	0	10
Summit Apex Total Social Impact Fund	34	30
Summit Apex EAFE International Index Fund	72	62
Summit Apex High Yield Bond Fund	1,316	1,699
Summit Investment Partners, LLC	300	1,550
Summit Apex Emerging Markets Bond Fund	<u>329</u>	<u>2,160</u>
Total	<u>\$3,384</u>	<u>\$9,357</u>

In addition, the Company had combined investments in eight affiliated mutual funds (Summit Apex Nasdaq - 100 Index Fund, Summit Apex Russell 2000 Small Cap Index Fund, Summit Pinnacle Russell 2000 Small Cap Index Portfolio, Summit Apex High Yield Bond Fund, Summit Apex EAFE International Index Fund, Summit Pinnacle EAFE International Index Portfolio, Summit Apex Total Social Impact Fund and Summit Apex Everest Fund) of \$32,554,666 as of December 31, 2002. The Company had combined investments in eleven affiliated mutual funds (Summit Pinnacle S&P MidCap 400 Index Portfolio, Summit Pinnacle Nasdaq - 100 Index Portfolio, Summit Pinnacle Russell 2000 Small Cap Index Portfolio, Summit Apex Lehman Aggregate Bond Index Fund, Summit Apex EAFE International Index Fund, Summit Apex Total Social Impact Fund, Summit Apex Nasdaq - 100 Index Fund, Summit Apex Russell 2000 Small Cap Index Fund, Summit Apex High Yield Bond Fund, Summit Apex Emerging Markets Bond Fund, and Summit Apex S&P MidCap 400 Index Fund) of \$91,039,971 as of December 31, 2001.

- d.** At December 31, 2002, the Company reported \$4,879,312 as amounts due from its affiliates.
- e.** The Company did not enter into any guarantees or undertakings for the benefit of its subsidiaries during 2002 and 2001, which would result in a material contingent exposure of the Company's assets.
- f.** During 2002 and 2001, the Company provided facilities and certain data processing, actuarial, accounting, legal, tax, administrative, and executive services to various subsidiaries for a fee based on the cost of the services.

**NOTES TO FINANCIAL STATEMENTS**

- g.** The Union Central Life Insurance Company is a mutual life insurance company and is not directly or indirectly owned by any other company, corporation, group of companies, partnership or individual.
- h.** The Company does not own shares of an upstream intermediate or ultimate parent, either directly or indirectly.
- i.** The Company does not have any investments in Subsidiary, Controlled or Affiliated Companies, which exceed 10% of its admitted assets.
- j.** During 2002, the Company recognized impairment write-downs for the following affiliated mutual funds:

• Summit Apex High Yield Bond Fund	\$(2,708,641)
• Summit Apex Total Social Impact Fund	\$(1,508,558)

**11. Debt**

Not applicable.

**12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans****a. Defined Benefit Plan**

The Company has a defined benefit pension plan covering its salaried employees. Benefits are based on years of service and the employee's highest five consecutive years of compensation out of the last ten years. Pension expense was determined in accordance with Statements of Statutory Accounting Principles No. 8 and the plan has met the minimum funding requirements specified by the Employee Retirement Income Security Act of 1974 (ERISA). In addition, the Company has a non-qualified pension plan under which the Company makes payments under certain voluntary arrangements for payment of retirement benefits, which are not provided under the defined benefit pension plan.

The measurement date for the Company's pension benefits is December 31. The measurement date for Other Postretirement Benefits is October 1. A summary of assets, obligations and assumptions of the Pension and Other Postretirement Benefit Plans follows:

	<b>Pension Benefits</b>		<b>Other</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
<b>i. Change in projected benefit obligation:</b>				
<i>a.</i> Benefit obligation at beginning of year	\$ 112,946,687	\$ 96,294,820	\$ 15,068,276	\$ 13,727,398
<i>b.</i> Service cost	4,159,026	3,876,458	969,518	611,610
<i>c.</i> Interest cost	8,264,984	7,267,129	1,075,884	1,014,488
<i>d.</i> Plan participants' contributions	0	0	(220,343)	(179,715)
<i>e.</i> Actuarial (gain)/loss	5,675,670	12,085,854	(39,930)	1,382,916
<i>f.</i> Benefits paid	(5,792,238)	(6,577,574)	(1,191,089)	(1,488,421)
<i>g.</i> Plan amendments	<u>(10,751,322)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>h.</i> Benefit obligation at end of year	<u>\$ 114,502,807</u>	<u>\$ 112,946,687</u>	<u>\$ 15,662,316</u>	<u>\$ 15,068,276</u>
<b>ii. Change in plan assets:</b>				
<i>a.</i> Fair value of plan assets at beginning of year	\$ 90,705,555	\$ 76,378,626	\$ 6,585,969	\$ 6,649,346
<i>b.</i> Actual return on plan assets	(10,325,914)	(5,346,174)	(1,323,036)	304,759
<i>c.</i> Employer contribution	20,157,212	26,250,677	2,176,842	1,300,000
<i>d.</i> Plan participants' contributions	0	0	220,343	179,715
<i>e.</i> Benefits and expenses paid	<u>(5,792,238)</u>	<u>(6,577,574)</u>	<u>(1,825,491)</u>	<u>(1,847,851)</u>
<i>f.</i> Fair value of plan assets at end of year	<u>\$ 94,744,615</u>	<u>\$ 90,705,555</u>	<u>\$ 5,834,627</u>	<u>\$ 6,585,969</u>
<b>iii. Funded Status:</b>				
<i>a.</i> Unrecognized net (gain)/loss	\$ 48,258,323	\$ 25,709,176	\$ (143,996)	\$ (2,166,258)
<i>b.</i> (Accrued)/prepaid pension cost	\$ 17,748,809	\$ 3,468,044	\$ (8,871,685)	\$ (10,648,565)
<i>c.</i> Intangible asset	\$ 10,751,322	\$ 0	\$ 0	\$ 0
The intangible asset is due to plan amendments, which are effective in early 2003.				
<b>iv. Benefit obligation for non-vested employees</b>	\$ 2,334,342	\$ 2,588,700	\$ 4,199,023	\$ 4,177,767
<b>v. Components of net periodic benefit cost:</b>				
<i>a.</i> Service cost	\$ 4,159,026	\$ 3,876,458	\$ 969,518	\$ 611,610
<i>b.</i> Interest cost	8,264,984	7,267,129	1,075,884	1,014,488
<i>c.</i> Expected return on plan assets	(7,830,004)	(8,277,148)	(498,338)	(448,502)
<i>d.</i> Amount of recognized (gains)/losses	1,282,441	0	(47,102)	(178,475)
<i>e.</i> Amount of prior service cost recognized	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>f.</i> Total net periodic benefit cost	<u>\$ 5,876,447</u>	<u>\$ 2,866,439</u>	<u>\$ 1,499,962</u>	<u>\$ 999,121</u>
<b>vi.</b> A minimum pension liability adjustment is recognized when the actuarial present value of accumulated benefits exceeds plan assets and accrued pension liabilities. The change in the minimum liability adjustment, less the change in the intangible asset, is reported as expense in the Summary of Operations. The change in the minimum pension liability at December 31, 2002 was \$23,672,485. The change in the intangible asset offsetting the minimum pension liability was \$10,751,322 at December 31, 2002. The net amount of \$12,921,163 was recognized through expense as of December 31, 2002. Changes in the minimum pension liability adjustment were recognized through surplus in 2001.				

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**NOTES TO FINANCIAL STATEMENTS**


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	Pension Benefits		Other Postretirement Benefits	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<b>vii. Weighted-average assumptions as of December 31:</b>				
<i>a.</i> Discount rate	7.00%	7.50%	7.00%	7.50%
<i>b.</i> Rate of compensation increase	3.50%	4.00%	3.50%	4.00%
<i>c.</i> Expected long-term rate of return on plan assets	8.50%	8.50%	8.50%	8.50%

**viii. Other Postretirement Benefit Plans*****a. The VEBA Life Insurance Benefit Plan:***

The Company has a life insurance plan covering its salaried employees, agents, and retirees. The Company pays for part of the coverage and the employee pays for part of the coverage. Benefits are based on a percentage of salary.

