



ANNUAL STATEMENT

For the Year Ended December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

Medical Life Insurance Company

NAIC Group Code 0917 , 0000 NAIC Company Code 86991 Employer's ID Number 34-1174729
(Current Period) (Prior Period)

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

Country of Domicile United States of America

Incorporated 09/13/1973 Commenced Business 11/13/1975

Statutory Home Office 20445 Emerald Parkway, Suite 400 , Cleveland, OH 44135
(Street and Number) (City, or Town, State and Zip Code)

Main Administrative Office 20445 Emerald Parkway, Suite 400
(Street and Number)

Cleveland, OH 44135 (800)544-9000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 20445 Emerald Parkway, Suite 400 , Cleveland, OH 44135
(Street and Number or P.O. Box) (City, or Town, State and Zip Code)

Primary Location of Books and Records 20445 Emerald Parkway, Suite 400
(Street and Number)

Cleveland, OH 44135 (800)544-9000
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.med-life.com

Statement Contact Ana L Clark, 2002 (216)898-0730
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(Street and Number)

Cleveland, OH 44135 (800)544-9000
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)(Extension)

OFFICERS

President	Larry Joseph Newsom
Secretary	Maureen Therese Mulville
Treasurer	Michael Joseph Lynch
Chief Actuary	John Wilson McKee III
Chief Financial Officer	Gerard Thomas Mallen
Vice President	Marcia Carroll Sevold
Chief Underwriter	Herman Angelo Lefevre

VICE PRESIDENTS

Marcia Carroll Sevold Gerard Thomas Mallen	John Wilson McKee III Michael Joseph Lynch
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DIRECTORS OR TRUSTEES

Larry Joseph Newsom Marcia Carroll Sevold Ana Lisa Clark #	Michael Joseph Lynch Gregory Paul Turner #
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State of Ohio
 County of Cuyahoga ss

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

_____ (Signature) Larry Joseph Newsom _____ (Printed Name) President	_____ (Signature) Maureen Therese Mulville _____ (Printed Name) Secretary	_____ (Signature) Michael Joseph Lynch _____ (Printed Name) Treasurer
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- a. Is this an original filing? Yes[X] No[]
- b. If no, 1. State the amendment number 0
2. Date filed _____
3. Number of pages attached 0

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

 (Notary Signature)

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Columns 1-2)	Net Admitted Assets
1. Bonds	198,818,286	0	198,818,286	186,869,612
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1)	1,100,000	0	1,100,000	1,600,000
2.2 Common stocks (Schedule D, Part 2, Section 2)	3,819,746	0	3,819,746	4,173,040
3. Mortgage loans on real estate (Schedule B, Part 1):				
3.1 First liens	0	0	0	0
3.2 Other than first liens	0	0	0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances)	0	0	0	0
4.2 Properties held for the production of income (less \$.....0 encumbrances)	0	0	0	0
4.3 Properties held for sale (less \$.....0 encumbrances)	0	0	0	0
5. Policy loans	176,994	0	176,994	179,609
6. Premium notes, including \$.....0 for first year premiums	0	0	0	0
7. Cash (\$.....4,476,122, Schedule E, Part 1) and short-term investments (\$.....8,750, Schedule DA, Part 2)	4,484,872	0	4,484,872	3,589,454
8. Other invested assets (Schedule BA, Part 1)	0	0	0	0
9. Receivable for Securities	0	0	0	0
10. Aggregate write-ins for invested assets	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10)	208,399,898	0	208,399,898	196,411,715
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers (Schedule S, Part 2)	1,230,624	0	1,230,624	2,001,519
12.2 Commissions and expense allowances due	3,736	0	3,736	13,642
12.3 Experience rating and other refunds due	0	0	0	0
12.4 Other amounts receivable under reinsurance contracts	0	0	0	0
13. Electronic data processing equipment and software	260,164	24,928	235,236	149,339
14. Federal and foreign income tax recoverable and interest thereon (including \$.....2,443,314 net deferred tax asset)	8,454,184	5,659,098	2,795,086	2,787,019
15. Guaranty funds receivable or on deposit	20,146	0	20,146	53,664
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$.....139,635 loading)	6,911,277	202,214	6,709,063	7,188,859
17. Accident and health premiums due and unpaid	2,374,969	85,063	2,289,907	2,598,573
18. Investment income due and accrued	3,644,564	0	3,644,564	3,447,047
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0	0
20. Receivable from parent, subsidiaries and affiliates	120,766	0	120,766	49,035
21. Amounts receivable relating to uninsured accident and health plans	105,154	0	105,154	124,054
22. Amounts due from agents	0	0	0	0
23. Other assets nonadmitted (Exhibit 9)	484,657	484,657	0	0
24. Aggregate write-ins for other than invested assets	513,431	120,401	393,030	265,420
25. TOTAL assets excluding Separate Accounts business (Lines 11 to 24)	232,523,571	6,576,361	225,947,210	215,089,886
26. From Separate Accounts Statement	0	0	0	0
27. TOTAL (Lines 25 and 26)	232,523,571	6,576,361	225,947,210	215,089,886
DETAILS OF WRITE-INS				
1001	0	0	0	0
1002	0	0	0	0
1003	0	0	0	0
1098. Summary of remaining write-ins for Line 10 from overflow page	0	0	0	0
1099. TOTALS (Lines 1001 through 1003 plus 1098) (Line 10 above)	0	0	0	0
2401. Prepaid Expenses/Guaranty Funds	93,446	93,446	0	0
2402. Premium/Other Deposit Funds	26,956	26,956	0	0
2403. Miscellaneous Receivable	58,147	0	58,147	42,703
2498. Summary of remaining write-ins for Line 24 from overflow page	334,883	0	334,883	222,717
2499. TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	513,431	120,401	393,030	265,420

