



LIFE AND ACCIDENT AND HEALTH COMPANIES—ASSOCIATION EDITION

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

U.S. FINANCIAL LIFE INSURANCE COMPANY

NAIC Group Code 0395 (Current Period) 0395 (Prior Period) NAIC Company Code 84530 Employer's ID Number 38-2046096

Organized under the Laws of Ohio, State of Domicile or Port of Entry Ohio

Country of Domicile United States of America

Incorporated 09/30/1974 Commenced Business 09/30/1974

Statutory Home Office 10290 Alliance Road, Cincinnati, OH 45242

Main Administrative Office 10290 Alliance Road, Cincinnati, OH 45242, 513-686-2000

Mail Address 10290 Alliance Road, Cincinnati, OH 45242

Primary Location of Books and Records 10290 Alliance Road, Cincinnati, OH 45242, 513-686-2026

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Policyowner Relations Contact 10290 Alliance Road, Cincinnati, OH 45242, 513-686-2000

OFFICERS

President Paul Peter Aniskovich Secretary Loren Gail Lee
Treasurer Samuel Vincent Zink Actuary Deloitte & Touche, LLP

VICE PRESIDENTS

Robert Lee Carroll Scott Eric Christie Timothy Joseph Herr
Bonnie Moyer Householder Sharon Pannos Kaufman Loren Gail Lee
David John Murphy Steven George Orluck William George Schlechter
Erik Paul Simmons Samuel Vincent Zink

DIRECTORS OR TRUSTEES

Paul Peter Aniskovich Chandler Louis McKelvey Robert Lee Carroll
David John Murphy Steven George Orluck Sharon Pannos Kaufman

State of Ohio } ss
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.

Paul Peter Aniskovich
President

Loren Gail Lee
Secretary

Samuel Vincent Zink
Treasurer

Subscribed and sworn to before me this 21st day of February, 2003

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

Cheryl Kocher
Notary Public
9/1/2004

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds	231,579,639		231,579,639	172,105,587
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	.0		.0	.0
2.2 Common stocks (Schedule D, Part 2, Section 2).....	.0		.0	.0
3. Mortgage loans on real estate: (Schedule B, Part 1)				
3.1 First liens	204,305		204,305	207,900
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			.0	.0
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Policy loans	3,620,511		3,620,511	3,566,836
6. Premium notes, including \$ for first year premiums .....			.0	.0
7. Cash (\$10,346,738 , Schedule E, Part 1) and short -term investments (\$0 , Schedule DA, Part 2)	10,346,738		10,346,738	7,729,742
8. Other invested assets (Schedule BA, Part 1) .....	.0		.0	.0
9. Receivable for securities .....			.0	.0
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	245,751,193	.0	245,751,193	183,610,066
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers (Schedule S, Part 2)	13,002,553		13,002,553	3,668,448
12.2 Commissions and expense allowances due	5,182,705		5,182,705	7,067,870
12.3 Experience rating and other refunds due .....			.0	.0
12.4 Other amounts receivable under reinsurance contracts	19,742		19,742	1,293,885
13. Electronic data processing equipment and software.....	954,288	473,534	480,753	431,360
14. Federal and foreign income tax recoverable and interest thereon (including \$2,369,172 net deferred tax asset)	2,369,172		2,369,172	1,678,000
15. Guaranty funds receivable or on deposit	97,480		97,480	101,586
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$546,360 loading)	6,089,255		6,089,255	5,066,020
17. Accident and health premiums due and unpaid .....			.0	.0
18. Investment income due and accrued	4,112,892		4,112,892	2,849,809
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
20. Receivable from parent, subsidiaries and affiliates .....			.0	28,612
21. Amounts receivable relating to uninsured accident and health plans .....			.0	.0
22. Amounts due from agents	302,130	262,405	39,725	74,713
23. Other assets nonadmitted (Exhibit 9)	1,751,057	1,751,057	.0	.0
24. Aggregate write-ins for other than invested assets	558,976	558,976	.0	.0
25. Total assets excluding Separate Accounts business (Lines 11 to 24)	280,191,442	3,045,972	277,145,470	205,870,369
26. From Separate Accounts Statement			0	0
27. Total (Lines 25 and 26)	280,191,442	3,045,972	277,145,470	205,870,369
DETAILS OF WRITE-INS				
1001.				
1002.				
1003.				
1098. Summary of remaining write-ins for Line 10 from overflow page .....	.0	.0	.0	.0
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)	0	0	0	0
2401. Prepaid Expenses.....	524,403	524,403	.0	.0
2402. Company Auto.....	34,573	34,573	.0	.0
2403.				
2498. Summary of remaining write-ins for Line 24 from overflow page .....	.0	.0	.0	.0
2499. Totals (Lines 2401 thru 2403 plus 2498)(Line 24 above)	558,976	558,976	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$235,180,045 (Exh. 5, Line 9999999) less \$ included in Line 6.3 (including \$91,284,222 Modco Reserve)	235,180,045	169,142,323
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1)(including \$0 Modco Reserve)	28,621	29,363
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ Modco Reserve)	2,695,746	2,827,915
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11)	3,303,464	2,798,373
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11)	0	0
5. Policyholders' dividends \$ and coupons \$ due and unpaid (Exhibit 4, Line 10)	0	0
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment to (including \$ Modco).....	0	0
6.2 Dividends not yet apportioned (including \$ Modco)	0	0
6.3 Coupons and similar benefits (including \$ Modco)	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of Lines 4 and 14)	667,718	502,554
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts	0	0
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds	0	0
9.3 Other amounts payable on reinsurance including \$ assumed and \$3,944,342 ceded	3,944,342	1,908,833
9.4 Interest maintenance reserve (Page 33, Line 6)	280,284	45,222
10. Commissions to agents due or accrued-life contracts and annuity contracts \$599,972 accident and health \$ and deposit-type contract funds \$	599,972	0
11. Commissions and expense allowances payable on reinsurance assumed	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Col. 5)	924,385	744,092
13. Transfers to Separate Accounts due or accrued (net) (Including \$0 accrued for expense allowances recognized in reserves)	0	0
14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5)	1,074,241	905,549
15. Federal and foreign income taxes including \$ on realized capital gains (losses) (including \$ net deferred tax liability)	1,544,002	1,456,125
16. Unearned investment income	126,584	123,739
17. Amounts withheld or retained by company as agent or trustee	36,825	35,259
18. Amounts held for agents' account, including \$996,325 agents' credit balances	996,325	894,622
19. Remittances and items not allocated	1,225,291	643,654
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0
21. Liability for benefits for employees and agents if not included above	0	0
22. Borrowed money \$ and interest thereon \$	0	0
23. Dividends to stockholders declared and unpaid	0	0
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve (Page 34, Line 16, Col. 7)	0	260,569
24.2 Reinsurance in unauthorized companies	0	0
24.3 Funds held under reinsurance treaties with unauthorized reinsurers	0	0
24.4 Payable to parent, subsidiaries and affiliates	156,019	398,771
24.5 Drafts outstanding	0	0
24.6 Liability for amounts held under uninsured accident and health plans	0	0
24.7 Funds held under coinsurance	0	0
24.8 Payable for securities	0	0
24.9 Capital notes \$ and interest thereon \$	0	0
25. Aggregate write-ins for liabilities	154,781	21,152
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	252,938,644	182,738,114
27. From Separate Accounts Statement	0	0
28. Total Liabilities (Lines 26 and 27)	252,938,644	182,738,114
29. Common capital stock	4,050,000	4,050,000
30. Preferred capital stock	0	0
31. Aggregate write-ins for other than special surplus funds	0	0
32. Surplus notes	0	0
33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1)	42,285,723	37,285,723
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	(22,128,896)	(18,203,468)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)	0	0
36.2 shares preferred (value included in Line 30 \$)	0	0
37. Surplus (total Lines 31+32+33+34+35-36) (Including \$0 in Separate Accounts Statement)	20,156,827	19,082,255
38. Totals of Lines 29, 30 and 37 (Page 4, Line 55)	24,206,827	23,132,255
39. Totals of Lines 28 and 38 (Page 2, Line 27, Col. 3)	277,145,470	205,870,369
DETAILS OF WRITE-INS		
2501. Accounts Payable Escheats.....	154,781	21,152
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	154,781	21,152
3101.		
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)	0	0
3401.		
3402.		
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	0