***b. The Union Central Life Insurance Company VEBA Comprehensive Medical Plan:***

The Company has a comprehensive major medical, dental, and prescription drug plan covering its salaried employees, certain agents, and retirees. The Company pays for part of the coverage and the participant pays for part of the coverage. Benefits are defined in the plan at varying percentages of cost up to certain limits.

***c. Deferred Compensation Plans***

The Company has a Deferred Compensation Plan covering the Board of Directors and certain management employees and certain non-qualified deferred compensation arrangements for agents.

The Company's method of accounting for the costs of postretirement benefit plans other than pensions is the accrual method.

- ix.** The health care cost trend rate was 11.3% graded to 5.0% over 10 years for 2002. The health care cost trend rate assumption has an insignificant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by one percentage point in each year would increase the postretirement benefit obligation as of December 31, 2002 by \$18,311 and the interest cost and estimated eligibility cost components of the net periodic postretirement benefit cost by \$1,282 and less than \$100, respectively.

**b. Defined Contribution Plan**

The Company has a 401(k) plan for salaried employees in the home office and in its branch offices. To participate, contributions of at least one percent of compensation are required. The Company will match fifty percent of the first six percent a participant contributes. The Company's contributions were \$1,525,201 in 2002 and \$1,375,934 in 2001. On December 31, 2002, the value of the plan assets was \$53,841,387. The assets are held in the deposit fund or under the variable accounts of a group annuity policy.

In addition, the Company has a 401(k) plan for full-time agents. To participate, contributions of at least one percent of compensation are required. The Company will match fifty percent of the first six percent of compensation a participant contributes. The Company's contributions were \$439,081 in 2002 and \$420,316 in 2001. At December 31, 2002, the value of the plan assets was \$11,966,083. The assets are held in the deposit fund or under the variable accounts of a group annuity policy.

**c. Multiemployer Plans**

Not applicable.

**d. Consolidated/Holding Company Plans**

Not applicable.

**e. Postemployment Benefits and Compensated Absences**

Not applicable.

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

**i.** Not applicable.

**ii.** Not applicable.

**iii.** Not applicable.

**iv.** Not applicable.

**v.** Not applicable.

**vi.** None.

**vii.** None.

**viii.** Changes in balances of special surplus funds from the prior year are due to normal recurring adjustments.

**NOTES TO FINANCIAL STATEMENTS**

**ix.** The portion of unassigned funds (surplus) increased or (decreased) by each item below is as follows:

<b>a.</b> Unrealized gains and losses:	\$(11,638,983)
<b>b.</b> Non-admitted asset values:	(16,876,546)
<b>c.</b> Separate account business:	0
<b>d.</b> Asset valuation reserve:	19,249,485
<b>e.</b> Reinsurance in unauthorized companies:	33,052

**x.** On November 1, 1996, the Company issued \$50,000,000 of 8.20% Surplus Notes (Notes). The amount of the Notes outstanding at December 31, 2002 and December 31, 2001 is \$49,792,650 and \$49,783,950, respectively. These Notes mature on November 1, 2026 and may not be redeemed prior to maturity. The Notes are unsecured and subordinated to all present and future policy claims, prior claims and senior indebtedness. Subject to prior written approval of the Superintendent of the Ohio Insurance Department, these Notes will pay interest semiannually on May 1 and November 1. In accordance with Ohio Insurance Department Regulations, interest cannot be accrued until written approval has been received. Interest totaling \$4,100,000 was paid in 2002.

**xi.** Not applicable.

**xii.** Not applicable.

**14. Contingencies****a. Contingent Commitments**

The Company has no material contingent liabilities, however the Company does have commitments to invest \$14,697,151 in equity-type limited partnerships during the years 2003 to 2011, and it has outstanding agreements to fund mortgages totaling \$30,220,000 in early 2003. These transactions are in the normal course of business for the Company.

In addition, in 2002 the Company sold commercial mortgage loans with a book value of \$186,686,471 to Morgan Stanley. An interest rate related realized gain of \$15,857,333 (net of the loss of \$5,980,000 on interest rate swaps used to hedge interest rate risk associated with the mortgage loans) was recorded on the transaction. Relative to the sale, the Company has agreed to repurchase mortgage loans which are secured by properties that do not have terrorism insurance in place, in the event the properties are subjected to a terrorist attack resulting in a loss. As of December 31, 2002, the maximum potential exposure to the Company is \$39,100,000. It is management's opinion that the probability of loss related to this commitment is remote due to the nature and location of the properties.

In 2000, the Company commenced the development of a 123-acre business park (the Park), which included the installation of infrastructure and a roadway. To fund the cost of the infrastructure and roadway, the municipality in which the Park is located issued \$2,800,000 of municipal bonds. The municipal bonds will be paid off through tax increment financing (TIF). TIF is an economic development tool that allows a local government to use increases in real property tax revenues to finance public infrastructure improvements. Thus, the development of the Park will result in increased real property tax revenues, which will be directed to pay off the municipal bonds. If increases in real property tax revenues from the Park are not sufficient to service the municipal bonds, the Company must fund any shortage. The maximum estimated potential exposure to the Company is \$2,000,000. Based upon current projections, the Company anticipates the increased property tax revenues will be sufficient to fully service the municipal bonds.

**b. Assessments**

The economy and other factors have caused an increase in the number of insurance companies that are under regulatory supervision. This circumstance is expected to result in an increase in assessments by state guaranty funds, or voluntary payments by solvent insurance companies, to fund policyholder losses or liabilities of insurance companies that become insolvent. These assessments may be deferred or forgiven under most guaranty laws if they would threaten an insurer's financial strength and, in certain instances, may be offset against future premium taxes. For 2002 and 2001, the charge to operations related to these assessments was not significant. The estimated liability of \$880,000 and \$907,000 at December 31, 2002 and 2001, respectively, was based on data provided by the National Organization of Life and Health Insurance Guaranty Associations.

**c. Gain Contingencies**

None

**d. All Other Contingencies**

There are no legal proceedings, which are beyond the ordinary course of business, which could have a material effect on the financial position of the Company.

**15. Leases**

**a.i.** The Company leased office space for various field agency offices with lease terms of varying duration from 1 to 15 years. Some of these leases include escalation clauses, which vary with levels of operating expense. Rental expense under these leases totaled \$2,849,000 and \$2,753,000 in 2002 and 2001, respectively. The Company leased equipment through a series of arrangements in 2002 and 2001 and leased furniture under leases, which expired in 2001. Rental expense under these leases was \$104,331 in 2002 and \$139,771 in 2001.

**NOTES TO FINANCIAL STATEMENTS**

ii. At December 31, 2002, the future minimum lease payments for all non-cancelable operating leases are as follows:

<u>Year</u>	<u>Amount</u>
2003	\$2,496,000
2004	1,973,000
2005	1,321,000
2006	1,025,000
2007	36,000
After 2007	<u>0</u>
Total	<u>\$6,851,000</u>

iii. a. The Company is not involved in any sale-leaseback transactions.

b. Not applicable.

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

Not applicable.

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

Not applicable.

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

The Company has no uninsured or partially insured A&H plans for which it serves as administrator.

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

Not applicable.

**20. Other Items**

**a. Extraordinary Items**

None

**b. Troubled Debt Restructuring**

None

**c. Other Disclosures**

The Company elected to use rounding in reporting amounts in the statement (except truncation was elected in reporting amounts in Schedule D). In addition, certain prior year numbers have been reclassified to conform with current presentation.