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Aggregate reserve for life contracts \$.....35,697,941 (Exhibit 5, Line 9999999) less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve)	35,697,941	34,635,494
2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Column 1) (including \$.....0 Modco Reserve)	9,040,511	7,859,980
3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$.....0 Modco Reserve)	5,171	15,173
4. Contract claims:		
4.1 Life (Exhibit 8, Part 1, Line 4.4, Column 1 less sum of Columns 9, 10, and 11)	26,292,730	27,381,551
4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Columns 9, 10, and 11)	6,274,894	6,472,313
5. Policyholders' dividends \$.....0 and coupons \$.....0 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 \$.....0 Modco)	0	0
6.2 Dividends not yet apportioned (including \$.....0 Modco)	0	0
6.3 Coupons and similar benefits (including \$.....0 Modco)	0	0
7. Amount provisionally held for deferred dividend policies not included in Line 6	0	0
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....327,509 accident and health premiums (Exhibit 1, Part 1, Column 1, sum of Lines 4 and 14)	857,963	375,920
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts	0	0
9.2 Provision for experience rating refunds, including \$.....82,442 A & H experience rating refunds	1,407,072	1,407,568
9.3 Other amounts payable on reinsurance; including \$.....0 assumed and \$.....0 ceded	0	0
9.4 Interest Maintenance Reserve (Page 33, Line 6)	155,932	112,725
10. Commissions to agents due or accrued-life and annuity contracts \$.....3,669,257 accident and health \$.....1,252,374 and deposit-type contract funds \$.....0	4,921,631	5,378,979
11. Commissions and expense allowances payable on reinsurance assumed	0	0
12. General expenses due or accrued (Exhibit 2, Line 12, Column 5)	4,260,268	4,543,979
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)	1,154,331	1,442,043
15. Federal and foreign income taxes, including \$.....31,399 on realized capital gains (losses) (including \$.....0 net deferred tax liability)	0	0
16. Unearned investment income	7,840	6,996
17. Amounts withheld or retained by company as agent or trustee	0	0
18. Amounts held for agents' account, including \$.....0 agents' credit balances	0	0
19. Remittances and items not allocated	753,375	1,301,580
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	612,737	463,884
22. Borrowed money \$.....0 and interest thereon \$.....0	0	0
23. Dividends to stockholders declared and unpaid	0	0
24. Miscellaneous liabilities:		
24.1 Asset Valuation Reserve (Page 34, Line 16, Column 7)	819,573	1,296,659
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	2,714,452	307,982
24.5 Drafts outstanding	0	0
24.6 Liability for amounts held under uninsured accident and health plans	127,186	109,017
24.7 Funds held under coinsurance	0	0
24.8 Payable for securities	0	0
24.9 Capital notes \$.....0 and interest thereon \$.....0	0	0
25. Aggregate write-ins for liabilities	330,353	376,682
26. TOTAL Liabilities excluding Separate Accounts business (Lines 1 to 25)	95,433,959	93,488,525
27. From Separate Accounts Statement	0	0
28. TOTAL LIABILITIES (Lines 26 and 27)	95,433,959	93,488,525
29. Common capital stock	2,622,800	2,622,800
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, Column 2 plus Page 4, Line 51.1, Column 1)	18,995,342	18,995,342
34. Aggregate write-ins for special surplus funds	0	0
35. Unassigned funds (surplus)	108,895,109	99,983,219
36. Less treasury stock, at cost:		
36.1 .....0 shares common (value included in Line 29 \$.....0)	0	0
36.2 .....0 shares preferred (value included in Line 30 \$.....0)	0	0
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (Including \$.....0 in Separate Accounts Statement)	127,890,451	118,978,561
38. TOTALS of Lines 29, 30 and 37 (Page 4, Line 55)	130,513,251	121,601,361
39. TOTALS of Lines 28 and 38 (Page 2, Line 27, Column 3)	225,947,210	215,089,886
DETAILS OF WRITE-INS		
2501. Unclaimed Funds	330,353	376,682
2502.	0	0
2503.	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0
2599. TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	330,353	376,682
3101.	0	0
3102.	0	0
3103.	0	0
3198. Summary of remaining write-ins for Line 31 from overflow page	0	0
3199. TOTALS (Lines 3101 through 3103 plus 3198) (Line 31 above)	0	0
3401.	0	0
3402.	0	0
3403.	0	0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0