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

	1 Current Year	2 Prior Year
1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11)	54,991,283	53,468,126
2. Considerations for supplementary contracts with life contingencies	0	0
3. Net investment income (Exhibit of Net Investment Income, Line 17)	12,810,897	10,324,135
4. Amortization of interest maintenance reserve (IMR) (Page 33, Line 5)	61,133	48,504
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0
6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1)	61,368,785	52,415,460
7. Reserve adjustments on reinsurance ceded	44,403,035	26,484,720
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0
8.2 Charges and fees for deposit-type contracts	0	0
8.3 Aggregate write-ins for miscellaneous income	145,585	180,375
9. Total (Lines 1 to 8.3)	173,780,718	142,921,320
10. Death benefits	28,118,772	22,564,150
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8)	580,258	1,226,867
13. Disability benefits and benefits under accident and health contracts	45,488	20,156
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0
15. Surrender benefits and withdrawals for life contracts	4,941,536	4,120,187
16. Group conversions	0	0
17. Interest and adjustments on contracts or deposit-type contract funds	422,632	2,779,715
18. Payments on supplementary contracts with life contingencies	0	0
19. Increase in aggregate reserves for life and accident and health contracts	66,036,980	39,765,708
20. Totals (Lines 10 to 19)	100,145,665	70,476,781
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1 less Col. 11)	51,549,244	44,215,127
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1)	0	0
23. General insurance expenses (Exhibit 2, Line 10, Cols. 1 + 2 + 3)	16,691,473	15,955,492
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3)	4,913,949	3,965,096
25. Increase in loading on deferred and uncollected premiums	(647,212)	(292,245)
26. Net transfers to or (from) Separate Accounts	0	0
27. Aggregate write-ins for deductions	0	0
28. Totals (Lines 20 to 27)	172,653,119	134,320,251
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	1,127,599	8,601,069
30. Dividends to policyholders	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	1,127,599	8,601,069
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	4,607,878	6,726,080
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)	(3,480,279)	1,874,989
34. Net realized capital gains or (losses) less capital gains tax of \$ (excluding taxes of \$) transferred to the IMR	(1,216,892)	(617,941)
35. Net income (Line 33 plus Line 34)	(4,697,171)	1,257,049
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, previous year (Page 3, Line 38, Col. 2)	23,132,255	14,109,645
37. Net income (Line 35)	(4,697,171)	1,257,049
38. Change in net unrealized capital gains (losses)	1,073	(2,100)
39. Change in net unrealized foreign exchange capital gain (loss)	0	0
40. Change in net deferred income tax	691,172	670,000
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Col. 3)	(181,071)	284,388
42. Change in liability for reinsurance in unauthorized companies	0	0
43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exhibit 5A, Line 9999999, Col. 4)	0	0
44. Change in asset valuation reserve (Page 34, Lines 2 through 5 minus Line 6 plus Line 7 plus Line 11 plus Lines 14 through 15, Col. 7)	260,569	112,122
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1)	0	0
46. Surplus (contributed to) withdrawn from Separate Accounts during period	0	0
47. Other changes in surplus in Separate Accounts Statement	0	0
48. Change in surplus notes	0	0
49. Cumulative effect of changes in accounting principles	0	431,014
50. Capital changes:		
50.1 Paid in	0	0
50.2 Transferred from surplus (Stock Dividend)	0	0
50.3 Transferred to surplus	0	0
51. Surplus adjustment:		
51.1 Paid in	5,000,000	7,000,000
51.2 Transferred to capital (Stock Dividend)	0	0
51.3 Transferred from capital	0	0
51.4 Change in surplus as a result of reinsurance	0	0
52. Dividends to stockholders	0	0
53. Aggregate write-ins for gains and losses in surplus	0	(729,863)
54. Net change in capital and surplus for the year (Lines 37 through 53)	1,074,572	9,022,610
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	24,206,827	23,132,255
DETAILS OF WRITE-INS		
08.301. MISCELLANEOUS INCOME	145,585	180,375
08.302.	0	0
08.303.	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0
08.399. TOTALS (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	145,585	180,375
2701.	0	0
2702.	0	0
2703.	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. TOTALS (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
5301. Prior Period Adjustment - Reinsurance Premiums not paid in 1999 & 2000	0	(729,863)
5302.	0	0
5303.	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0
5399. TOTALS (Lines 5301 thru 5303 plus 5398) (Line 53 above)	0	(729,863)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and annuity considerations for life and accident and health contracts	54,780,424	53,416,111
2. Charges and fees for deposit-type contracts	0	0
3. Considerations for supplementary contracts with life contingencies	0	0
4. Net investment income	11,568,420	9,636,711
5. Commissions and expense allowances on reinsurance ceded	108,931,128	70,929,411
6. Fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0
7. Aggregate write-ins for miscellaneous income	0	0
8. Total (Lines 1 to 7)	175,279,972	133,982,233
9. Death benefits	36,988,917	23,939,489
10. Matured endowments	0	0
11. Annuity benefits	580,258	1,226,867
12. Disability benefits and benefits under accident and health contracts	4,357	6,290
13. Coupons, guaranteed annual pure endowments and similar benefits	0	0
14. Surrender benefits and withdrawals for life contracts	4,941,536	4,120,187
15. Group conversions	0	0
16. Interest and adjustments on contracts or deposit-type contract funds	225,174	0
17. Payments on supplementary contracts with life contingencies	0	0
18. Total (Lines 9 to 17)	42,740,241	29,292,833
19. Commissions on premiums, annuity considerations and deposit-type contract funds	50,949,273	44,215,127
20. Commissions and expense allowances on reinsurance assumed	0	0
21. General insurance expenses	16,511,180	15,967,291
22. Insurance taxes, licenses and fees, excluding federal income taxes	4,745,257	3,876,868
23. Net transfers to or (from) Separate Accounts	0	0
24. Aggregate write-ins for deductions	0	0
25. Total (Lines 18 to 24)	114,945,951	93,352,118
26. Dividends paid to policyholders	0	0
27. Federal income taxes (excluding tax on capital gains)	4,520,000	6,953,362
28. Total (Lines 25 to 27)	119,465,951	100,305,480
29. Net cash from operations (Line 8 minus Line 28)	55,814,021	33,676,753
Cash from Investments		
30. Proceeds from investments sold, matured or repaid:		
30.1 Bonds	17,885,789	7,401,112
30.2 Stocks	0	543,304
30.3 Mortgage loans	4,668	0
30.4 Real estate	0	0
30.5 Other invested assets	0	0
30.6 Net gains (losses) on cash and short-term investments	(80)	(691)
30.7 Miscellaneous proceeds	0	0
30.8 Total investment proceeds (Lines 30.1 to 30.7)	17,890,377	7,943,725
31. Net tax on capital gains (losses)	0	0
32. Total (Line 30.8 minus Line 31)	17,890,377	7,943,725
33. Cost of investments acquired (long-term only):		
33.1 Bonds	78,289,377	57,406,241
33.2 Stocks	0	400,000
33.3 Mortgage loans	0	210,000
33.4 Real estate	0	0
33.5 Other invested assets	0	0
33.6 Miscellaneous applications	0	0
33.7 Total investments acquired (Lines 33.1 to 33.6)	78,289,377	58,016,241
34. Net increase (or decrease) in policy loans and premium notes	53,675	733,755
35. Net cash from investments (Line 32 minus Line 33.7 minus Line 34)	(60,452,675)	(50,806,271)
Cash from Financing and Miscellaneous Sources		
36. Cash provided:		
36.1 Surplus notes, capital and surplus paid in	5,000,000	7,000,000
36.2 Borrowed money \$ less amounts repaid \$	0	(1,940,925)
36.3 Capital notes \$ less amounts repaid \$	0	0
36.4 Deposits on deposit-type contract funds and other liabilities without life or disability contingencies	15,267	44,210
36.5 Other cash provided	2,877,423	7,463,328
36.6 Total (Lines 36.1 to 36.5)	7,892,690	12,566,613
37. Cash applied:		
37.1 Dividends to stockholders paid	0	0
37.2 Interest on indebtedness	0	126,964
37.3 Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies	344,895	12,225
37.4 Other applications (net)	292,146	1,697,445
37.5 Total (Lines 37.1 to 37.4)	637,040	1,836,634
38. Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5)	7,255,650	10,729,979
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
39. Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38)	2,616,995	(6,399,539)
40. Cash and short-term investments:		
40.1 Beginning of year	7,729,742	14,129,282
40.2 End of year (Line 39 plus Line 40.1)	10,346,738	7,729,742
DETAILS OF WRITE-INS		
0701.		
0702.		
0703.		
0798. Summary of remaining write-ins for Line 7 from overflow page	0	0
0799. TOTALS (Lines 0701 thru 0703 plus 0798) (Line 7 above)	0	0
2401.		
2402.		
2403.		
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0
2499. TOTALS (Lines 2401 thru 2403 plus 2498) (Line 24 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

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

	1	2	Ordinary			6	Group		Accident and Health			12
			3	4	5		7	8	9	10	11	
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (a)	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
1. Premiums and annuity considerations for life and accident and health contracts	54,991,283	0	54,917,369	73,915		0	0	0	0	0	0	0
2. Considerations for supplementary contracts with life contingencies	0											
3. Net investment income	12,810,897		11,828,173	972,860			8,071		1,794			
4. Amortization of Interest Maintenance Reserve (IMR)	61,133		56,444	4,642			39		9			
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0											
6. Commissions and expense allowances on reinsurance ceded	61,368,785	0	61,368,785	0		0	0	0	0	0	0	0
7. Reserve adjustments on reinsurance ceded	44,403,035		44,403,035									
8. Miscellaneous Income:												
8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts	0											
8.2 Charges and fees for deposit-type contracts	0											
8.3 Aggregate write-ins for miscellaneous income	145,585		145,585	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 to 8.3)	173,780,718	0	172,719,390	1,051,417	0	0	8,109	0	1,802	0	0	0
10. Death benefits	28,118,772		28,118,772	0								
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0				0					
12. Annuity benefits	580,258			580,258				0				
13. Disability benefits and benefits under accident and health contracts	45,488		41,131						4,357	0	0	
14. Coupons, guaranteed annual pure endowments and similar benefits	0											
15. Surrender benefits and withdrawals for life contracts	4,941,536		3,688,452	1,253,084								
16. Group conversions	0											
17. Interest and adjustments on contract or deposit-type contract funds	422,632		227,001	195,631								
18. Payments on supplementary contracts with life contingencies	0											
19. Increase in aggregate reserves for life and accident and health contracts	66,036,980		67,211,870	(1,173,402)			(746)		(742)			
20. Totals (Lines 10 to 19)	100,145,665	0	99,287,225	855,571	0	0	(746)	0	3,615	0	0	0
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	51,549,244	0	51,548,877	367		0	0	0	0	0	0	0
22. Commissions and expense allowances on reinsurance assumed	0	0	0	0		0	0	0	0	0	0	0
23. General insurance expenses	16,691,473		16,573,024	116,840					1,608	0	0	0
24. Insurance taxes, licenses and fees, excluding federal income taxes (FIT)	4,913,949		4,879,551	34,398					0	0	0	0
25. Increase in loading on deferred and uncollected premiums	(647,212)		(647,212)						0	0	0	0
26. Net transfers to or (from) Separate Accounts	0		0	0					0	0	0	0
27. Aggregate write-ins for deductions	0	0	0	0	0	0	0	0	0	0	0	0
28. Totals (Lines 20 to 27)	172,653,119	0	171,641,466	1,007,176	0	0	(746)	0	5,223	0	0	0
29. Net gain from operations before dividends to policyholders and FIT (Line 9 - Line 28)	1,127,599	0	1,077,924	44,240	0	0	8,855	0	(3,421)	0	0	0
30. Dividends to policyholders	0								0	0	0	
31. Net gain from operations after dividends to policyholders and before FIT (Line 29 - Line 30)	1,127,599	0	1,077,924	44,240	0	0	8,855	0	(3,421)	0	0	0
32. Federal income taxes incurred (excluding tax on capital gains)	4,607,878		4,590,492	15,484			3,099		(1,197)			
33. Net gain from operations after dividends to policyholders and FIT and before realized capital gains or (losses) (Line 31 - Line 32)	(3,480,279)	0	(3,512,568)	28,756	0	0	5,756	0	(2,224)	0	0	0
DETAILS OF WRITE-INS												
08.301. Miscellaneous income	145,585		145,585									
08.302.												
08.303.												
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	145,585	0	145,585	0	0	0	0	0	0	0	0	0
2701.												
2702.												
2703.												
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0	0	0	0	0	0	0	0	0	0	0

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year	169,142,324	0	154,781,992	14,216,448	0	0	143,884	0
2. Tabular net premiums or considerations	56,970,524		56,896,609	73,915			0	
3. Present value of disability claims incurred	32,222		32,222	0	XXX			
4. Tabular interest	10,675,422		9,828,383	842,734			4,305	
5. Tabular less actual reserve released	(164,770)		91,939	(256,709)				
6. Increase in reserve on account of change in valuation basis	0		0	0				
7. Other increases (net)	48,085,640		48,085,640	0				
8. Totals (Lines 1 to 7)	284,741,362	0	269,716,785	14,876,388	0	0	148,189	0
9. Tabular cost	42,812,646		42,807,595	0	XXX		5,051	
10. Reserves released by death	260,351		260,351	XXX	XXX			XXX
11. Reserves released by other terminations (net)	5,863,649		4,610,565	1,253,084				
12. Annuity, supplementary contract and disability payments involving life contingencies	624,671		44,413	580,258				
13. Net transfers to or (from) Separate Accounts	0							
14. Total Deductions (Lines 9 to 13)	49,561,317	0	47,722,924	1,833,342	0	0	5,051	0
15. Reserve December 31, current year	235,180,045	0	221,993,861	13,043,046	0	0	143,138	0

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EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 1,896,039	2,839,541
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 9,684,453	9,995,153
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c) 8,002	8,032
4. Real estate	(d)	
5. Contract loans	233,491	230,645
6. Cash/short-term investments	(e) 175,689	175,689
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	0	0
10. Total gross investment income	11,997,673	13,249,060
11. Investment expenses		(g) 438,163
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		0
16. Total (Lines 11 through 15)		438,163
17. Net Investment Income - (Line 10 minus Line 16)		12,810,897
DETAILS OF WRITE-INS		
0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$ 104,473 accrual of discount less \$ 113,384 amortization of premium and less \$ 515,424 paid for accrued interest on purchases.
 (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
 (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
 (e) Includes \$ 127,529 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
 (f) Includes \$ accrual of discount less \$ amortization of premium.
 (g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
 (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. Government bonds					0
1.1 Bonds exempt from U.S. tax					0
1.2 Other bonds (unaffiliated)	202,855	(1,123,485)			(920,630)
1.3 Bonds of affiliates					0
2.1 Preferred stocks (unaffiliated)					0
2.11 Preferred stocks of affiliates					0
2.2 Common stocks (unaffiliated)					0
2.21 Common stocks of affiliates					0
3. Mortgage loans			1,073		1,073
4. Real estate					0
5. Contract loans					0
6. Cash/Short-term investments	(80)				(80)
7. Derivative instruments					0
8. Other invested assets					0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	202,775	(1,123,485)	1,073	0	(919,638)
DETAILS OF WRITE-INS					
0901.					0
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