**d-h.** Not applicable.

i. The Company recovered \$354,502 from reinsurance and did not recognize any losses during 2002 as a result of the terrorists' attacks of September 11, 2001. During 2001, the Company recognized \$854,502 in losses, before reinsurance, on certain individual and group contracts related to the September 11 attacks.

j. The Company recognized the following impairments as net realized capital losses from its commercial real estate portfolio during 2002:

<u>Asset</u>	<u>Impairment Loss</u>
Anderson Center	\$(1,011,000)
1500 Lake Shore	\$( 616,165)

Fair value was computed based on market quotes. These impairments occurred because carrying amounts exceeded the fair value and are included in "Net realized capital gains or (losses) less capital gains tax and transferred to the IMR" in the Summary of Operations.

k. The Company annually determines the amount of dividends payable to eligible policyholders. These dividends reduce the cost of insurance to policyholders and should be distinguished from dividends paid on shares of capital stock by other types of business corporations or by stock life insurance companies. Policies on which such dividends may be payable are referred to as participating policies; policies on which such dividends are not payable are referred to as nonparticipating policies. Certain policies issued by the Company, including participating policies, provide means other than dividends to effect changes in the cost of insurance to policyholders, such as the adjusting of any expense charges, mortality or morbidity charges, and/or interest credits to reflect experience different from that assumed in pricing these policies. Most annuities in the accumulation phase and universal life insurance policies do not receive dividends, but adjustments are made, usually annually, in the credited interest rates to reflect actual experience. Group insurance policies generally do not receive dividends, but rather receive annual adjustments to their cost of insurance based on their own experience or on the experience of a pooled group of similar policies.

Surplus in excess of the amount that the Board of Directors of the Company determines is necessary to meet current and future policyholder obligations and to maintain reserves and allow for appropriate growth of the Company's business is distributed annually in the form of dividends to participating policyholders in accordance with actuarially determined dividend scales. The Company recognized \$14,211,320 in dividends to policyholders for the year ending December 31,

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**NOTES TO FINANCIAL STATEMENTS**


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2002. Insurance in force receiving dividends accounted for 4.54% of total insurance in force at December 31, 2002.

- l.** As of December 31, 2002, the Company had liabilities of \$6,177,504 related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.
- m.** The balance in the liability for unpaid accident and health claim adjustment expenses as of December 31, 2002 and December 31, 2001 was \$3,395,234 and \$3,128,799 respectively.

The Company incurred \$554,326 and paid \$891,359 of claim adjustment expenses in the current year, of which \$311,890 of the paid amount was attributable to insured or covered events of prior years. The Company did not change the provision for insured events of prior years.

Anticipated salvage and subrogation is not included in the Company's determination of the liability for unpaid claims/losses.

- n.** Not applicable.

**21. Events Subsequent**

None.

**22. Reinsurance**
**a. Ceded Reinsurance Report**
**Section 1 General Interrogatories**

- i.** 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.
- ii.** 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) which 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**

- i.** 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? \$ \_\_\_\_\_
- ii.** 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 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**

- i.** 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. \$0
- ii.** Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in force, which had existing reserves established by the company as of the effective date of the agreement? Yes ( ) No ( X )

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

**b. Uncollectible Reinsurance**

The Company wrote off no uncollectible reinsurance.

**c. Commutation of Ceded Reinsurance**

Not applicable.

**23. Retrospectively Rated Contracts**

- a.** The Company estimates accrued retrospective premium adjustments for its group health insurance business based on the terms included in each retrospective premium contract.
- b.** Total accrued retrospective premium was \$3,908,105 at December 31, 2002. The amount of net premiums written by the

**NOTES TO FINANCIAL STATEMENTS**

Company at December 31, 2002 that were subject to retrospective rating features was \$4,549,000, which represented 20.7% of the total net premiums written for the group health business. No other net premiums written by the Company are subject to retrospective rating features.

**24. Change in Incurred Loss and Loss Adjustment Expenses**

Reserves for loss adjustment expenses attributable to insured events for prior years was increased by \$242,435 from \$2,565,799 in 2001 to \$2,808,234 in 2002 as a result of reestimation of loss adjustment expenses principally on the individual disability income line of business. This increase is the result of the changing number of inforce claims and the update of historical litigated claim expenses.

Reserves for group loss adjustment expenses increased by \$24,000 from \$563,000 in 2001 to \$587,000 in 2002. Loss adjustment expenses are set at 1.50% of reserves.

**25. Intercompany Pooling Arrangements**

Not applicable.

**26. Reserves for Life Contracts and Deposit-Type Contracts**

a. The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premiums beyond the policy month of death. Surrender values are not promised in excess of the legally computed reserves.

b. Mean reserves for substandard lives are based on appropriate multiples of standard rates of mortality.

c. As of December 31, 2002, the Company had \$1,402,358,757 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the State of Ohio. Additional reserves for this purpose totaled \$6,077,567 at year end and are reported in Exhibit 5, "Miscellaneous Reserves" section, Column 4.

In addition, the Company had \$34,273,720 of Universal Life insurance in force for which the guaranteed maturity premiums are less than the CRVM renewal net premiums. Additional reserves for this purpose totaled \$99,938 at year-end and are reported in Exhibit 5, "Life Insurance" section, Column 4.

d. Tabular interest, tabular less actual reserve released, and tabular cost are determined using the basic data for such items.

e. Tabular interest on funds not involving life contingencies is equal to the actual interest credited as recorded in the Company's ledger.

f. The details for other changes:

<u>Item</u>	<u>Total</u>	<u>Ordinary Life Insurance</u>	<u>Ordinary Individual Annuities</u>	<u>Group Life Insurance</u>	<u>Group Annuities</u>
Line 7	\$(8,384,197)	\$(4,880,746)	\$(2,388,000)	\$(43,496)	\$(1,071,955)

**27. Variable Annuities with Guaranteed Living Benefits**

None.

**28. Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit-Type Contract Funds and other Liabilities Without Life or Disability Contingencies**

	<u>Amount</u>	<u>% of Total</u>
1. Subject to discretionary withdrawal:		
1.1 With market value adjustment	\$ 143,405,792	4.58%
1.2 At book value less current surrender charge of 5% or more	386,093,126	12.33%
1.3 At market value	<u>1,332,196,242</u>	<u>42.56%</u>
1.4 Total with adjustment or at market value	1,861,695,160	59.47%
1.5 At book value without adjustment (minimal or no charge or adjustment)	1,113,287,251	35.56%
2. Not subject to discretionary withdrawal	<u>155,410,997</u>	<u>4.97%</u>
3. Total (gross)	3,130,393,408	<u>100.00%</u>
4. Reinsurance ceded	<u>0</u>	
5. Total (net)* (3) - (4)	\$ <u>3,130,393,408</u>	

\* Reconciliation of total annuity actuarial reserves and deposit fund liabilities.

Life & Accident & Health Annual Statement:

6. Exhibit 5, Annuities Section, Total (net)	\$ 1,669,340,248
7. Exhibit 5, Supplementary Contracts with Life Contingencies Section, Total (net)	11,184,882
8. Exhibit 7, Line 14, Column 1	<u>117,672,036</u>
9. Subtotal	\$ <u>1,798,197,166</u>

**NOTES TO FINANCIAL STATEMENTS**

Separate Accounts Annual Statement:

10. Exhibit 3, Line 0299999, Column 2 1,332,196,24211. Combined Total \$ 3,130,393,408**29. Premium and Annuity Considerations Deferred and Uncollected**

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

<i>Type</i>	(1) <u>Gross</u>	(2) <u>Net of Loading</u>
i. Industrial	\$ N/A	\$ N/A
ii. Ordinary new business	3,437,146	704,277
iii. Ordinary renewal	7,113,502	7,708,268
iv. Credit Life	N/A	N/A
v. Group Life	2,144,643	2,065,104
vi. Group Annuity	<u>0</u>	<u>0</u>
vii. Totals	\$ <u>12,695,291</u>	\$ <u>10,477,649</u>

**30. Separate Accounts**

a. Separate and variable accounts held by the Company represent funds, which support Group Annuities (ESP), Individual Annuities (Variable), and Variable Universal Life (VUL). The assets are carried at market value. Information regarding the separate accounts of the Company is as follows:

	<i>Non Guaranteed Separate Accounts</i>
Premiums, considerations or deposits for year-ended December 31, 2002	\$ 399,535,358
Reserves at December 31, 2002	
For accounts with assets at:	
Market value	\$ 1,377,602,810
Amortized cost	<u>0</u>
Total Reserves	\$ 1,377,602,810
Reserves subject to discretionary withdrawal:	
With market value adjustment	\$ 1,377,602,810
At book value without market value adjustment and with current surrender charge of 5% or more	0
At market value	0
At book value without market value adjustment and with current surrender charge less than 5%	<u>0</u>
Subtotal	1,377,602,810
Not subject to discretionary withdrawal	<u>0</u>
Total	\$ <u>1,377,602,810</u>