3499. TOTALS (Lines 3401 through 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)	200,029,763	203,049,974
2. Considerations for supplementary contracts with life contingencies	0	0
3. Net investment income (Exhibit of Net Investment Income Line 17)	12,971,677	12,658,315
4. Amortization of Interest Maintenance Reserve (IMR) (Page 33, Line 5)	15,106	11,343
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, Column 1)	(13,591)	194,034
7. Reserve adjustments on reinsurance ceded	0	0
8. Miscellaneous Income:		
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	0	0
8.2 Charges and fees for deposit-type contracts	0	0
8.3 Aggregate write-ins for miscellaneous income	2,972	66,905
9. Totals (Lines 1 to 8.3)	213,005,927	215,980,571
10. Death benefits	121,135,575	118,708,946
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0
12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Columns 4 + 8)	0	0
13. Disability benefits and benefits under accident and health contracts	30,925,240	31,832,499
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0
15. Surrender benefits and other fund withdrawals for life contracts	112,838	24,243
16. Group conversions	60,553	84,045
17. Interest and adjustments on contract or deposit-type contract funds	(10,002)	(10,522)
18. Payments on supplementary contracts with life contingencies	0	0
19. Increase in aggregate reserves for life and accident and health contracts	2,242,978	3,702,594
20. Totals (Lines 10 to 19)	154,467,182	154,341,805
21. Commissions on premiums, annuity considerations, and deposit type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Column 1)	25,709,361	26,549,226
22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Column 1)	0	0
23. General insurance expenses (Exhibit 2, Line 10, Columns 1 + 2 + 3)	13,505,973	13,369,453
24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Columns 1 + 2 + 3)	4,586,126	4,801,360
25. Increase in loading on deferred and uncollected premiums	(41,755)	(2,995)
26. Net transfers to or (from) Separate Accounts	0	0
27. Aggregate write-ins for deductions	0	0
28. Totals (Lines 20 to 27)	198,226,887	199,058,849
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	14,779,040	16,921,722
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)	14,779,040	16,921,722
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	5,118,936	5,695,957
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)	9,660,104	11,225,765
34. Net realized capital gains or (losses) less capital gains tax of \$.....0 (excluding taxes of \$.....31,399 transferred to the IMR)	(872,536)	(162,980)
35. Net Income (Line 33 plus Line 34)	8,787,568	11,062,785
CAPITAL AND SURPLUS ACCOUNT		
36. Capital and surplus, December 31, prior year (Page 3, Line 38, Column 2)	121,601,362	108,899,687
37. Net Income (Line 35)	8,787,568	11,062,785
38. Change in net unrealized capital gains (losses)	(279,351)	(328,702)
39. Change in net unrealized foreign exchange capital gain (loss)	0	0
40. Change in net deferred income tax	1,084,795	437,569
41. Change in nonadmitted assets and related items (Exhibit 9, Line 6, Column 3)	(1,158,209)	2,393,629
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	(342,457)
44. Change in asset valuation reserve (Page 34, Lines 2 + 3 + 4 + 5 - 6 + 7 + 11 + 14 + 15, Col. 7)	477,086	239,358
45. Change in treasury stock (Page 3, Lines 36.1 and 36.2 Column 2 minus Column 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	(760,507)
50. Capital changes:		
50.1 Paid in	0	0
50.2 Transferred from surplus (Stock Dividend)	0	0
50.3 Transferred to surplus	0	0
51. Surplus adjustment:		
51.1 Paid in	0	0
51.2 Transferred to capital (Stock Dividend)	0	0
51.3 Transferred from capital	0	0
51.4 Change in surplus as a result of reinsurance	0	0
52. Dividends to stockholders	0	0
53. Aggregate write-ins for gains and losses in surplus	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53)	8,911,889	12,701,675
55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38)	130,513,251	121,601,362
DETAILS OF WRITE-INS		
08.301. Miscellaneous Income	2,972	66,905
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 through 08.303 plus 08.398) (Line 8.3 above)	2,972	66,905
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 through 2703 plus 2798) (Line 27 above)	0	0
5301	0	0
5302	0	0
5303	0	0
5398. Summary of remaining write-ins for Line 53 from overflow page	0	0
5399. TOTALS (Lines 5301 through 5303 plus 5398) (Line 53 above)	0	0