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

	1		2		3 Ordinary		4	5	6 Group		7		8 Accident and Health		9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business						
FIRST YEAR (other than single)																	
1. Uncollected	228,570		228,570														
2. Deferred and accrued	624,659		624,659														
3. Deferred, accrued and uncollected:																	
3.1 Direct	8,596,433		8,596,433														
3.2 Reinsurance assumed	0		0														
3.3 Reinsurance ceded	7,743,204		7,743,204														
3.4 Net (Line 1 + Line 2)	853,229	0	853,229	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Advance	101,870	0	101,870	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Line 3.4 - Line 4	751,359	0	751,359	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Collected during year:																	
6.1 Direct	60,610,124		60,607,524	2,600													
6.2 Reinsurance assumed	0		0														
6.3 Reinsurance ceded	43,421,142		43,421,142														
6.4 Net	17,188,982	0	17,186,382	2,600	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Line 5 + Line 6.4	17,940,341	0	17,937,741	2,600	0	0	0	0	0	0	0	0	0	0	0	0	0
8. Prior year (uncollected + deferred and accrued - advance)	695,754	0	695,754	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. First year premiums and considerations:																	
9.1 Direct	61,415,225	0	61,412,625	2,600	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	44,170,638	0	44,170,638	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net (Line 7 - Line 8)	17,244,587	0	17,241,987	2,600	0	0	0	0	0	0	0	0	0	0	0	0	0
SINGLE																	
10. Single premiums and considerations:																	
10.1 Direct	0		0														
10.2 Reinsurance assumed	0		0														
10.3 Reinsurance ceded	0		0														
10.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RENEWAL																	
11. Uncollected	2,563,806		2,563,806														
12. Deferred and accrued	3,218,580		3,218,580														
13. Deferred, accrued and uncollected:																	
13.1 Direct	27,116,619		27,116,619														
13.2 Reinsurance assumed	0		0														
13.3 Reinsurance ceded	21,334,233		21,334,233														
13.4 Net (Line 11 + Line 12)	5,782,386	0	5,782,386	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Advance	565,848	0	565,848	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Line 13.4 - Line 14	5,216,538	0	5,216,538	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16. Collected during year:																	
16.1 Direct	106,764,988		106,693,674	71,315													
16.2 Reinsurance assumed	0		0														
16.3 Reinsurance ceded	69,173,546		69,173,546														
16.4 Net	37,591,442	0	37,520,128	71,315	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Line 15 + Line 16.4	42,807,981	0	42,736,666	71,315	0	0	0	0	0	0	0	0	0	0	0	0	0
18. Prior year (uncollected + deferred and accrued - advance)	5,061,284	0	5,061,284	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19. Renewal premiums and considerations:																	
19.1 Direct	112,852,432	0	112,781,118	71,315	0	0	0	0	0	0	0	0	0	0	0	0	0
19.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19.3 Reinsurance ceded	75,105,736	0	75,105,736	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19.4 Net (Line 17 - Line 18)	37,746,697	0	37,675,382	71,315	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL																	
20. Total premiums and annuity considerations:																	
20.1 Direct	174,267,657	0	174,193,743	73,915	0	0	0	0	0	0	0	0	0	0	0	0	0
20.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20.3 Reinsurance ceded	119,276,374	0	119,276,374	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20.4 Net (Line 9.4 + 10.4 + 19.4)	54,991,283	0	54,917,369	73,915	0	0	0	0	0	0	0	0	0	0	0	0	0

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

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

	1 Total	2 Industrial Life	3 Ordinary		5 Credit Life (Group and Individual)	6 Group		8 Accident and Health			11 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities		6 Life Insurance	7 Annuities	8 Group	9 Credit (Group and Individual)	10 Other	
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21. To pay renewal premiums (Exhibit 4, Line 1)	0										
22. All other (Exhibit 4, Lines 2, 3 & 4)	0										
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23. First year (other than single):											
23.1 Reinsurance ceded	53,593,665		53,593,665								
23.2 Reinsurance assumed	0										
23.3 Net ceded less assumed	53,593,665	0	53,593,665	0	0	0	0	0	0	0	0
24. Single:											
24.1 Reinsurance ceded	0										
24.2 Reinsurance assumed	0										
24.3 Net ceded less assumed	0	0	0	0	0	0	0	0	0	0	0
25. Renewal:											
25.1 Reinsurance ceded	7,775,120		7,775,120								
25.2 Reinsurance assumed	0										
25.3 Net ceded less assumed	7,775,120	0	7,775,120	0	0	0	0	0	0	0	0
26. Totals:											
26.1 Reinsurance ceded (Page 6, Line 6)	61,368,785	0	61,368,785	0	0	0	0	0	0	0	0
26.2 Reinsurance assumed (Page 6, Line 23)	0	0	0	0	0	0	0	0	0	0	0
26.3 Net ceded less assumed	61,368,785	0	61,368,785	0	0	0	0	0	0	0	0
COMMISSIONS INCURRED (direct business only)											
27. First year (other than single)	47,503,692		47,503,504	188							
28. Single	0										
29. Renewal	4,045,552		4,045,373	179							
30. Deposit-type contract funds	0										
31. Totals (to agree with Page 6, Line 21)	51,549,244	0	51,548,877	367	0	0	0	0	0	0	0

EXHIBIT 2 - GENERAL EXPENSES

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent	1,014,147				1,014,147
2. Salaries and wages	5,952,168			235,749	6,187,917
3.11 Contributions for benefit plans for employees	482,189				482,189
3.12 Contributions for benefit plans for agents					0
3.21 Payments to employees under non-funded benefit plans					0
3.22 Payments to agents under non-funded benefit plans					0
3.31 Other employee welfare	87,399				87,399
3.32 Other agent welfare					0
4.1 Legal fees and expenses	34,215				34,215
4.2 Medical examination fees	4,991,765				4,991,765
4.3 Inspection report fees	82,324				82,324
4.4 Fees of public accountants and consulting actuaries	246,590				246,590
4.5 Expense of investigation and settlement of policy claims	22,620				22,620
5.1 Traveling expenses	688,890				688,890
5.2 Advertising	307,618				307,618
5.3 Postage, express, telegraph and telephone	465,765				465,765
5.4 Printing and stationery	403,709				403,709
5.5 Cost or depreciation of furniture and equipment	393,691				393,691
5.6 Rental of equipment	173,833				173,833
5.7 Cost or depreciation of EDP equipment and software					0
6.1 Books and periodicals	23,482				23,482
6.2 Bureau and association fees	18,484				18,484
6.3 Insurance, except on real estate	98,165				98,165
6.4 Miscellaneous losses					0
6.5 Collection and bank service charges				92,892	92,892
6.6 Sundry general expenses	158,394	1,608			160,002
6.7 Group service and administration fees					0
6.8 Reimbursements by uninsured accident and health plans					0
7.1 Agency expense allowance					0
7.2 Agents' balances charged off (less \$ recovered)					0
7.3 Agency conferences other than local meetings	124,881				124,881
9.1 Real estate expenses					0
9.2 Investment expenses not included elsewhere				109,522	109,522
9.3 Aggregate write-ins for expenses	919,536	0	0	0	919,536
10. General expenses incurred	16,689,865	1,608	0	438,163 (a)	17,129,636
11. General expenses unpaid December 31, prior year	744,092	0	0	0	744,092
12. General expenses unpaid December 31, current year	924,385	0	0	0	924,385
13. Amounts receivable relating to uninsured accident and health plans, prior year	0	0	0	0	0
14. Amounts receivable relating to uninsured accident and health plans, current year					0
15. General expenses paid during year (Lines 10+11-12-13+14)	16,509,572	1,608	0	438,163	16,949,344
DETAILS OF WRITE-INS					
09.301. Temporary services	82,038				82,038
09.302. EDP Expenses	258,515				258,515
09.303. EDP Depreciation	455,831				455,831
09.398. Summary of remaining write-ins for Line 9.3 from overflow page	123,153	0	0	0	123,153
09.399. Totals (Lines 09.301 thru 09.303 plus 09.398) (Line 9.3 above)	919,536	0	0	0	919,536

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

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

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes					0
2. State insurance department licenses and fees	1,047,052				1,047,052
3. State taxes on premiums	3,385,388				3,385,388
4. Other state taxes, incl. \$ for employee benefits					0
5. U.S. Social Security taxes	386,434				386,434
6. All other taxes	95,075				95,075
7. Taxes, licenses and fees incurred	4,913,949	0	0	0	4,913,949
8. Taxes, licenses and fees unpaid December 31, prior year	905,549	0	0	0	905,549
9. Taxes, licenses and fees unpaid December 31, current year	1,074,241	0	0	0	1,074,241
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	4,745,257	0	0	0	4,745,257

EXHIBIT 4 - DIVIDENDS OR REFUNDS

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

NONE

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1	2	3	4	5	6
Valuation Standard	Total	Industrial	Ordinary	Credit (Group and Individual)	Group
A. LIFE INSURANCE:					
0100001. 58 CSO 3.0% NL	357,269		357,269		
0100002. 58 CSO 3.0% CRVM	998,952		998,952		
0100003. 58 CSO 3.5% NL	471,623		471,623		
0100004. 58 CSO 3.5% CRVM	1,046,885		1,046,885		
0100005. 58 CSO 4.0% CRVM	1,628		1,628		
0100006. 58 CSO 4.5% CRVM	4,055,571		4,055,571		
0100007. 58 CSO 5.5% CRVM	326		326		
0100008. 58 CSO 6.0% NL	510		510		
0100009. 80 CSO 4.5% CRVM	246,652,449		246,652,449		
0100010. 80 CSO 5.0% CRVM	2,297,737		2,297,737		
0100011. 80 CSO 5.5% CRVM	268,125		268,125		
0100012. 58 CET 3.0% NL	2,787		2,787		
0100013. 58 CET 3.5% NL	1,268		1,268		
0100014. 80 CET 5.0% CRVM	53,293		53,293		
0100015. 80 CET 5.5% CRVM	8,915		8,915		
0100016. Guaranteed Purchase Option	367		367		
0100017. Substandard Extra	1,014,703		1,014,703		
0100018.	0		0		
0100019.	0		0		
0199997. Totals (Gross)	257,232,408	0	257,232,408	0	0
0199998. Reinsurance ceded	36,393,543		36,393,543		
0199999. Totals (Net)	220,838,865	0	220,838,865	0	0
B. ANNUITIES (excluding supplementary contracts with life contingencies):					
0200001. 1971 IAM, Various	1,700,221	XXX	1,700,221	XXX	
0200002. 1983 Table a, Various	4,585,485	XXX	4,585,485	XXX	
0200003. 2000 Table, Various	57,952	XXX	57,952	XXX	
0200004. Flex Prem Def Annuities	5,424,761	XXX	5,424,761	XXX	
0200005. Single Prem Def Annuities	1,274,627	XXX	1,274,627	XXX	
0200006.	0	XXX	0	XXX	
0200007.	0	XXX	0	XXX	
0299997. Totals (Gross)	13,043,046	XXX	13,043,046	XXX	0
0299998. Reinsurance ceded	0	XXX	0	XXX	0
0299999. Totals (Net)	13,043,046	XXX	13,043,046	XXX	0
C. SUPPLEMENTARY CONTRACTS WITH LIFE CONTINGENCIES:					
0300001.	0		0		
0300002.	0		0		
0399997. Totals (Gross)	0	0	0	0	0
0399998. Reinsurance ceded	0		0		0
0399999. Totals (Net)	0	0	0	0	0
D. ACCIDENTAL DEATH BENEFITS:					
0400001. 59 ADB w/58 CSO 3%	5,162		5,162		
0400002.	0		0		
0400003.	0		0		
0499997. Totals (Gross)	5,162	0	5,162	0	0
0499998. Reinsurance ceded	5,162		5,162		0
0499999. Totals (Net)	0	0	0	0	0
E. DISABILITY-ACTIVE LIVES:					
0500001. 59 Dis. Pd 2 Ben 5, w/58 CSO 3%	110,525		110,525		
0500002.	0		0		
0500003.	0		0		
0599997. Totals (Gross)	110,525	0	110,525	0	0
0599998. Reinsurance ceded	19,316		19,316		0
0599999. Totals (Net)	91,209	0	91,209	0	0
F. DISABILITY-DISABLED LIVES:					
0600001. 70 Inteco Grp Life Dis 3%	143,138				143,138
0600002. 59 Dis. Pd 2 Ben 5, w/58 CSO 3%	501,326		501,326		
0600003.	0		0		
0600004.	0		0		
0699997. Totals (Gross)	644,464	0	501,326	0	143,138
0699998. Reinsurance ceded	39,552		39,552		0
0699999. Totals (Net)	604,912	0	461,774	0	143,138
G. MISCELLANEOUS RESERVES					
0700001. For excess of valuation net premiums over corresponding gross premiums on respective policies, computed according to the standard of valuation require	144,372		144,372		
0700002. For non-deduction of deferred fractional premiums or return of premiums at the death of the insured	457,641		457,641		
0799997. Totals (Gross)	602,013	0	602,013	0	0
0799998. Reinsurance ceded	0		0		0
0799999. Totals (Net)	602,013	0	602,013	0	0
9999999. Totals (Net) - (Page 3, Line 1)	235,180,045	0	235,036,907	0	143,138



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes [] No [X]
- 1.2 If not, state which kind is issued
NON-PARTICIPATING
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes [] No [X]
- 2.2 If not, state which kind is issued
NON-PARTICIPATING
- 3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes [X] No []
If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the Instructions.
- 4. Has the reporting entity any assessment or stipulated premium contracts in force? Yes [] No [X]
 - 4.1 Amount of insurance? \$.0
 - 4.2 Amount of reserve? \$.0
 - 4.3 Basis of reserve:
N/A
 - 4.4 Basis of regular assessments:
N/A
 - 4.5 Basis of special assessments:
N/A
 - 4.6 Assessments collected during the year \$.0
- 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.
N/A
- 6. Does the reporting entity hold reserves for any annuity contracts which are less than the reserves that would be held on a standard basis? Yes [] No [X]
 - 6.1 If so, state the amount of reserve on such contracts on the basis actually held: \$.0
 - 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: \$.0
 Attach statement of methods employed in their valuation.
- 7. Does the reporting entity have any Synthetic GIC contracts, or agreements in effect as of December 31 of the current year? Yes [] No [X]
 - 7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements? \$.0
 - 7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:
N/A
 - 7.3 State the amount of reserves established for this business: \$.0
 - 7.4 Identify where the reserves are reported in the blank:
N/A