**b. Reconciliation of Net Transfers To (From) Separate Accounts**

1. Transfers as reported in the Summary of Operations of the Separate Account Statement:	
a. Transfers to Separate Accounts (Page 4, Line 1.4)	\$ 399,535,358
b. Transfers from Separate Accounts (Page 4, Line 10)	<u>316,693,320</u>
c. Net transfers to (from) Separate Accounts (a) - (b)	82,842,038
2. Reconciling adjustments:	
a. Separate Accounts (Page 4, Line 11)	15,926,490
b. Other items, net	<u>1,518,708</u>
3. Transfers as Reported in the Summary of Operations of the Life, Accident & Health Annual Statement (1c) + (2) = (Page 4, Line 26)	\$ <u>100,287,236</u>

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**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.....	26,757,035	0.6	26,757,035	0.6
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....		0.0		0.0
1.44 Industrial development and similar obligations.....	4,879,629	0.1	4,879,629	0.1
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....	179,736	0.0	179,736	0.0
1.512 Issued by FNMA and FHLMC.....	287,069,969	6.7	287,069,969	6.7
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....	25,829,280	0.6	25,829,280	0.6
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....		0.0		0.0
1.523 All other privately issued.....	1,118,026,462	26.3	1,118,026,462	26.3
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	1,627,154,803	38.2	1,627,154,803	38.2
2.2 Unaffiliated foreign securities.....	156,548,780	3.7	156,548,780	3.7
2.3 Affiliated securities.....	21,190,749	0.5	21,190,749	0.5
3. Equity interests:				
3.1 Investments in mutual funds.....	32,554,666	0.8	32,554,666	0.8
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....	29,334,700	0.7	29,334,700	0.7
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	1,410,268	0.0	1,410,268	0.0
3.4 Other equity securities:				
3.41 Affiliated.....	715,572	0.0	715,572	0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....	578,913,245	13.6	578,913,245	13.6
5. Real estate investments:				
5.1 Property occupied by company.....	22,238,337	0.5	22,238,337	0.5
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....	334,616	0.0	334,616	0.0
5.3 Property held for sale (\$.....13,783,455 including property acquired in satisfaction of debt).....	13,884,985	0.3	13,884,985	0.3
6. Policy loans.....	145,654,125	3.4	144,025,919	3.4
7. Receivables for securities.....	6,939,485	0.2	6,939,485	0.2
8. Cash and short-term investments.....	127,935,931	3.0	127,935,931	3.0
9. Other invested assets.....	30,803,878	0.7	30,803,878	0.7
10. Total invested assets.....	4,258,356,251	100.0	4,256,728,045	100.0

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  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

2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended. \_\_\_\_\_

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1998

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1998

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/07/2000

3.4 By what department or departments? The Insurance Departments of the State of Ohio, Delaware, Kentucky and Nevada

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 a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes  No

4.12 renewals? Yes  No

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes  No

4.22 renewals? Yes  No

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No

5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes  No

6.2 If yes, give full information: \_\_\_\_\_

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes  No

7.2 If yes,  
7.21 State the percentage of foreign control. .....0.000 %

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**GENERAL INTERROGATORIES (continued)**

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Ernst & Young LLP, 1300 Chiquita Center, 250 East Fifth Street, Cincinnati, OH 45202
- 
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?  
 Ann H. Edmiston, Vice President & Actuary  
 1876 Waycross Road, Cincinnati, OH 45240
- 
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 [ ] N/A [ ]

**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 \$.....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 the 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 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 \$.....0
- 15.22 Borrowed from others \$.....0
- 15.23 Leased from others \$.....0
- 15.24 Other \$.....0
- Disclose in the 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 [ X ] No [ ]
- 16.2 If answer is yes:
- 16.21 Amount paid as losses or risk adjustment \$.....0
- 16.22 Amount paid as expenses \$.....11,111
- 16.23 Other amounts paid \$.....0

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

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

Class	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?
Preferred.....	.....	.....	.....	.....	Yes [ ].....No [ ].....	Yes [ ].....No [ ].....
Common.....	.....	.....	.....	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 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	\$.....0
19.22 Subject to repurchase agreements	\$.....0
19.23 Subject to reverse repurchase agreements	\$.....0
19.24 Subject to dollar repurchase agreements	\$.....0
19.25 Subject to reverse dollar repurchase agreements	\$.....0
19.26 Pledged as collateral	\$.....0
19.27 Placed under option agreements	\$.....0
19.28 Letter stock or securities restricted as to sale	\$.....0
19.29 Other	\$.....0

19.3 For each category above, if any of these assets are held by others, 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 [ X ] No [ ]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ X ] No [ ] N/A [ ]  
 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: \$.....0

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

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

1 Name of Custodian(s)	2 Custodian's Address
Bank of New York	1 Wall Street, 14th Floor, New York, NY 10286

## GENERAL INTERROGATORIES (continued)

### INVESTMENT

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

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

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes [ ]      No [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 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
801-55943	Summit Investment Partners, LLC	312 Elm Street, Cincinnati, OH 45202

### OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....3,822,979

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? \$.....1,638,035

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? \$.....27,254

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
Brickler & Eckler	27,254

## 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	\$.....0	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$.....0	
1.31	Reason for excluding		
<hr/>			
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$.....0	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$.....0	
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 [ X ]	No [ ]
2.2	If yes, has a Separate Accounts statement been filed with this Department?	Yes [ X ]	No [ ] N/A [ ]
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?	\$.....0	
2.4	State the authority under which Separate Accounts are maintained:		
	<u>Section 3907-15 of the revised code, State of Ohio, enacted September 17, 1963</u>		
<hr/>			
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 [ X ]	No [ ]
3.2	Net reimbursement of such expenses between reporting entities:		
3.21	Paid	\$.....4,664,720	
3.22	Received	\$.....17,975,275	
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	\$.....0	
4.22	Page 4, Line 1	\$.....0	
5.	For stock reporting entities only:		
5.1	Total amount paid in by stockholders as surplus funds since organization of the reporting entity:	\$.....0	
6.	Total dividends paid stockholders, since organization of the reporting entity:		
6.11	Cash	\$.....5,018,693	
6.12	Stock	\$.....2,400,000	
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		
<hr/>			
7.12	Number of parcels involved	.....0	
7.13	Total book/adjusted carrying value	\$.....0	
7.2	If yes, provide explanation		
<hr/>			
<hr/>			

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**GENERAL INTERROGATORIES (continued)**

**PART 2 - LIFE INTERROGATORIES (continued)**

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 exposures, 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.....	\$.....0	\$.....0	\$.....0
8.32 Paid claims.....	\$.....0	\$.....0	\$.....0
8.33 Claim liability and reserve (beginning of year).....	\$.....0	\$.....0	\$.....0
8.34 Claim liability and reserve (end of year).....	\$.....0	\$.....0	\$.....0
8.35 Incurred claims.....	\$.....0	\$.....0	\$.....0

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.....	\$.....0	\$.....0
8.42 \$25,000 -- 99,999.....	\$.....0	\$.....0
8.43 \$100,000 -- 249,999.....	\$.....0	\$.....0
8.44 \$250,000 -- 999,999.....	\$.....0	\$.....0
8.45 \$1,000,000 or more.....	\$.....0	\$.....0

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools? \$.....0

Annual Statement for the year 2002 of the **The Union Central 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
<b>Life Insurance in Force (Exhibit of Life Insurance)</b>					
1. Ordinary - whole life and endowment (Line 34, Col. 4).....	17,257,108	16,553,520	15,647,549	15,265,657	14,920,724
2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4).....	9,030,683	6,459,416	5,543,215	4,989,298	4,517,795
3. Credit life (Line 21, Col. 6).....					
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4).....	16,767,219	16,778,061	22,383,326	19,500,754	8,156,592
5. Industrial (Line 21, Col. 2).....					
6. FEGLI/SGLI (Lines 43 & 44, Col. 4).....					
7. Total (Line 21, Col. 10).....	43,055,010	39,790,997	43,574,090	39,755,709	27,595,111
<b>New Business Issued (Exhibit of Life Insurance)</b>					
8. Ordinary - whole life and endowment (Line 34, Col. 2).....	1,638,260	1,773,886	1,413,023	1,140,942	1,165,907
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2).....	3,279,390	1,765,762	1,095,308	1,176,249	923,065
10. Credit life (Line 2, Col. 6).....					
11. Group (Line 2, Col. 9).....	1,611,356	2,017,519	1,206,649	634,304	696,540
12. Industrial (Line 2, Col. 2).....					
13. Total (Line 2, Col. 10).....	6,529,006	5,557,167	3,714,980	2,951,495	2,785,512
<b>Premium Income - Lines of Business</b>					
14. Industrial life (Exhibit 1-Part 1, Line 20.4, Col. 2).....					
15.1 Ordinary life insurance (Exhibit 1-Part 1, Line 20.4, Col. 3).....	269,018,896	296,309,315	193,383,871	191,313,115	180,543,903
15.2 Ordinary individual annuities (Exhibit 1-Part 1, Line 20.4, Col. 4).....	243,139,685	180,199,966	10,467,247	8,964,451	12,961,566
16. Credit life (group and individual) (Exhibit 1-Part 1, Line 20.4, Col. 5).....					
17.1 Group life insurance (Exhibit 1-Part 1, Line 20.4, Col. 6).....	51,846,416	54,268,339	57,051,660	62,496,983	32,019,088
17.2 Group annuities (Exhibit 1-Part 1, Line 20.4, Col. 7).....	364,944,273	354,658,633	7,312,289	7,086,134	7,489,520
18.1 A&H - group (Exhibit 1-Part 1, Line 20.4, Col. 8).....	21,979,435	17,368,929	14,906,110	12,651,451	8,986,855
18.2 A&H - credit (group and individual) (Exhibit 1-Part 1, Line 20.4, Col. 9).....					
18.3 A&H - other (Exhibit 1-Part 1, Line 20.4, Col. 10).....	36,938,980	33,817,400	31,846,561	31,178,381	29,911,071
19. Aggregate of all other lines of business (Exhibit 1-Part 1, Line 20.4, Col. 11).....					
20. Deposit-type funds.....	XXX	XXX	517,104,720	548,248,441	530,509,495
21. Total.....	987,867,685	936,622,582	832,072,458	861,938,956	802,421,498
<b>Balance Sheet Items (Pages 2 and 3)</b>					
22. Total admitted assets excluding Separate Accounts business (Page 2, Line 25, Col. 3).....	4,397,164,788	3,974,962,296	3,721,852,663	3,684,790,447	3,556,979,987
23. Total liabilities excluding Separate Accounts business (Page 3, Line 26).....	4,126,185,850	3,641,789,693	3,370,967,338	3,340,005,900	3,219,028,244
24. Aggregate life reserves (Page 3, Line 1).....	3,521,403,011	3,163,532,392	2,954,486,361	2,919,181,532	2,823,268,141
25. Aggregate A&H reserves (Page 3, Line 2).....	217,023,501	205,490,517	198,986,524	188,911,728	174,485,254
26. Deposit-type contract funds (Page 3, Line 3).....	117,672,036	109,087,262	XXX	XXX	XXX
27. Asset valuation reserve (Page 3, Line 24.1).....	4,370,236	23,619,721	40,139,157	45,438,776	36,644,070
28. Capital (Page 3, Lines 29 & 30).....					
29. Surplus (Page 3, Line 37).....	270,978,938	333,172,603	353,873,369	347,396,235	343,896,131
<b>Risk-Based Capital Analysis</b>					
30. Total adjusted capital.....	282,216,959	364,462,118	401,819,645	407,097,201	396,053,051
31. Authorized control level risk-based capital.....	54,092,561	60,747,267	67,396,358	68,200,992	70,036,557
<b>Percentage Distribution of Assets (Page 2, Col. 3) (Line No. /Page 2, Line 11, Col. 3) x 100.0</b>					
32. Bonds (Line 1).....	76.8	71.6	71.2	70.2	67.9
33. Stocks (Lines 2.1 and 2.2).....	1.5	3.1	3.1	2.6	3.0
34. Mortgage loans on real estate (Lines 3.1 and 3.2).....	13.6	18.7	19.6	20.2	20.3
35. Real estate (Line 4.1, 4.2 and 4.3).....	0.9	1.1	1.1	1.4	1.3
36. Policy loans (Line 5).....	3.4	3.8	4.1	4.2	4.4
37. Premium notes (Line 6).....					
38. Cash and short-term investments (Line 7).....	3.0	0.8	(0.1)		1.6
39. Other invested assets (Line 8).....	0.7	0.6	0.9	1.1	1.3
40. Receivable for securities (Line 9).....	0.2	0.4	0.1	0.1	0.1
41. Aggregate write-ins for invested assets (Line 10).....	0.0	0.1	0.1	0.2	0.1
42. Cash and invested assets (Line 11).....	100.0	100.0	100.0	100.0	100.0

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**FIVE YEAR HISTORICAL DATA**

(continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
43. Affiliated bonds (Sch. D Summary, Line 25 Col. 1).....					
44. Affiliated preferred stocks (Sch. D Summary, Line 39 Col. 1).....					
45. Affiliated common stocks (Sch. D Summary, Line 53 Col. 2).....	33,270,238	91,836,541	94,894,954	89,499,613	86,505,895
46. Affiliated short-term investments (subtotal included in Schedule DA, Part 2 Col. 5, Line 11).....					
47. Affiliated mortgage loans on real estate.....					
48. All other affiliated.....	2,846,078	2,216,374	2,279,831	2,124,267	159,216
49. Total of above Lines 43 to 48.....	36,116,316	94,052,915	97,174,785	91,623,880	86,665,111
<b>Total Nonadmitted and Admitted Assets</b>					
50. Total nonadmitted assets (Page 2, Line 27, Col. 2).....	129,055,620	121,376,755	32,443,729	26,714,643	17,921,589
51. Total admitted assets (Page 2, Line 27, Col. 3).....	5,797,836,598	5,606,667,969	5,506,554,175	5,604,356,340	5,087,734,524
<b>Investment Data</b>					
52. Net investment income (Exhibit of Net Investment Income).....	258,856,352	262,993,093	256,004,274	279,093,515	280,351,488
53. Realized capital gains (losses).....	(41,865,249)	(36,223,912)	1,476,669	(18,259,580)	(2,851,995)
54. Unrealized capital gains (losses).....	(11,638,983)	(7,086,784)	(26,704,509)	4,440,149	(19,757,039)
55. Total of above Lines 52, 53 and 54.....	205,352,120	219,682,397	230,776,434	265,274,084	257,742,454
<b>Benefits and Reserve Increase (Page 6)</b>					
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).....	573,283,772	654,290,626	778,266,923	772,179,100	643,624,849
57. Total contract benefits - A&H (Lines 13 & 14, Cols. 9, 10 & 11).....	32,234,312	33,846,195	28,773,744	23,681,155	23,871,810
58. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 & 3).....	174,404,443	149,219,217	67,244,169	74,312,291	64,022,158
59. Increase in A&H reserves (Line 19, Cols. 9, 10 & 11).....	11,532,984	6,108,656	10,074,796	11,004,812	8,941,277
60. Dividends to policyholders (Line 30, Col 1).....	14,211,319	15,509,309	16,194,440	16,304,540	16,469,889
<b>Operating Percentages</b>					
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 100.00.....	16.9	15.9	22.0	22.6	19.4
62. Lapse percent (ordinary only) (Exhibit of Life Insurance, Col. 4, Lines 14 & 15) x 100.00 / 1/2 (Lines 1 & 21).....	5.6	6.0	7.0	7.0	7.2
63. A&H loss percent (Schedule H, Part 1, Lines 3 & 4, Col. 2).....	74.3	79.5	83.2	78.8	84.2
64. A&H expense percent (Schedule H, Part 1, Line 8, Col. 2).....	57.3	49.7	48.6	56.6	54.8
<b>A&amp;H Claim Reserve Adequacy</b>					
65. Incurred losses on prior years' claims - group health (Sch. H, Part 3, Line 3.1, Col. 2).....	15,254,442	14,136,406	10,631,084	10,470,327	6,056,726
66. Prior years' claim liability and reserve - group health (Sch. H, Part 3, Line 3.2, Col. 2).....	12,201,552	12,443,455	10,617,242	10,415,268	6,748,467
67. Incurred losses on prior years' claims - health other than group (Sch. H, Part 3, Line 3.1, Col. 1 less Col. 2).....	133,793,189	126,600,888	111,331,566	103,281,329	98,151,595
68. Prior years' claim liability and reserve - health other than group (Sch. H, Part 3, Line 3.2, Col. 1 less Col. 2).....	122,043,579	115,853,822	109,654,557	101,958,469	97,205,628
<b>Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)</b>					
69. Industrial life (Col. 2).....					
70. Ordinary - life (Col. 3).....	(4,310,037)	21,508,351	12,799,320	11,527,957	9,657,342
71. Ordinary - individual annuities (Col. 4).....	(4,082,738)	3,744,727	5,772,084	7,672,647	12,023,867
72. Ordinary - supplementary contracts (Col. 5).....	246,972	(24,311)	(94,166)	317,307	1,586,476
73. Credit life (Col. 6).....					
74. Group life (Col. 7).....	427,437	1,293,070	6,256,109	(6,553,738)	1,701,345
75. Group annuities (Col. 8).....	1,903,059	4,405,460	6,571,665	13,976,510	16,540,616
76. A&H - group (Col. 9).....	(1,015,146)	(2,133,720)	(952,106)	(1,310,675)	(754,585)
77. A&H - credit (Col. 10).....					
78. A&H - other (Col. 11).....	(615,383)	4,436,015	2,446,600	2,479,385	2,951,725
79. Aggregate of all other lines of business (Col. 12).....					
80. Total (Col. 1).....	(7,445,836)	33,229,592	32,799,507	28,109,393	43,706,786

## EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Individual Policies and Group Certificates	6 Amount of Insurance (a)	7 Number of		9 Amount of Insurance (a)	
							Policies	8 Certificates		
1. In force end of prior year.....			195,629	23,012,936			5,000	541,600	16,778,061	39,790,997
2. Issued during year.....			11,834	4,917,650			541	49,212	1,611,356	6,529,006
3. Reinsurance assumed.....			68	(2,462)						(2,462)
4. Revived during year.....			70	11,552						11,552
5. Increased during year (net).....									435,471	435,471
6. Subtotals, Lines 2 to 5.....	0	0	11,972	4,926,740	0	0	541	49,212	2,046,827	6,973,567
7. Additions by dividends during year.....	XXX		XXX	30,967	XXX		XXX	XXX		30,967
8. Aggregate write-ins for increases.....	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8).....	0	0	207,601	27,970,643	0	0	5,541	590,812	18,824,888	46,795,531
<b>Deductions during year:</b>										
10. Death.....			2,351	75,110			XXX	2,041	32,854	107,964
11. Maturity.....			191	13,417			XXX			13,417
12. Disability.....							XXX	235	11,621	11,621
13. Expiry.....			287	13,682			1	5	20	13,702
14. Surrender.....			3,947	526,711				16	150	526,861
15. Lapse.....			3,070	849,671			774	64,660	2,013,024	2,862,695
16. Conversion.....			480	172,446			XXX	XXX	XXX	172,446
17. Decreased (net).....				31,815				50,690		31,815
18. Reinsurance.....										0
19. Aggregate write-ins for decreases.....	0	0	0	0	0	0	0	0	0	0
20. Totals (Lines 10 to 19).....	0	0	10,326	1,682,852	0	0	775	117,647	2,057,669	3,740,521
21. In force end of year (Line 9 minus Line 20).....	0	0	197,275	26,287,791	0	0	4,766	473,165	16,767,219	43,055,010
22. Reinsurance ceded end of year.....	XXX		XXX	13,058,965	XXX		XXX	XXX	3,268,607	16,327,572
23. Line 21 minus Line 22.....	XXX	0	XXX	13,228,826	XXX	(b)	XXX	XXX	13,498,612	26,727,438

### DETAILS OF WRITE-INS

0801. ....										0
0802. ....										0
0803. ....										0
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	0	0	0	0	0	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	0	0	0	0	0	0	0	0	0	0
1901. ....										0
1902. ....										0
1903. ....										0
1998. Summary of remaining write-ins for Line 19 from overflow page.....	0	0	0	0	0	0	0	0	0	0
1999. Totals (Lines 1901 thru 1903 plus 1998) (Line 19 above).....	0	0	0	0	0	0	0	0	0	0

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

(b) Group \$.....0; Individual \$.....0.

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**EXHIBIT OF LIFE INSURANCE (continued)**  
 ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends.....	XXX		XXX	250,985
25. Other paid-up insurance.....			16,546	79,825
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)
27. Term policies-decreasing.....			101	12,831
28. Term policies-other.....	6,899	3,260,610	27,506	8,524,009
29. Other term insurance-decreasing.....	XXX		XXX	
30. Other term insurance.....	XXX	18,780	XXX	361,911
31. Totals, Lines 27 to 30.....	6,899	3,279,390	27,607	8,898,751
Reconciliation to Page 30, Lines 2 and 21:				
32. Term additions.....	XXX		XXX	96,002
33. Totals, extended term insurance.....	XXX	XXX	2,327	35,930
34. Totals, whole life and endowment.....	4,935	1,638,260	167,341	17,257,108
35. Totals, Lines 31 to 34.....	11,834	4,917,650	197,275	26,287,791

**CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS**

	Issued During Year (Included in Page 30, Line 2)		In Force End of Year (Included in Page 30, Line 21)	
	1 Non-Participating	2 Participating	3 Non-Participating	4 Participating
36. Industrial.....				
37. Ordinary.....		4,917,650		26,287,791
38. Credit Life (Group and Individual).....				
39. Group.....		1,611,356		16,767,219
40. Totals (Lines 36 to 39).....	0	6,529,006	0	43,055,010

**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		XXX	
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis.....		XXX		XXX
43. Federal Employees' Group Life Insurance included in Page 30, Line 21.....				
44. Servicemen's Group Life Insurance included in Page 30, Line 21.....				
45. Group Permanent Insurance included in Page 30, Line 21.....			7,396	37,806

**ADDITIONAL ACCIDENTAL DEATH BENEFITS**

46. Amount of additional accident death benefits in force end of year under ordinary policies (a).....	473,726
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**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 included above.
47.1 Effective amount of insurance
47.2 Amount of insurance on life of wife

**POLICIES WITH DISABILITY PROVISIONS**

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium.....			20,331	2,734,474			470,797	22,282,228
49. Disability Income.....			47,739	4,276,297				
50. Extended Benefits.....			XXX	XXX				
51. Other.....								
52. Total.....	0	(b) 0	68,070	(b) 7,010,771	0	(b) 0	470,797	(b) 22,282,228

(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.....	1,598	961	3	
2. Issued during year.....	7	35		
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	1,605	996	3	0
Deductions during year:				
6. Decreased (net).....	173	123	2	
7. Reinsurance.....				
8. Totals (Lines 6 and 7).....	173	123	2	0
9. In force end of year.....	1,432	873	1	0
10. Amount on deposit.....		(a) 7,911,979		(a)
11. Income now payable.....	1,432	180	1	
12. Amount of income payable.....	(a) 1,803,977	(a) 720,231	(a) 2,100	(a)

### ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year.....	1,878	27,616	2,351	101,591
2. Issued during year.....	216	3,256	292	12,766
3. Reinsurance assumed.....				
4. Increased during year (net).....				
5. Total (Lines 1 to 4).....	2,094	30,872	2,643	114,357
Deductions during year:				
6. Decreased (net).....	161	2,182	238	14,068
7. Reinsurance.....				
8. Totals (Lines 6 and 7).....	161	2,182	238	14,068
9. In force end of year.....	1,933	28,690	2,405	100,289
Income now payable:				
10. Amount of income payable.....	(a) 13,643,561	XXX	XXX	(a) 7,206,319
Deferred fully paid:				
11. Account balance.....	XXX	(a) 611,715,590	XXX	(a) 10,049,424
Deferred not fully paid:				
12. Account balance.....	XXX	(a) 627,193,535	XXX	(a) 694,745,102