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

EXHIBIT 6 - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1 Total	2 Group Accident and Health	3 Credit Accident and Health (Group and Individual)	4 Collectively Renewable	Other Individual Contracts				
					5 Non-Cancelable	6 Guaranteed Renewable	7 Non-Renewable for Stated Reasons Only	8 Other Accident Only	9 All Other
ACTIVE LIFE RESERVE									
1. Unearned premium reserve	0								
2. Additional contract reserves (a)	0								
3. Additional actuarial reserves-Asset/Liability analysis	0								
4. Reserve for future contingent benefits	0								
5. Reserve for rate credits	0								
6. Aggregate write-ins for reserves	0	0	0	0	0	0	0	0	0
7. Totals (Gross)	0	0	0	0	0	0	0	0	0
8. Reinsurance ceded	0								
9. Totals (Net)	0	0	0	0	0	0	0	0	0
CLAIM RESERVE									
10. Present value of amounts not yet due on claims	286,214	286,214							
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)	286,214	286,214	0	0	0	0	0	0	0
15. Reinsurance ceded	257,593	257,593							
16. Totals (Net)	28,621	28,621	0	0	0	0	0	0	0
17. TOTAL (Net)	28,621	28,621	0	0	0	0	0	0	0
18. TABULAR FUND INTEREST	859	859							
DETAILS OF WRITE-INS									
0601.									
0602.									
0603.									
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0	0	0	0
0699. TOTALS (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0	0	0	0
1301.									
1302.									
1303.									
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0
1399. TOTALS (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0

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

EXHIBIT 7 - DEPOSIT TYPE CONTRACTS

	1 Total	2 Guaranteed Interest Contracts	3 Supplemental Contracts and Annuities Certain	4 Dividend Accumulations or Refunds	5 Premium and Other Deposit Funds	6 Other
1. Balance at the beginning of the year before reinsurance	2,827,915		2,773,763		54,152	
2. Deposits received during the year	15,267				15,267	
3. Investment earnings credited to the account	197,458		195,631		1,827	
4. Other net change in reserves .....	.0					
5. Fees and other charges assessed .....	.0					
6. Surrender charges .....	.0					
7. Net surrender or withdrawal payments	344,895		333,937		10,958	
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)	2,695,746	0	2,635,457	0	60,289	0
10. Reinsurance balance at the beginning of the year .....	.0					
11. Net change in reinsurance assumed .....	.0					
12. Net change in reinsurance ceded .....	.0					
13. Reinsurance balance at the end of the year (Lines 10+11-12) .....	.0	0	0	0	0	0
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	2,695,746	0	2,635,457	0	60,289	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Due and Unpaid:											
1.1 Direct	0										
1.2 Reinsurance assumed	0										
1.3 Reinsurance ceded	0										
1.4 Net	0	0	0	0	0	0	0	0	0	0	0
2. In course of settlement:											
2.1 Resisted											
2.11 Direct	0										
2.12 Reinsurance assumed	0										
2.13 Reinsurance ceded	0										
2.14 Net	0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	0	0	0	0
2.2 Other											
2.21 Direct	7,203,899		7,203,899								
2.22 Reinsurance assumed	0										
2.23 Reinsurance ceded	4,379,460		4,379,460								
2.24 Net	2,824,439	0	(b) 2,824,439	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 0
3. Incurred but unreported:											
3.1 Direct	1,325,250		1,325,250								
3.2 Reinsurance assumed	0										
3.3 Reinsurance ceded	846,225		846,225								
3.4 Net	479,025	0	(b) 479,025	(b) 0	0	(b) 0	(b) 0	0	(b) 0	(b) 0	(b) 0
4. TOTALS											
4.1 Direct	8,529,149	0	8,529,149	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	5,225,685	0	5,225,685	0	0	0	0	0	0	0	0
4.4 Net	3,303,464	(a) 0	(a) 3,303,464	0	0	0	(a) 0	0	0	0	0

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

(b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserves (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$457,641 Individual Annuities \$, Credit Life (Group and Individual) \$, and Group Life \$143,138, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$28,621, Credit (Group and Individual) Accident and Health \$, and Other Accident and Health \$ are included in Page 3, Line 2 (See Exhibit 6, Claim Reserve).

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

	1 Total	2 Industrial Life (a)	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health		
			3 Life Insurance (b)	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (c)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other
1. Settlements During the Year:											
1.1 Direct	65,739,555		65,125,530	580,258					33,768		
1.2 Reinsurance assumed	0										
1.3 Reinsurance ceded	28,166,024		28,136,613						29,411		
1.4 Net	37,573,531	0	36,988,917	580,258	0	0	0	0	4,357	0	0
2. Liability December 31, current year from Part 1:											
2.1 Direct	8,529,149	0	8,529,149	0	0	0	0	0	0	0	0
2.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	5,225,685	0	5,225,685	0	0	0	0	0	0	0	0
2.4 Net	3,303,464	0	3,303,464	0	0	0	0	0	0	0	0
3. Amounts recoverable from reinsurers December 31, current year	13,002,553		12,999,285						3,268		
4. Liability December 31, prior year:											
4.1 Direct	9,666,741	0	9,666,741	0	0	0	0	0	0	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	6,868,368	0	6,868,368	0	0	0	0	0	0	0	0
4.4 Net	2,798,373	0	2,798,373	0	0	0	0	0	0	0	0
5. Amounts recoverable from reinsurers December 31, prior year	3,668,448	0	3,665,180	0	0	0	0	0	3,268	0	0
6. Incurred Benefits:											
6.1 Direct	64,601,964	0	63,987,938	580,258	0	0	0	0	33,768	0	0
6.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
6.3 Reinsurance ceded	35,857,446	0	35,828,035	0	0	0	0	0	29,411	0	0
6.4 Net	28,744,517	0	28,159,902	580,258	0	0	0	0	4,357	0	0

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

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

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

(d) Includes \$41,131 premiums waived under total and permanent disability benefits.

EXHIBIT 9
ANALYSIS OF NON-ADMITTED ASSETS AND RELATED ITEMS

	1	2	3
	End of Current Year	End of Prior Year	Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 12 to 17 and 19 to 22, Column 2.....	735,939	596,645	(139,294)
2. Other Nonadmitted Assets:			
2.1 Bills receivable .....		.0	.0
2.2 Furniture and equipment	1,032,990	1,164,926	131,936
2.3 Leasehold improvements	718,067	814,025	95,958
2.4 Cash advanced to or in the hands of officers or agents .....		.0	.0
2.5 Loans on personal security, endorsed or not .....		.0	.0
2.6 Supplies, stationery, printed matter .....		.0	.0
2.7 Commuted commissions .....		.0	.0
3. Total (Lines 2.1 thru 2.7)	1,751,057	1,978,951	227,894
4. Disallowed interest maintenance reserve .....		.0	.0
5. Aggregate write-ins for other assets	558,976	289,304	(269,672)
6. Total (Line 1 plus Lines 3 to 5)	3,045,972	2,864,900	(181,071)
DETAILS OF WRITE-INS			
0501. Prepaid Expenses.....	524,403	246,270	(278,133)
0502. Company Auto.....	34,573	43,034	8,461
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	558,976	289,304	(269,672)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The Financial Statements of U.S. Financial Life Insurance Company ("the Company") are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance law. The National Association of Insurance Commissioners' (NAIC) *Accounting and Procedures* manual, version effective January 1, 2001 (NAIC SAP), has been adopted as a component of prescribed or permitted practices by the State of Ohio. There are no material differences between accounting practices prescribed or permitted by NAIC SAP and by the State of Ohio.

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

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

C. Accounting Policy

Life premiums are recognized as income over the premium paying period of the related policies. Considerations for annuities with life contingencies are recognized as revenue when received. Payments on deposit type contracts are recorded to the policy reserve. Expenses incurred in connection with the acquisition of new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds eligible for amortization under rules promulgated by the NAIC are carried at amortized cost, while all other bonds are carried at values adopted by the NAIC, which approximate fair value.
3. Common stocks are valued at market, except investments in subsidiaries, which are carried on the equity basis.
4. Mortgage loans on real estate, not in the process of foreclosure, are carried at their unpaid principal balances adjusted for unamortized premium or discount, net of valuation allowances.
5. Mortgage-backed and asset-backed bonds are amortized using the effective interest method, including anticipated prepayments from the date of purchase; significant changes in the estimated cash flows from original purchase assumptions are accounted for using the retrospective method.
6. Investments in subsidiaries are carried on the equity basis.
7. The Company does not hold premium deficiency reserves on Accident & Health contracts due to amounts being immaterial.
8. The Company estimates the liabilities for losses and loss adjustment expenses in accordance with SSAP #51.
9. Fixed assets are depreciated over respective useful lives using the straight-line method, one-half year convention.

2. Accounting Changes and Corrections of Errors

A. Implementation of Codification

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

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual - Version January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. As a result of these changes, the Company reported a change of accounting principle, as an adjustment that increased unassigned funds, of \$431,000 as of January 1, 2001. Included in this total adjustment is an increase in unassigned funds of \$1,008,000 related to deferred tax assets and reductions in unassigned funds of \$542,000 related to impaired invested assets. This amount excludes a \$164,000 increase in non-admitted assets related to EDP equipment included in line 41 of the Summary of Operations.

NOTES TO FINANCIAL STATEMENTS

The Company recorded \$729,863 as a reduction to surplus during 2001. The adjustment relates to reinsurance premiums due not recognized in prior year in error.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

1) The Company's parent, Sagamore Financial Corporation, was acquired by MONY Life Insurance Company (MONY) on December 31, 1998. The transaction resulted in \$30.9 million of goodwill, which was directly charged against MONY's surplus as a non-admitted asset on the purchase date.

B. Statutory Merger

The Company did not participate in a statutory merger during the year.

C. Assumption Reinsurance

The Company did not enter into assumption reinsurance during the year.

D. Impairment Loss

The Company did not recognize an impairment loss on the transaction described above.

4. Discontinued Operations

Not applicable.

5. Investments

A. Mortgage Loans

1) The Company held one Farm Mortgage investment as of December 31, 2002. The rate of interest on this loan is 7.7%.

2) Not applicable.

3) Not applicable.

4) As of year end, the Company held no mortgages with interest more than 180 days past due with a recorded investment, excluding accrued interest

	Current Year	Prior Year
	\$ <u>0</u>	\$ <u>0</u>

a. Total interest due on mortgages with interest more than 180 days past due

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

5) Taxes, assessments and any amounts advanced and not included in the mortgage loan total

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

6) Current year impaired loans with a related allowance for credit losses

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

a. Related allowance for credit losses

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

7) Impaired Mortgage loans without an allowance for credit losses

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

8) Average recorded investment in impaired loans

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

9) Interest income recognized during the period the loans were impaired

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

10) Amount of interest income recognized on a cash basis during the period the loans were impaired

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

B. Debt Restructuring

1) The total recorded investment in restructured loans, as of year end

	Current Year	Prior Year
	\$ <u>0</u>	\$ <u>0</u>

2) The realized capital losses related to these loans

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

3) Total contractual commitments to extend credit to debtors owning receivables whose terms have been modified in troubled debt restructurings

	\$ <u>0</u>	\$ <u>0</u>
--	-------------	-------------

NOTES TO FINANCIAL STATEMENTS

- 4) The Company accrues interest income on impaired loans to the extent it is deemed collectible (delinquent less than 90 days) and the loan continues to perform under its original or restructured contractual terms. Interest income on non performing loans is generally recognized on a cash basis.

5) Allowance for credit losses:	Current Year	Prior Year
a. Balance at beginning of period	\$ 2,100	\$ 0
b. Additions charged to operations	\$ 0	\$ 2,100
c. Direct write-downs charged against the allowances	\$ 1,073	\$ 0
d. Recoveries of amounts previously charged off	\$ 0	\$ 0
e. Balance at end of period	\$ 1,027	\$ 2,100

C. Reverse Mortgages

The Company does not have any reverse mortgages.

D. Loan-Backed Securities

- 1) The company applies the retrospective adjustment method to loaned back securities using historical cash flows and anticipated prepayment assumptions.
- 2) Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from Salomon Brothers (Yield Book).
- 3) The Company uses an independent pricing service in determining the market value of its loan-backed securities.

E. Repurchase Agreements

The Company has no investments in repurchase agreements.

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. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement period.

7. Investment Income

- A. Due and accrued income was excluded from surplus on the following bases: All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default.
- B. No amount was excluded in 2002.

8. Derivative Instruments

Not applicable.

9. Income Taxes

- A. The components of the net deferred tax asset (liability) at December 31 are as follows (in thousands):

	Dec. 31, 2002	Dec. 31, 2001
Total of all deferred tax assets (admitted and nonadmitted)	20,676	15,745
Total of all deferred tax liabilities	(3,768)	(3,445)
Total deferred tax assets nonadmitted in accordance with SSAP No 10, Income Taxes	14,539	10,622
Total of all deferred tax assets	2,369	1,678
Increase (decrease) in deferred tax assets nonadmitted	3,917	4,376

- B. Deferred tax liabilities are not recognized for the following amounts:

1. As of December 31, 2002, the Company had no amount in its Policyholder Surplus account under the provisions of the Internal Revenue Code, which could become taxable to the extent that future shareholder dividends are paid from this account.
2. As of December 31, 2002, the Company had no investments in foreign subsidiaries.

NOTES TO FINANCIAL STATEMENTS

C. Current income taxes incurred consist of the following major components (in thousands):

	Dec. 31, 2002	Dec. 31, 2001
Current year expense	4,874	6,726
Tax credits	-	-
Investment tax credits	-	-
Prior year overaccrual of tax reserves	(266)	-
Current income taxes incurred	4,608	6,726

The main components of the 2002 deferred tax amounts are as follows:

DTAS	Statutory	Tax	Difference	Tax Effect
Life and Health Reserves	235,877	215,888	19,989	6,996
Deferred Acquisition Costs	-	(35,444)	35,444	12,406
Depreciable Assets	(1,209)	(3,916)	2,707	947
Other Items	-	(937)	937	328
Total Deferred Tax Assets	234,668	175,591	59,077	20,677
Nonadmitted Deferred Tax Assets				(14,540)
Admitted Deferred Tax Assets				6,137
DTLS	Statutory	Tax	Difference	Tax Effect
Invested Assets	(231,580)	(230,378)	(1,202)	(421)
Due and Deferred Premiums	(6,089)	-	(6,089)	(2,131)
Other Items	(105)	3,369	(3,474)	(1,216)
Total DTLs	(237,774)	(227,009)	(10,765)	(3,768)

The changes in main components of DTAs and DTLs are as follows:

DTAS RESULTING FROM STAT / TAX DIFFERENCES IN	Dec. 31, 2002	Dec. 31, 2001	Change
Life and Health Reserves	6,996	5,946	1,050
Deferred Acquisition Costs	12,406	8,723	3,683
Depreciable Assets	947	852	95
Other Items	328	224	104
Total Deferred Tax Assets	20,677	15,745	4,932
Nonadmitted Deferred Tax Assets	(14,540)	(10,622)	(3,918)
Admitted Deferred Tax Assets	6,137	5,123	1,014
DTLS RESULTING FROM STAT / TAX DIFFERENCES IN	Dec. 31, 2002	Dec. 31, 2001	Change
Invested Assets	(421)	(260)	(161)
Due & Deferred Premiums	(2,131)	(1,773)	(358)
Other items	(1,216)	(1,412)	196
Total DTLs	(3,768)	(3,445)	(323)

D. Among the more significant stat-to-tax adjustments were the following (in thousands):

	Amount	Tax Effect
Income before taxes	1,128	395
Book reserves over tax reserves	2,860	1,001
Net DAC adjustment	10,533	3,686
Deferred and Uncollected Premiums, including loading	(1,023)	(358)
Other items	428	150
Total adjustments	12,798	4,479
Taxable income	13,926	4,874

E. Operating Loss Carryforwards

- The Company had no operating loss carry forwards remaining as of December 31, 2002.
- The following are income taxes incurred in the current and prior years that will be available for recoupment in event of future net losses.

2002	4,874
2001	6,803
2000	1,777

NOTES TO FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. 100% of the Company's outstanding shares are owned by Sagamore Financial Corporation ("Parent Company"), a wholly-owned subsidiary of MONY Life Insurance Company of New York ("MONY").
- B. The Company received cash surplus contributions from the Parent Company totaling \$5 million during 2002. The Company did not pay dividends to the Parent Company during 2002.
- C. MONY provided investment, tax and other support services for the Company during 2002. The Company reported expenses totaling \$277,000 for the year in conjunction with these services. As of December 31, 2002, \$187,000 was reported as due MONY.
- D. The Company has both a Service Agreement and an Investment Advisory Agreement with an affiliated life company that provide for access to personnel, facilities and equipment as well as investment personnel and investment advisory and research functions.
- E. The Company provided certain administrative services to affiliates under an intercompany service agreement. During 2002, the Company recorded \$248,000 of service fees billed under the agreement as a reduction to administrative expense.
- F. The Company owns no shares either directly or indirectly of an upstream intermediate.
- G. The Company does not have any investments in subsidiaries, controlled, and affiliated entities that exceed 10% of admitted assets.
- H. The Company did not report any impairment in investments in subsidiaries, controlled, and affiliated entities during the year.

11. Debt

A. Capital Notes

The Company has no capital note obligations outstanding at December 31, 2002.

B. All other debt

The Company has no other debt obligations outstanding at December 31, 2002.

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

The Company does not sponsor a qualified defined contribution pension plan or non-contributory defined benefit pension plan.

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

- 1) The Company has 405,000 shares of common stock authorized, 405,000 shares issued, and 405,000 outstanding. All outstanding shares are held by the Parent Company.
- 2) The Company has no preferred stock outstanding.
- 3) Under Ohio Insurance regulations, the Company is limited in the amount of dividends it may pay its stockholders. Under Ohio insurance regulations, the maximum dividend generally permitted, without prior approval from the Ohio Insurance Department, is the greater of net gain from operations for the preceding year, or ten percent of the prior year's unassigned surplus. No dividends were paid in 2002.
- 4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 5) There are no restrictions on the Company's unassigned surplus.
- 6) The Company has no advances to surplus unpaid.
- 7) No stock of the Company is being held for special purposes.
- 8) The Company did not have special surplus funds as of December 31, 2002 or December 31, 2001.
- 9) The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a. unrealized gains (losses)	\$	(1,027)
b. non-admitted asset values		(3,045,971)
c. separate account business		-0-
d. asset valuation reserves		-0-
e. reinsurance in unauthorized companies		-0-

NOTES TO FINANCIAL STATEMENTS

- 10) The Company does not have any surplus debentures or similar obligations.
- 11) The Company did not restate gross paid in and contributed surplus and unassigned funds (surplus) under a quasi-reorganization.
- 12) The Company did not restate gross paid in and contributed surplus and unassigned funds (surplus) under a quasi-reorganization in the last 10 years.

14. Contingencies

A. Contingent Commitments

The Company has no contingent commitments.

B. Assessments

The Company has established a liability for guaranty fund assessments based on estimated costs of open insolvencies as reported by The National Organization of Life and Health Insurance Guaranty Associations (NOLGHA). The Company reported a liability of \$54,000 and a related asset for premium tax offsets of \$40,000 at December 31, 2002 for guaranty fund assessments. Because of the uncertain nature of Guaranty Association obligations, the Company cannot estimate the periods over which assessments are to be paid.

In addition to the premium tax offset discussed above, the Company also has established an asset of \$57,480 for premium tax offsets recoverable for Guaranty Fund Assessments paid in 2002 and prior periods. The Company estimates that majority of these credits will be recovered between 2003 and 2005.

C. Gain Contingencies

The Company has not realized a gain contingency subsequent to the balance sheet date.

D. All other contingencies

In addition to the matters discussed above, the Company is involved in various other legal actions and proceedings (some of which involve demands for unspecified damages) in connection with its business. In the opinion of management of the Company, resolution of contingent liabilities, income taxes and other matters will not have a material adverse effect on the Company's statutory surplus or results of operations.

15. Leases

A. Leasing arrangements

- 1) The Company leases automobiles, office space, and furniture and equipment under various non-cancelable operating lease agreements that expire through December 31, 2010. Rental expense for 2002 and 2001 was \$847,000 and \$748,000, respectively.
- 2) At January 1, 2003, the minimum aggregate lease commitments are as follows:

Years ending December 31,	<u>Operating Leases</u>
2003	\$ 888,615
2004	870,129
2005	832,271
2006	791,930
2007	737,160
Later years	<u>1,389,327</u>
Net minimum lease commitments	<u>\$ 5,509,432</u>

- 3) The Company is not involved in any sale-leaseback transactions.

B. Lessor Business Activities

The Company is not involved in any lessor business activities.

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company has no Financial Instruments with material Off-Balance Sheet Risk.

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

A. Transfers of Receivables reported as sales

The Company did not sell any receivables during 2002.

NOTES TO FINANCIAL STATEMENTS

B. Transfer and Servicing of Financial Assets

The Company did not have any transactions related to the transfer and servicing of financial assets and extinguishments of liabilities.

C. Wash Sales

The Company did not sell any securities during the year ended December 31, 2002, which were reacquired within 30 days of the sale date.

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

The Company does not have any uninsured or partially insured A&H Plans.

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

None of the Company's premium was written through managing general agents or third party administrators.

20. Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring

Not applicable

C. Other Disclosures

1) Reinsurance of Group Pension Business

Not applicable

2) Reinsurance of Disability Income Business

Not applicable

3) Closed Block

Not applicable

4) Special Deposits

Assets in the amount of \$6,862,570 and \$6,904,171 at December 31, 2002 and 2001, respectively, were on deposit with government authorities or trustees as required by law. No Company assets were maintained as compensating balances or pledged as collateral for bank loans or other financing as of December 31, 2002 and 2001, respectively.

D. Uncollectible Assets

The Company did not have any admitted assets reported for assets covered under SSAP No. 6, Uncollected Premium Balances, Bills Receivable, and Amounts Due From Agents and Brokers, SSAP No. 47, Uninsured Plans, or SSAP No. 66, Retrospectively Rated Contracts.

E. Multiple Peril Crop Insurance

The Company does not write multiple peril crop insurance.

F. Mezzanine Real Estate Loans

The Company does not have any Mezzanine Real Estate loans.

G. Health Care Receivables

The Company does not have any health care receivables.

H. September 11 Events

The events of September 11, 2001 did not have a material affect on the Company's financial position.

NOTES TO FINANCIAL STATEMENTS

I. Real Estate

The Company does not have any holdings in real estate.

J. Participating Policies

The Company does not have any participating business.

K. Premium Deficiency Reserves

The Company does not have any accident & health or property & casualty business.

L. Loss/Claim Adjustment Expenses

The Company does not have any accident & health or property & casualty business.

M. Structured Settlements

The Company does not have structured settlement business.

N. Noncash Transactions

The Company reported the following noncash investing and financing activities in 2002 and 2001.

	2002	2001
1. Stock acquired through bond default	\$ -0-	\$ 400,000

O. Business Interruption Insurance Recoveries

The Company did not receive any business interruption recoveries in 2002 or 2001.

21. Events Subsequent

The Company is not aware of any events subsequent to the close of the books which would have a material adverse effect upon the financial condition of the Company.

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

- 1) Are any of the reinsurers, listed in schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
Yes () No (X)
- 2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) 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)

Section 2 - Ceded Reinsurance Report - Part A

- 1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits? Yes () No (X)
- 2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes () No (X)

Section 3 - Ceded Reinsurance Report - Part B

- 1) What is the estimated amount of the aggregate reduction in surplus, for agreements not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this statement?
\$240,000
- 2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts which were in-force or which had existing reserves established by the company as of the effective date of the agreement? Yes () No (X)

NOTES TO FINANCIAL STATEMENTS

B. Uncollectible Reinsurance

The Company has not written off any reinsurance balances due in the current year.

C. Commutation of Ceded Reinsurance

The Company has no reported commutation of ceded reinsurance in the current year.

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

The Company does not write retrospective rated contracts.

24. Change in Incurred Losses and Loss Adjustment Expenses

There are no material changes in the provision for incurred loss and loss adjustment expenses attributable to insured events of prior years.

25. Intercompany Pooling Arrangements

The Company does not participate in any intercompany pooling arrangements with affiliated insurers.