### 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.....	41,871	44,448,248	1,394	31,705,862		
2. Issued during year.....	4,505		476	17,022,375		
3. Reinsurance assumed.....	55					
4. Increased during year (net).....		XXX		XXX		XXX
5. Total (Lines 1 to 4).....	46,431	XXX	1,870	XXX	0	XXX
Deductions during year:						
6. Conversions.....	XXX	XXX		XXX	XXX	XXX
7. Decreased (net).....	2,783	XXX	221	XXX		XXX
8. Reinsurance.....		XXX		XXX		XXX
9. Totals (Lines 6 to 8).....	2,783	XXX	221	XXX	0	XXX
10. In force end of year.....	43,648	(a) 49,197,358	1,649	(a) 40,933,000	0	(a)

### DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year.....	3,003	2,802
2. Issued during year.....	53	
3. Reinsurance assumed.....		
4. Increased during year (net).....		
5. Total (Lines 1 to 4).....	3,056	2,802
Deductions during year:		
6. Decreased (net).....	103	146
7. Reinsurance.....		
8. Totals (Lines 6 and 7).....	103	146
9. In force end of year.....	2,953	2,656
10. Amount of account balance.....	(a) 65,804,309	(a) 6,147,879

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the Annual Statement Instructions.

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**SCHEDULE D - SUMMARY BY COUNTRY**

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b>				
Governments (Including all obligations guaranteed by governments)	1. United States.....26,936,771	.....26,936,771	.....26,966,203	.....26,825,837
	2. Canada.....	.....	.....	.....
	3. Other Countries.....	.....	.....	.....
	4. Totals.....26,936,771	.....26,936,771	.....26,966,203	.....26,825,837
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	.....	.....	.....
	6. Canada.....	.....	.....	.....
	7. Other Countries.....	.....	.....	.....
	8. Totals.....0	.....0	.....0	.....0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....	.....	.....	.....
	10. Canada.....	.....	.....	.....
	11. Other Countries.....	.....	.....	.....
	12. Totals.....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.....317,778,878	.....317,245,672	.....318,057,329	.....313,643,716
	14. Canada.....	.....	.....	.....
	15. Other Countries.....	.....	.....	.....
	16. Totals.....317,778,878	.....317,245,672	.....318,057,329	.....313,643,716
Public Utilities (unaffiliated)	17. United States.....124,021,481	.....124,543,809	.....124,922,909	.....127,340,633
	18. Canada.....10,035,070	.....10,606,100	.....10,124,730	.....10,000,000
	19. Other Countries.....	.....	.....	.....
	20. Totals.....134,056,551	.....135,149,909	.....135,047,639	.....137,340,633
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....2,636,709,704	.....2,663,839,031	.....2,643,968,840	.....2,667,638,946
	22. Canada.....67,599,456	.....66,315,924	.....67,677,920	.....66,300,000
	23. Other Countries.....84,555,083	.....87,465,129	.....84,727,753	.....87,990,980
	24. Totals.....2,788,864,243	.....2,817,620,084	.....2,796,374,513	.....2,821,929,926
Parent, Subsidiaries and Affiliates	25. Totals.....	.....	.....	.....
	26. <b>Total Bonds</b> .....3,267,636,443	.....3,296,952,436	.....3,276,445,684	.....3,299,740,112
<b>PREFERRED STOCKS</b>				
Public Utilities (Unaffiliated)	27. United States.....	.....	.....	.....
	28. Canada.....	.....	.....	.....
	29. Other Countries.....	.....	.....	.....
	30. Totals.....0	.....0	.....0	.....0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	.....	.....	.....
	32. Canada.....	.....	.....	.....
	33. Other Countries.....23,751,900	.....24,710,525	.....23,751,899	.....
	34. Totals.....23,751,900	.....24,710,525	.....23,751,899	.....
Industrial and Miscellaneous (Unaffiliated)	35. United States.....5,582,800	.....5,530,000	.....5,582,800	.....
	36. Canada.....	.....	.....	.....
	37. Other Countries.....	.....	.....	.....
	38. Totals.....5,582,800	.....5,530,000	.....5,582,800	.....
Parent, Subsidiaries and Affiliates	39. Totals.....	.....	.....	.....
	40. <b>Total Preferred Stocks</b> .....29,334,700	.....30,240,525	.....29,334,699	.....
<b>COMMON STOCKS</b>				
Public Utilities (Unaffiliated)	41. United States.....52,321	.....52,322	.....55,948	.....
	42. Canada.....	.....	.....	.....
	43. Other Countries.....	.....	.....	.....
	44. Totals.....52,321	.....52,322	.....55,948	.....
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....175,961	.....175,962	.....204,767	.....
	46. Canada.....	.....	.....	.....
	47. Other Countries.....16,841	.....16,841	.....17,104	.....
	48. Totals.....192,802	.....192,803	.....221,871	.....
Industrial and Miscellaneous (Unaffiliated)	49. United States.....732,378	.....732,377	.....832,607	.....
	50. Canada.....	.....	.....	.....
	51. Other Countries.....432,767	.....432,767	.....767,347	.....
	52. Totals.....1,165,145	.....1,165,144	.....1,599,954	.....
Parent, Subsidiaries and Affiliates	53. Totals.....33,270,237	.....33,270,236	.....35,713,305	.....
	54. <b>Total Common Stocks</b> .....34,680,505	.....34,680,504	.....37,591,078	.....
	55. <b>Total Stocks</b> .....64,015,205	.....64,921,029	.....66,925,777	.....
	56. <b>Total Bonds and Stocks</b> .....3,331,651,648	.....3,361,873,465	.....3,343,371,461	.....

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....2,318,695,090.

**SCHEDULE D - VERIFICATION BETWEEN YEARS**

1. Book/adjusted carrying value of bonds and stocks, prior year.....	2,877,926,298	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	2,824,169,364	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.....	(40,824,235)	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.....	(5,904,333)		0
3.4 Column 10, Part 4.....	(11,764,239)	7. Book/adjusted carrying value at end of current period.....	3,331,651,648
4. Total gain (loss), Column 14, Part 4.....	(4,116,675)	8. Total valuation allowance.....	_____
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4.....	2,307,834,532	9. Subtotal (Lines 7 plus 8).....	3,331,651,648
		10. Total nonadmitted amounts.....	_____
		11. Statement value of bonds and stocks, current period.....	3,331,651,648

Annual Statement for the year 2002 of the **The Union Central Life Insurance Company**  
**SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS**  
 Allocated by States and Territories