26. Reserves for Life Contracts and Deposit -Type Contracts

- 1) The Company waives deduction of deferred fractional premiums upon death of insured and returns any portion of the final premium beyond the date of death. Surrender values are not promised in excess of the legally computed reserves.
- 2) Extra premiums are charged for substandard lives for all policies plus the gross premium for a true age. Mean reserves are determined by computing the regular mean reserve for the plan at the true age and holding an additional one-half (1/2) of the extra charge for the year.
- 3) As of December 31, 2002, the Company had \$10,269,009 of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation of the State of Ohio. Reserves to cover the above insurance totaled \$144,372 at year-end and are reported in Exhibit 8, Part 1, Section G.
- 4) The Tabular Interest (Page 7, Line 4), the Tabular less actual reserve released (Page 7, Line 5), and the Tabular Cost (Page 7, Line 9) has been determined by formulas as described in the instructions for Page 7.
- 5) The tabular interest of funds not involving life contingencies under Page 7, Part B, Line 3 is calculated as the actual amount of interest credited to the amount of funds at the valuation interest rate.
- 6) The "Other Increases" (net) under Page 7-Analysis of Increases in Reserve during the year, Line 7, column 3 represent reserve funding under MODCO agreement.

27. Variable Annuities with Guaranteed Living Benefits

The Company does not have variable annuity contracts with guaranteed living benefits.

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

Withdrawal Characteristics of Annuity Actuarial Reserves and Deposit-Type Contract Funds and other Liabilities without Life or Disability Contingencies

	(1) Amount	(2) % of Total
A. Subject to discretionary withdrawal:		
1) With market value adjustment	\$ 0	0.00%
2) At book value less current surrender charge of 5% or more	2,627	0.02%
3) At fair value	<u>0</u>	<u>0.00%</u>
4) Total with adjustment or at market value	2,627	0.02%
5) At book value without adjustment (minimal or no charge or adjustment)	6,757,050	42.93%
B. Not subject to discretionary withdrawal	<u>8,979,115</u>	<u>57.05%</u>
C. Total (gross)	15,738,792	<u>100.00%</u>
D. Reinsurance ceded	<u>0</u>	
E. Total (net) (C) – (D)	<u>\$ 15,738,792</u>	

NOTES TO FINANCIAL STATEMENTS

Reconciliation of total annuity actuarial reserves and deposit fund liabilities:

F. Life & Accident & Health Annual Statement:	Amount
1) Exhibit 5, Annuities Section B, Total (net)	\$ 13,043,046
2) Exhibit 5, Supplementary Contracts with Life Contingencies Sections, Total (net)	0
3) Exhibit 7, Deposit-Type Contracts, Line 14, Column 1	<u>2,695,746</u>
4) Subtotal	15,738,792
Separate Accounts Annual Statement:	
5) Exhibit 3, Line 02999999, Column 2	0
6) Exhibit 3, Line 03999999, Column 2	0
7) Policyholder dividend and coupon accumulations	0
8) Policyholder premiums	0
9) Guaranteed interest contracts	0
10) Other contract deposit funds	<u>0</u>
11) Subtotal	<u>0</u>
12) Combined Total	<u>\$ 15,738,792</u>

29. Premium and Annuity Considerations Deferred and Uncollected

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

Type	(1) <u>Gross</u>	(2) <u>Net of Loading</u>
1) Industrial	\$ 0	\$ 0
2) Ordinary new business	853,229	683,404
3) Ordinary renewal	5,782,386	5,405,851
4) Credit life	0	0
5) Group life	0	0
6) Group annuity	<u>0</u>	<u>0</u>
7) Totals	<u>\$ 6,635,615</u>	<u>\$ 6,089,255</u>

30. Separate Accounts

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	37,938,061	15.438	37,938,061	15.438
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies	994,322	0.405	994,322	0.405
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)	4,241,786	1.726	4,241,786	1.726
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations	16,831,855	6.849	16,831,855	6.849
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	11,256,214	4.580	11,256,214	4.580
1.512 Issued by FNMA and FHLMC	1,962,212	0.798	1,962,212	0.798
1.513 Privately issued		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC		0.000		0.000
1.523 All other privately issued		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	150,711,764	61.327	150,711,764	61.327
2.2 Unaffiliated foreign securities	7,643,425	3.110	7,643,425	3.110
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural	204,305	0.083	204,305	0.083
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)		0.000	0	0.000
6. Policy loans	3,620,511	1.473	3,620,511	1.473
7. Receivables for securities		0.000	0	0.000
8. Cash and short-term investments	10,346,738	4.210	10,346,738	4.210
9. Other invested assets		0.000		0.000
10. Total invested assets	245,751,193	100.000	245,751,193	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [] No [] NA []
- 1.3 State Regulating? Ohio.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No []
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/2000
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/2000
- 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).09/10/2001
- 3.4 By what department or departments? State of Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No []
- 4.12 renewals? Yes [] No []
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No []
- 4.22 renewals? Yes [] No []
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No []
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

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

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

GENERAL INTERROGATORIES

(continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 PriceWaterhouseCoopers, 312 Walnut St., Cincinnati, Ohio 45202-4046.....
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?
 Deloitte & Touche, 111 Monument Circle, Suite 2000, Indianapolis, IN 46204 -- Consultant.....
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 [X] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No [X]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] NA [X]

BOARD OF DIRECTORS

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

FINANCIAL

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

GENERAL INTERROGATORIES

(continued)
INVESTMENT

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

Class	1	2	3	4	5		6	
	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price if Callable	Is Dividend Rate Limited?		Are Dividends Cumulative?	
					Yes	No	Yes	No
					[]	[]	[]	[]
Preferred								
Common	405,000	405,000	10.000	XXX	XXX	XXX	XXX	XXX

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

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

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

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

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

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

19.31	19.35
19.32	19.36
19.33	19.37
19.34	19.38
	19.39

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

19.4. For category (19.28) provide the following:

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

20.1. Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

20.2. If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
USBank.....	425 Walnut Street, Cincinnati, Ohio 45201.....
.....

GENERAL INTERROGATORIES

(continued) INVESTMENT

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

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

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No []

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address
107713.....	MONY Life Insurance Company.....	1740 Broadway, New York, NY 10019.....

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....19,474

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
AMERICAN COUNCIL OF LIFE INSURERS.....	\$.....6,250
NATIONAL ASSOCIATION OF LIFE INSURERS.....	\$.....5,300
BISYS LICENSING SOLUTIONS.....	\$.....5,080

24.1 Amount of payments for legal expenses, if any?..... \$.....199,665

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
McLeod, Alexander, Powell.....	\$.....63,557
	\$.....
	\$.....

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

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

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

GENERAL INTERROGATORIES

(continued)

PART 2 - LIFE INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U. S. business only \$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
- 1.31 Reason for excluding
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$
- 1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$0
- 1.62 Total incurred claims \$0
- 1.63 Number of covered lives \$0
- All years prior to most current three years:
- 1.64 Total premium earned \$0
- 1.65 Total incurred claims \$0
- 1.66 Number of covered lives \$0
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$0
- 1.72 Total incurred claims \$0
- 1.73 Number of covered lives \$0
- All years prior to most current three years:
- 1.74 Total premium earned \$0
- 1.75 Total incurred claims \$0
- 1.76 Number of covered lives \$0
- 2.1 Does this reporting entity have Separate Accounts? Yes [] No [X]
- 2.2 If yes, has a Separate Accounts Statement been filed with this Department? Yes [] No [] NA []
- 2.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account? \$
- 2.4 State the authority under which Separate Accounts are maintained:
- 2.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31? Yes [] No [X]
- 2.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31? Yes [] No [X]
- 3.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)? Yes [X] No []
- 3.2 Net reimbursement of such expenses between reporting entities:
- 3.21 Paid: \$1,253,747
- 3.22 Received: \$170,452
- 4.1 Does the reporting entity write any guaranteed interest contracts? Yes [] No [X]
- 4.2 If yes, what amount pertaining to these items is included in:
- 4.21 Page 3, Line 3 \$
- 4.22 Page 4, Line 1 \$
5. For stock reporting entities only:
- 5.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity: \$42,285,723
6. Total dividends paid stockholders since organization of the reporting entity:
- 6.11 Cash: \$200,000
- 6.12 Stock: \$
- 7.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- 7.11 Name of real estate holding company
- 7.12 Number of parcels involved
- 7.13 Total book/adjusted carrying value \$
- 7.2 If yes, provide explanation:

GENERAL INTERROGATORIES

(continued)

PART 2 - LIFE INTERROGATORIES

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

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

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

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

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

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

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

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

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Life Insurance in Force					
(Exhibit of Life Insurance)					
1. Ordinary - Whole Life and Endowment (Line 34, Col. 4)	2,639,671	2,231,803	831,353	1,540,852	2,311,471
2. Ordinary - Term (Line 21, Col. 4, less Line 34, Col. 4)	25,142,279	19,361,426	14,690,030	7,228,436	3,044,245
3. Credit Life (Line 21, Col. 6)	0	0	0	0	0
4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4)	0	0	0	0	0
5. Industrial (Line 21, Col. 2)	0	0	0	0	0
6. FEGLI/SGLI (Lines 43 & 44, Col. 4)	0	0	0	0	0
7. Total (Line 21, Col. 10)	27,781,951	21,593,229	15,521,383	8,769,288	5,355,716
New Business Issued					
(Exhibit of Life Insurance)					
8. Ordinary - Whole Life and Endowment (Line 34, Col. 2)	592,748	574,450	333,040	304,890	1,080,508
9. Ordinary - Term (Line 2, Col. 4, less Line 34, Col. 2)	7,646,007	7,002,312	7,407,111	3,724,247	326,189
10. Credit Life (Line 2, Col. 6)	0	0	0	0	0
11. Group (Line 2, Col. 9)	0	0	0	0	0
12. Industrial (Line 2, Col. 2)	0	0	0	0	0
13. Total (Line 2, Col. 10)	8,238,755	7,576,762	7,740,151	4,029,137	1,406,697
Premium Income - Lines of Business					
14. Industrial Life (Exhibit 1-Part 1, Line 20.4, Col. 2)	0	0	0	0	0
15.1 Ordinary-Life Insurance (Exhibit 1-Part 1, Line 20.4, Col. 3)	54,917,369	53,396,159	55,519,370	53,891,310	42,062,520
15.2 Ordinary-Individual Annuities (Exhibit 1-Part 1, Line 20.4, Col. 4)	73,915	71,968	142,507	213,805	127,960
16. Credit Life (Group and Individual) (Exhibit 1-Part 1, Line 20.4, Col. 5)	0	0	0	0	0
17.1 Group Life Insurance (Exhibit 1-Part 1, Line 20.4, Col. 6)	0	0	0	0	347,235
17.2 Group Annuities (Exhibit 1-Part 1, Line 20.4, Col. 7)	0	0	0	0	0
18.1 A & H-Group (Exhibit 1-Part 1, Line 20.4, Col. 8)	0	0	0	0	113,335
18.2 A & H-Credit (Group and Individual) (Exhibit 1-Part 1, Line 20.4, Col. 9)	0	0	0	0	0
18.3 A & H-Other (Exhibit 1-Part 1, Line 20.4, Col. 10)	0	0	0	0	0
19. Aggregate of All Other Lines of Business (Exhibit 1-Part 1, Line 20.4, Col. 11)	0	0	0	0	0
20. Deposit-type funds	XXX	XXX	0	0	0
21. Total	54,991,283	53,468,126	55,661,877	54,105,115	42,651,050
Balance Sheet Items (Pages 2 & 3)					
22. Total Admitted Assets Excluding Separate Accounts Business (Page 2, Line 25, Col. 3)	277,145,470	205,870,369	156,670,424	124,527,798	104,958,488
23. Total Liabilities Excluding Separate Accounts Business (Page 3, Line 26)	252,938,644	182,738,114	142,560,779	107,347,759	87,602,668
24. Aggregate Life Reserves (Page 3, Line 1)	235,180,045	169,142,323	129,370,728	101,160,403	82,162,262
25. Aggregate A & H Reserves (Page 3, Line 2)	28,621	29,363	35,250	35,365	34,825
26. Deposit-type contract funds (Page 3, Line 3)	2,695,746	2,827,915	XXX	XXX	XXX
27. Asset Valuation Reserve (Page 3, Line 24.1)	0	260,569	372,691	114,043	517,565
28. Capital (Page 3, Lines 29 and 30)	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000
29. Surplus (Page 3, Line 37)	20,156,827	19,082,255	10,059,645	13,130,039	13,305,820
Risk-Based Capital Analysis					
30. Total Adjusted Capital	24,206,827	23,392,824	14,482,336	17,294,082	17,873,385
31. Authorized Control Level Risk - Based Capital	4,710,658	4,148,468	3,775,777	3,206,843	2,630,937
Percentage Distribution of Assets					
(Page 2, Col. 3) (Line No. / Page 2, Line 11, Col. 3) x 100.0					
32. Bonds (Line 1)	94.2	93.7	87.9	93.0	94.6
33. Stocks (Lines 2.1 and 2.2)	0.0	0.0	0.0	0.0	0.0
34. Mortgage Loans on Real Estate (Lines 3.1 and 3.2)	0.1	0.1	0.0	0.0	0.0
35. Real Estate (Lines 4.1, 4.2 and 4.3)	0.0	0.0	0.0	0.0	0.0
36. Policy Loans (Line 5)	1.5	1.9	2.0	2.1	2.0
37. Premium Notes (Line 6)	0.0	0.0	0.0	0.0	0.0
38. Cash and Short - Term Investments (Line 7)	4.2	4.2	10.1	4.9	3.5
39. Other Invested Assets (Line 8)	0.0	0.0	0.0	0.0	0.0
40. Receivable for Securities (Line 9)	0.0	0.0	0.0	0.0	0.0
41. Aggregate Write-ins for Invested Assets (Line 10)	0.0	0.0	0.0	0.0	0.0
42. Cash and Invested Assets (Line 11)	100.0	100.0	100.0	100.0	100.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
Investments in Parent, Subsidiaries and Affiliates					
43. Affiliated Bonds (Schedule D Summary, Line 25, Col. 1)	0	0	0	0	0
44. Affiliated Preferred Stocks (Schedule D Summary, Line 39, Col. 1)	0	0	0	0	0
45. Affiliated Common Stocks (Schedule D Summary, Line 53, Col. 2)	0	0	0	0	0
46. Affiliated Short-Term Investments (Subtotals included in Schedule DA Part 2 Col. 5, Line 11)	0	0	0	0	0
47. Affiliated Mortgage Loans on Real Estate	0	0	0	0	0
48. All Other Affiliated	0	0	0	0	0
49. Total of above Lines 43 to 48	0	0	0	0	0
Total Non-admitted and Admitted Assets					
50. Total Non admitted Assets (Page 2, Line 27, Col. 2)	3,045,972	2,864,900	2,984,917	841,098	614,623
51. Total Admitted Assets (Page 2, Line 27, Col. 3)	277,145,470	205,870,369	156,670,424	124,527,798	104,958,488
Investment Data					
52. Net Investment Income (Exhibit of Net Investment Income)	12,810,897	10,324,135	8,439,585	7,059,430	6,570,100
53. Realized Capital Gains (Losses)	(920,711)	(632,282)	13,861	(207,817)	221,573
54. Unrealized Capital Gains (Losses)	1,073	(2,100)	0	(617,198)	0
55. Total of above Lines 52, 53 & 54	11,891,259	9,689,754	8,453,446	6,234,415	6,791,673
Benefits and Reserve Increases (Page 6)					
56. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15, Col.1 less Lines 10, 11, 12, 13, 14, and 15, Cols. 9, 10 & 11)	33,681,696	27,924,621	26,945,514	24,155,951	19,260,746
57. Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11)	4,357	6,738	5,701	(1,731)	95,796
58. Increase in Life Reserves - Other than Group and Annuities (Line 19, Cols. 2 and 3)	67,211,870	43,689,786	29,549,409	20,394,789	11,382,394
59. Increase in A & H Reserves (Line 19, Cols. 9, 10 & 11)	(742)	(5,887)	(115)	540	(1,472)
60. Dividends to Policyholders (Line 30, Col. 1)	0	0	0	0	0
Operating Percentages					
61. Insurance Expense Percent (Page 6, Col. 1, Lines 21, 22 & 23, less Line 6)/(Page 6, Col. 1, Line 1 plus group annuity contribution funds) x 100.0	12.5	14.5	31.5	38.7	46.0
62. Lapse Percent (Ordinary Only) (Exhibit of Life Insurance, Col. 4, Lines 14 & 15) x 100.0 / 1/2 (Lines 1 & 21)	8.0	7.8	7.7	8.1	10.3
63. A & H Loss Percent (Schedule H, Part 1, Lines 3 and 4, Col. 2)	0.0	0.0	0.0	0.0	83.2
64. A & H Expense Percent (Schedule H, Pt. 1, Line 8, Col. 2)	0.0	0.0	0.0	0.0	21.1
A & H Claim Reserve Adequacy					
65. Incurred Losses on Prior Years' Claims - Group Health (Schedule H, Part 3, Line 3.1 Col. 2)	32,978	36,101	40,951	33,633	50,343
66. Prior Years' Claim Liability and Reserve - Group Health (Schedule H, Part 3, Line 3.2 Col. 2)	29,363	35,250	35,365	34,824	50,343
67. Incurred Losses on Prior Years' Claims-Health other than Group (Schedule H, Part 3, Line 3.1 Col. 1 less Col. 2)	0	0	0	0	0
68. Prior Years' Claim Liability and Reserve-Health other than Group (Schedule H, Part 3, Line 3.2 Col. 1 less Col. 2)	0	0	0	0	0
Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33)					
69. Industrial Life (Col. 2)	0	0	0	0	0
70. Ordinary - Life (Col. 3)	(3,512,568)	1,915,079	(361,079)	(2,084,978)	(553,691)
71. Ordinary - Individual Annuities (Col. 4)	28,756	(40,732)	9,533	328,995	311,412
72. Ordinary-Supp. Contracts (Col. 5)	0	0	0	0	0
73. Credit Life (Col. 6)	0	0	0	0	0
74. Group Life (Col. 7)	5,756	2,008	(1,103)	11,772	9,073
75. Group Annuities (Col. 8)	0	0	0	0	0
76. A & H-Group (Col. 9)	(2,224)	(1,367)	1,407	52	(1,271)
77. A & H-Credit (Col. 10)	0	0	0	0	0
78. A & H-Other (Col. 11)	0	0	0	0	0
79. Aggregate of All Other Lines of Business (Col. 12)	0	0	0	0	363,900
80. Total (Col. 1)	(3,480,279)	1,874,988	(351,243)	(1,744,159)	129,423

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

EXHIBIT OF LIFE INSURANCE

	Industrial		Ordinary		Credit Life (Group and Individual)		Group			10 Total Amount of Insurance (a)
	1	2	3	4	5	6	Number of		9	
	Number of Policies	Amount of Insurance (a)	Number of Policies	Amount of Insurance (a)	Number of Individual Policies and Group Certificates	Amount of Insurance (a)	7 Policies	8 Certificates	Amount of Insurance (a)	
1. In force end of prior year	0	0	80,939	21,593,229	0	0	0	0	0	21,593,229
2. Issued during year	0	0	25,386	8,238,755	0	0	0	0	0	8,238,755
3. Reinsurance assumed										0
4. Revived during year										0
5. Increased during year (net)										0
6. Subtotals, Lines 2 to 5	0	0	25,386	8,238,755	0	0	0	0	0	8,238,755
7. Additions by dividends during year	XXX		XXX		XXX		XXX	XXX		0
8. Aggregate write-ins for increases	0	0	0	0	0	0	0	0	0	0
9. Totals (Lines 1 and 6 to 8)	0	0	106,325	29,831,984	0	0	0	0	0	29,831,984
Deductions during year:										
10. Death			497	63,553			XXX			63,553
11. Maturity							XXX			0
12. Disability							XXX			0
13. Expiry			66	8,230						8,230
14. Surrender			422	63,302						63,302
15. Lapse			5,534	1,914,947						1,914,947
16. Conversion							XXX	XXX	XXX	0
17. Decreased (net)										0
18. Reinsurance										0
19. Aggregate write-ins for decreases	0	0	0	0	0	0	0	0	0	0
20. Totals, (Lines 10 to 19)	0	0	6,519	2,050,033	0	0	0	0	0	2,050,033
21. In force end of year, (Line 9 minus Line 20)	0	0	99,806	27,781,951	0	0	0	0	0	27,781,951
22. Reinsurance ceded end of year	XXX		XXX	22,388,322	XXX		XXX	XXX		22,388,322
23. Line 21 minus Line 22	XXX	0	XXX	5,393,629	XXX	(b)	XXX	XXX	0	5,393,629
DETAILS OF WRITE-INS										
0801.										
0802.										
0803.										
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0	0	0	0	0	0	0
0899. TOTALS (Lines 0801 thru 0803 plus 0898) (Line 8 above)	0	0	0	0	0	0	0	0	0	0
1901.										
1902.										
1903.										
1998. Summary of remaining write-ins for Line 19 from overflow page	0	0	0	0	0	0	0	0	0	0
1999. TOTALS (Lines 1901 thru 1903 plus 1998) (Line 19 above)	0	0	0	0	0	0	0	0	0	0

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

(b) Group \$; Individual \$

30

EXHIBIT OF LIFE INSURANCE (Continued)

ADDITIONAL INFORMATION ON INSURANCE IN FORCE END OF YEAR

	Industrial		Ordinary	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)
24. Additions by dividends	XXX		XXX	
25. Other paid-up insurance			455	1,548
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			130	2,401
28. Term policies - other	21,843	7,646,007	77,160	25,134,470
29. Other term insurance - decreasing	XXX		XXX	
30. Other term insurance	XXX		XXX	
31. Totals, Line 27 to 30	21,843	7,646,007	77,290	25,136,871
Reconciliation to Page 30, Lines 2 and 21:				
32. Term additions	XXX		XXX	
33. Totals, extended term insurance	XXX	XXX	53	5,408
34. Totals, whole life and endowment	3,543	592,748	22,463	2,639,671
35. Total (Lines 31 to 34)	25,386	8,238,755	99,806	27,781,951

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	8,238,755		27,781,951	
38. Credit Life (Group and Individual)				
39. Group				
40. Totals (Lines 36 to 39)	8,238,755	0	27,781,951	0

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

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

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a)	11,437
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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 ACTUAL AMOUNT
47.2 FOR EACH: \$5,000 ON PRIMARY INSURED, \$1,000 ON SPOUSE, \$2,500 ON CHILDREN

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			3,053	727,631				
49. Disability Income								
50. Extended Benefits			XXX	XXX				
51. Other								
52. Total	0 ^(b)	0	3,053 ^(b)	727,631	0 ^(b)	0	0 ^(b)	0

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

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

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

SUPPLEMENTARY CONTRACTS

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
NONE				
1. In force end of prior year				
2. Issued during year				
3. Reinsurance assumed				
4. Increased during year (net)				
5. Total (Lines 1 to 4)				
Deductions during year:				
6. Decreased (net)				
7. Reinsurance				
8. Totals (Lines 6 and 7)				
9. In force end of year				
10. Amount on deposit		(a)		(a)
11. Income now payable				
12. Amount of income payable	(a)	(a)	(a)	(a)

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year	102	567	0	0
2. Issued during year		6		
3. Reinsurance assumed				
4. Increased during year (net)	0	0		
5. Total (Lines 1 to 4)	102	573	0	0
Deductions during year:				
6. Decreased (net)	4	53		
7. Reinsurance				
8. Totals (Lines 6 and 7)	4	53	0	0
9. In force end of year	98	520	0	0
Income now payable:				
10. Amount of income payable	(a) 814,060	XXX	XXX	(a)
Deferred fully paid:				
11. Account balance	XXX	(a) 1,274,627	XXX	(a)
Deferred not fully paid:				
12. Account balance	XXX	(a) 5,425,745	XXX	(a)

ACCIDENT AND HEALTH INSURANCE

	Ordinary		Group		Credit	
	1 Policies	2 Premiums in Force	3 Policies	4 Premiums in Force	5 Policies	6 Premiums in Force
NONE						
1. In force end of prior year						
2. Issued during year						
3. Reinsurance assumed						
4. Increased during year (net)		XXX		XXX		XXX
5. Total (Lines 1 to 4)		XXX		XXX		XXX
Deductions during year:						
6. Conversions	XXX	XXX		XXX	XXX	XXX
7. Decreased (net)		XXX		XXX		XXX
8. Reinsurance		XXX		XXX		XXX
9. Total (Lines 6 thru 8)		XXX		XXX		XXX
10. In force end of year		(a)		(a)		(a)

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year	79	0
2. Issued during year	2	
3. Reinsurance assumed		
4. Increased during year (net)		
5. Total (Lines 1 to 4)	81	0
Deductions During Year:		
6. Decreased (net)	11	
7. Reinsurance		
8. Totals (Lines 6 and 7)	11	0
9. In force end of year	70	0
10. Amount of account balance	(a) 2,695,746	(a)