1	2	3	Direct Business Only					
			Life Contracts		4	5	6	
			Life Insurance Premiums	Annuity Considerations				Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees
States, Etc.	Is Insurer Licensed? (Yes or No)							
1. Alabama.....AL	Yes	6,662,534	259,484	900,916				
2. Alaska.....AK	Yes	89,308	219,922	14,088	1,831			
3. Arizona.....AZ	Yes	2,848,584	2,094,886	1,278,628	42,219			
4. Arkansas.....AR	Yes	11,022,443	4,720,239	637,138	182,927			
5. California.....CA	Yes	32,841,735	63,413,410	7,074,858	88,648			
6. Colorado.....CO	Yes	3,938,217	4,804,471	992,979	28,373			
7. Connecticut.....CT	Yes	6,466,439	7,275,528	1,239,887	510,193			
8. Delaware.....DE	Yes	1,470,692	784,666	215,295	71,155			
9. District of Columbia.....DC	Yes	683,538	356,462	132,231	41			
10. Florida.....FL	Yes	18,107,599	16,089,621	2,075,645	349,348			
11. Georgia.....GA	Yes	14,217,506	7,138,351	1,301,496	421,293	50,000		
12. Hawaii.....HI	Yes	571,796	4,276	44,122	1,977			
13. Idaho.....ID	Yes	674,044	1,757,322	472,554				
14. Illinois.....IL	Yes	6,663,766	19,787,373	2,004,902	174,601			
15. Indiana.....IN	Yes	5,199,711	14,034,277	1,384,709	255,489			
16. Iowa.....IA	Yes	4,677,436	1,480,880	647,059	670			
17. Kansas.....KS	Yes	3,567,725	25,538,133	692,606	78,000			
18. Kentucky.....KY	Yes	4,353,487	10,287,229	1,023,045	17,674			
19. Louisiana.....LA	Yes	4,316,675	8,022,871	2,395,876	14,758			
20. Maine.....ME	Yes	3,065,915	3,163,000	382,611	29,159			
21. Maryland.....MD	Yes	2,737,609	3,185,448	695,251	404			
22. Massachusetts.....MA	Yes	9,587,282	10,888,932	1,495,302	45,138			
23. Michigan.....MI	Yes	7,216,800	12,961,650	2,569,830	57,977	23,105		
24. Minnesota.....MN	Yes	3,636,359	5,498,908	674,080	208,847			
25. Mississippi.....MS	Yes	4,182,765	3,414,425	341,144	58,326			
26. Missouri.....MO	Yes	13,388,664	34,521,606	1,500,026	38,163			
27. Montana.....MT	Yes	178,062	447,829	108,129				
28. Nebraska.....NE	Yes	643,779	664,755	171,484	4,101			
29. Nevada.....NV	Yes	488,301	1,929,035	267,691	157,992			
30. New Hampshire.....NH	Yes	1,079,150	3,792,526	103,612	5,005			
31. New Jersey.....NJ	Yes	16,647,736	14,252,472	2,022,800	417,699			
32. New Mexico.....NM	Yes	1,032,642	1,802,848	177,414	545			
33. New York.....NY	Yes	34,479,821	92,111,669	5,066,057	1,416,846			
34. North Carolina.....NC	Yes	10,834,495	35,689,686	3,396,481	261,658			
35. North Dakota.....ND	Yes	198,472	4,912	21,513	245			
36. Ohio.....OH	Yes	23,845,764	82,341,241	3,385,125	483,429	681,783		
37. Oklahoma.....OK	Yes	3,459,790	265,355	773,009	8,126			
38. Oregon.....OR	Yes	3,435,907	8,671,434	588,957	272,963			
39. Pennsylvania.....PA	Yes	13,206,984	36,694,958	2,857,265	2,585,381	294,843		
40. Rhode Island.....RI	Yes	1,314,510	9,095	211,417	127			
41. South Carolina.....SC	Yes	1,260,703	1,723,785	887,898	2,353			
42. South Dakota.....SD	Yes	4,627,039	4,049,626	174,914	616			
43. Tennessee.....TN	Yes	13,542,795	20,103,337	2,953,568	527,750			
44. Texas.....TX	Yes	26,909,366	20,966,592	18,064,929	313,316			
45. Utah.....UT	Yes	1,778,382	1,124,909	85,986	28,330			
46. Vermont.....VT	Yes	5,976,354	1,491,772	67,559				
47. Virginia.....VA	Yes	5,090,361	5,485,472	2,660,613	13,985			
48. Washington.....WA	Yes	2,490,411	2,471,202	542,719	161,737			
49. West Virginia.....WV	Yes	2,351,665	1,249,527	237,092	4,150			
50. Wisconsin.....WI	Yes	2,437,594	5,883,354	794,841				
51. Wyoming.....WY	Yes	687,865	1,513,064	61,137	127			
52. American Samoa.....AS	No							
53. Guam.....GU	No							
54. Puerto Rico.....PR	No	100						
55. US Virgin Islands.....VI	No							
56. Canada.....CN	No	30,896	50,000	2,499				
57. Aggregate Other Alien.....OT	XXX	2,299,955	515,461	17,965	18,322	0		
58. Subtotal.....(a) 51		352,517,528	607,009,286	77,888,952	9,362,014	1,049,731		
91. Dividends or refunds applied to purchase paid-up additions and annuities.....XXX		10,021,152	16,186					
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		1,100,363	8,754	780,009				
94. Aggregate other amounts not allocable by State.....XXX		0	0	0	0	0		
95. Totals (Direct Business).....XXX		363,923,688	607,034,226	78,668,961	9,362,014	1,049,731		
96. Plus reinsurance assumed.....XXX		547,708		5,636,629				
97. Totals (All Business).....XXX		364,471,396	607,034,226	84,305,590	9,362,014	1,049,731		
98. Less reinsurance ceded.....XXX		44,505,842		26,696,527				
99. Totals (All Business) less reinsurance ceded.....XXX		319,965,554	607,034,226	(b) 57,609,063	9,362,014	1,049,731		

**DETAILS OF WRITE-INS**

5701. Other alien.....XXX		2,299,955	515,461	17,965	18,322	0
5702. ....XXX						
5703. ....XXX						
5798. Summary of remaining write-ins for line 57 from overflow page.....XXX		0	0	0	0	0
5799. Total (Lines 5701 thru 5703 plus 5798) (Line 57 above).....XXX		2,299,955	515,461	17,965	18,322	0
9401. ....XXX						
9402. ....XXX						
9403. ....XXX						
9498. Summary of remaining write-ins for line 94 from overflow page.....XXX		0	0	0	0	0
9499. Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....XXX		0	0	0	0	0

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

Life insurance premiums, A&H premiums and annuity considerations have been allocated on the basis of the last address which the Company has been directed to send official notice of premium or considerations due. Premium and annuity considerations on group contracts covering less than 500 lives are allocated to the state in which the largest number are employed. Amounts received under group contracts covering a larger number of employees are allocated to states in direct proportion to the number employed in each state, or by state of residence.

(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, Column, Line 1. Indicate which: Exhibit 1, Lines 6.4, 10.4 and 16.4, Cols. 8, 9 and 10

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

## PART 1 – ORGANIZATIONAL CHART

<u>Relationship</u>	<u>FEI Number</u>	<u>Name</u>	<u>Description</u>
Parent	31-0472910	The Union Central Life Insurance Company	Insurer - OH - 80837
Subsidiary	31-1078377	Carillon Investments, Inc.	Broker/dealer
Subsidiary	31-1235493	Carillon Marketing Agency, Inc.	Insurance agency
Subsidiary	31-1495112	Family Enterprise Institute, Inc.	Sales and marketing
Subsidiary	31-1183145	Summit Investment Partners, Inc.	Investment adviser
Subsidiary	52-2126696	Summit Investment Partners, LLC	Investment adviser
Subsidiary	95-4391804 38-2799783	PRBA, Inc. *Price, Raffel & Browne Administrators, Inc.	Holding company Pension administration
Subsidiary	52-2183950	Payday of America, LLC	Payroll company
Subsidiary	13-4224196	Union Central Mortgage Funding, Inc.	Mortgage origination/servicing company
Affiliate	31-1676449	Summit Apex Nasdaq - 100 Index Fund of Summit Mutual Funds, Inc.	Registered investment company
Affiliate	31-1676526	Summit Apex Russell 2000 Small Cap Index Fund of Summit Mutual Funds, Inc.	Registered investment company
Affiliate	31-1676530	Summit Pinnacle Russell 2000 Small Cap Index Portfolio of Summit Mutual Funds, Inc.	Registered investment company
Affiliate	31-1404970	Summit Apex High Yield Bond Fund of Summit Mutual Funds, Inc.	Registered investment company
Affiliate	31-1739330	Summit Apex EAFE International Index Fund of Summit Mutual Funds, Inc.	Registered investment company
Affiliate	41-2056934	Summit Pinnacle EAFE International Index Portfolio of Summit Mutual Funds, Inc.	Registered investment company
Affiliate	31-1713797	Summit Apex Total Social Impact Fund of Summit Mutual Funds, Inc.	Registered investment company
Affiliate	31-1676446	Summit Apex Everest Fund of Summit Mutual Funds, Inc.	Registered investment company

\*Price, Raffel & Browne Administrators, Inc. is a wholly-owned subsidiary of PRBA, Inc.

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

PART 1 – ORGANIZATIONAL CHART

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