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

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States .....56,130,801 2. Canada .....0 3. Other Countries .....996,633 4. Totals .....57,127,434	58,669,959 0 1,072,790 59,742,749	56,017,382 0 995,060 57,012,442	52,606,171 0 1,000,000 53,606,171
States, Territories and Possessions (Direct and guaranteed)	5. United States .....0 6. Canada .....0 7. Other Countries .....0 8. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....0 10. Canada .....0 11. Other Countries .....0 12. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....12,641,643 14. Canada .....3,245,153 15. Other Countries .....0 16. Totals .....15,886,796	12,747,481 3,306,548 0 16,054,029	12,498,202 3,226,110 0 15,724,312	12,861,229 3,000,000 0 15,861,229
Public Utilities (unaffiliated)	17. United States .....15,270,461 18. Canada .....0 19. Other Countries .....0 20. Totals .....15,270,461	15,885,138 0 0 15,885,138	15,414,041 0 0 15,414,041	15,275,000 0 0 15,275,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....134,743,484 22. Canada .....3,864,039 23. Other Countries .....4,687,422 24. Totals .....143,294,945	142,888,742 4,255,350 4,957,908 152,102,000	135,856,784 3,852,820 4,648,850 144,358,454	135,146,227 3,750,000 4,750,000 143,646,227
Parent, Subsidiaries and Affiliates	25. Totals .....0 26. Total Bonds .....231,579,636	0 243,783,915	0 232,509,249	0 228,388,627
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States .....0 28. Canada .....0 29. Other Countries .....0 30. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....0 32. Canada .....0 33. Other Countries .....0 34. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	35. United States .....0 36. Canada .....0 37. Other Countries .....0 38. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	39. Totals .....0 40. Total Preferred Stocks .....0	0 0	0 0	0 0
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States .....0 42. Canada .....0 43. Other Countries .....0 44. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....0 46. Canada .....0 47. Other Countries .....0 48. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Industrial and Miscellaneous (unaffiliated)	49. United States .....0 50. Canada .....0 51. Other Countries .....0 52. Totals .....0	0 0 0 0	0 0 0 0	0 0 0 0
Parent, Subsidiaries and Affiliates	53. Totals .....0 54. Total Common Stocks .....0 55. Total Stocks .....0 56. Total Bonds and Stocks .....231,579,636	0 0 0 243,783,915	0 0 0 232,509,249	0 0 0 228,388,627

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

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year .....172,105,587	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 .....78,289,377	6.1 Column 17, Part 1 .....0
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Sec. 1 .....0
3.1 Column 16, Part 1 .....(1,097,519)	6.3 Column 11, Part 2, Sec. 2 .....0
3.2 Column 12, Part 2, Sec. 1 .....0	6.4 Column 11, Part 4 .....0
3.3 Column 10, Part 2, Sec. 2 .....0	7. Book/adjusted carrying value at end of current period .....231,579,634
3.4 Column 10, Part 4 .....(2,194,306)	8. Total valuation allowance .....0
4. Total gain (loss), Col. 14, Part 4 .....1,264,765	9. Subtotal (Lines 7 plus 8) .....231,579,634
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 .....17,885,789	10. Total nonadmitted amounts .....0
	11. Statement value of bonds and stocks, current period .....231,579,634

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE U.S. FINANCIAL LIFE INSURANCE COMPANY

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Life Contracts		Direct Business Only		
		2	3	4	5	6
	Is Insurer Licensed? (Yes or No)	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Deposit-Type Contract Funds	Other Considerations
1. Alabama	AL	Yes	3,401,684	.0	.0	.0
2. Alaska	AK	Yes	130,906	.0	.0	.0
3. Arizona	AZ	Yes	1,494,864	.0	.0	.0
4. Arkansas	AR	Yes	1,152,920	.0	.0	.0
5. California	CA	Yes	12,620,924	.0	.0	.0
6. Colorado	CO	Yes	3,213,704	.0	.0	.0
7. Connecticut	CT	Yes	3,833,406	.0	.0	.0
8. Delaware	DE	Yes	305,219	.0	.0	.0
9. District of Columbia	DC	No	89,866	.0	.0	.0
10. Florida	FL	Yes	11,797,979	4,000	.0	.0
11. Georgia	GA	Yes	4,700,145	2,000	.0	.0
12. Hawaii	HI	Yes	572,871	.0	.0	.0
13. Idaho	ID	Yes	69,813	73	.0	.0
14. Illinois	IL	Yes	6,848,934	2,250	.0	.0
15. Indiana	IN	Yes	3,694,806	9,082	.0	.0
16. Iowa	IA	Yes	2,814,014	.0	.0	.0
17. Kansas	KS	Yes	2,186,797	.0	.0	.0
18. Kentucky	KY	Yes	3,448,617	2,000	.0	.0
19. Louisiana	LA	Yes	2,206,912	.0	.0	.0
20. Maine	ME	Yes	721,247	.0	.0	.0
21. Maryland	MD	Yes	2,611,059	.0	.0	.0
22. Massachusetts	MA	Yes	5,108,115	.0	.0	.0
23. Michigan	MI	Yes	8,451,095	51,709	.0	.0
24. Minnesota	MN	Yes	786,601	.0	.0	.0
25. Mississippi	MS	Yes	2,854,067	.0	.0	.0
26. Missouri	MO	Yes	3,614,206	.0	.0	.0
27. Montana	MT	Yes	676,334	.0	.0	.0
28. Nebraska	NE	Yes	944,054	.0	.0	.0
29. Nevada	NV	Yes	453,579	.0	.0	.0
30. New Hampshire	NH	Yes	826,782	.0	.0	.0
31. New Jersey	NJ	Yes	4,871,433	.0	.0	.0
32. New Mexico	NM	Yes	718,813	.0	.0	.0
33. New York	NY	No	2,385,705	.0	.0	.0
34. North Carolina	NC	Yes	6,907,535	200	.0	.0
35. North Dakota	ND	Yes	926,021	.0	.0	.0
36. Ohio	OH	Yes	13,386,080	.0	.0	.0
37. Oklahoma	OK	Yes	1,621,218	.0	.0	.0
38. Oregon	OR	Yes	1,632,705	.0	.0	.0
39. Pennsylvania	PA	Yes	9,747,398	.0	.0	.0
40. Rhode Island	RI	Yes	866,896	.0	.0	.0
41. South Carolina	SC	Yes	3,236,692	1,050	.0	.0
42. South Dakota	SD	Yes	1,425,354	.0	.0	.0
43. Tennessee	TN	Yes	5,295,145	1,200	.0	.0
44. Texas	TX	Yes	13,852,481	100	.0	.0
45. Utah	UT	Yes	770,385	.0	.0	.0
46. Vermont	VT	Yes	71,535	.0	.0	.0
47. Virginia	VA	Yes	562,934	.0	.0	.0
48. Washington	WA	Yes	2,885,427	.0	.0	.0
49. West Virginia	WV	Yes	304,299	.0	.0	.0
50. Wisconsin	WI	Yes	3,546,343	.0	.0	.0
51. Wyoming	WY	Yes	578,783	.0	.0	.0
52. American Samoa	AS	No	.0	.0	.0	.0
53. Guam	GU	No	1,416	.0	.0	.0
54. Puerto Rico	PR	No	2,123	250	.0	.0
55. US Virgin Islands	VI	No	5,588	.0	.0	.0
56. Canada	CN	No	30,936	.0	.0	.0
57. Aggregate Other Alien	OT	XXX	36,434	.0	.0	.0
58. Subtotal	(a) 49		167,301,198	73,915	.0	.0
90. Reporting entity contributions for employee benefit plans	XXX					
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX					
93. Premium or annuity considerations waived under disability or other contract provisions	XXX					
94. Aggregate of other amounts not allocable by State	XXX		.0	.0	.0	.0
95. Totals (Direct Business)	XXX		167,301,198	73,915	.0	.0
96. Plus Reinsurance Assumed	XXX					
97. Totals (All Business)	XXX		167,301,198	73,915	.0	.0
98. Less Reinsurance Ceded	XXX		112,594,688			
99. Totals (All Business) less Reinsurance Ceded	XXX		54,706,509	73,915	(b) 0	0
DETAILS OF WRITE-INS						
5701. Israel	XXX		13,918	.0	.0	.0
5702. Mexico	XXX		1,289	.0	.0	.0
5703. Other Alien	XXX		21,227	.0	.0	.0
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX		.0	.0	.0	.0
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		36,434	0	0	0
9401.	XXX					
9402.	XXX					
9403.	XXX					
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX		.0	.0	.0	.0
9499. Totals (Lines 9401 thru 9403 plus 9498)(Line 94 above)	XXX		0	0	0	0

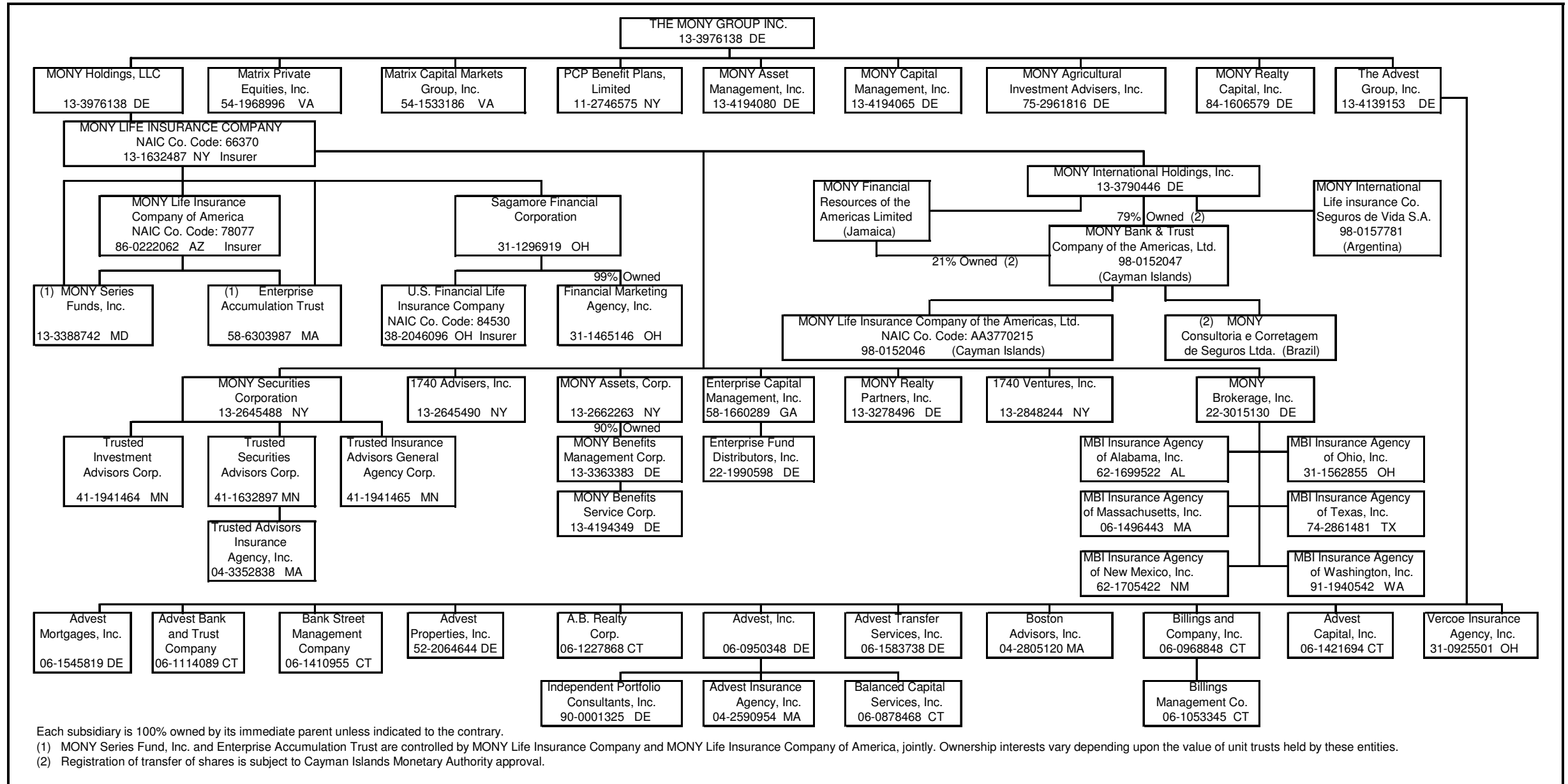
Explanation of basis of allocation by states, etc., of premiums and annuity considerations

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

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

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

PART 1 - ORGANIZATIONAL CHART



Each subsidiary is 100% owned by its immediate parent unless indicated to the contrary.

(1) MONY Series Fund, Inc. and Enterprise Accumulation Trust are controlled by MONY Life Insurance Company and MONY Life Insurance Company of America, jointly. Ownership interests vary depending upon the value of unit trusts held by these entities.

(2) Registration of transfer of shares is subject to Cayman Islands Monetary Authority approval.