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and annuity considerations for life and accident and health contracts	201,496,291	201,766,862
2.	Charges and fees for deposit-type contracts	0	0
3.	Considerations for supplementary contracts with life contingencies	0	0
4.	Net investment income	12,905,739	12,340,961
5.	Commissions and expense allowances on reinsurance ceded	(13,591)	190,503
6.	Fees associated with investment management, administration, and contract guarantee from Separate Accounts	0	0
7.	Aggregate write-ins for miscellaneous income	0	118
8.	Total (Lines 1 to 7)	214,388,439	214,298,444
9.	Death benefits	121,503,990	116,219,545
10.	Matured endowments	0	0
11.	Annuity benefits	0	0
12.	Disability benefits and benefits under accident and health contracts	31,072,170	31,077,078
13.	Coupons, guaranteed annual pure endowments and similar benefits	0	0
14.	Surrender benefits and withdrawals for life contracts	112,838	24,243
15.	Group conversions	60,553	84,045
16.	Interest and adjustments on contract or deposit-type contract funds	(10,002)	0
17.	Payments on supplementary contracts with life contingencies	0	0
18.	Total (Lines 9 to 17)	152,739,549	147,404,911
19.	Commissions on premiums, annuity considerations, and deposit-type contract funds	26,166,709	26,288,956
20.	Commissions and expense allowances on reinsurance assumed	0	0
21.	General insurance expenses	13,770,784	12,894,017
22.	Insurance taxes, licenses and fees, excluding federal income taxes	4,873,838	4,109,982
23.	Net transfers to or (from) Separate Accounts	0	0
24.	Aggregate write-ins for deductions	0	0
25.	Total (Lines 18 to 24)	197,550,880	190,697,866
26.	Dividends paid to policyholders	0	0
27.	Federal income taxes (excluding tax on capital gains)	5,470,708	6,956,427
28.	Total (Lines 25 to 27)	203,021,588	197,654,293
29.	Net cash from operations (Line 8 minus Line 28)	11,366,851	16,644,151
CASH FROM INVESTMENTS			
30.	Proceeds from investments sold, matured or repaid:		
30.1	Bonds	22,686,440	33,850,450
30.2	Stocks	758,213	36,733
30.3	Mortgage loans	0	0
30.4	Real estate	0	0
30.5	Other invested assets	0	0
30.6	Net gains (losses) on cash and short-term investments	0	0
30.7	Miscellaneous proceeds	0	0
30.8	Total investment proceeds (Lines 30.1 to 30.7)	23,444,653	33,887,183
31.	Net tax on capital gains (losses)	(31,399)	(87,758)
32.	Total (Line 30.8 minus Line 31)	23,476,052	33,974,941
33.	Cost of investments acquired (long-term only):		
33.1	Bonds	35,592,495	49,390,981
33.2	Stocks	171,849	36,474
33.3	Mortgage loans	0	0
33.4	Real estate	0	0
33.5	Other invested assets	0	0
33.6	Miscellaneous applications	0	0
33.7	Total investments acquired (Lines 33.1 to 33.6)	35,764,344	49,427,455
34.	Net increase (or decrease) in policy loans and premium notes	(2,615)	5,837
35.	Net cash from investments (Line 32 minus Line 33.7 minus Line 34)	(12,285,677)	(15,458,351)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES			
36.	Cash provided:		
36.1	Surplus notes, capital and surplus paid in	0	0
36.2	Borrowed money \$.....0 less amounts repaid \$.....0	0	0
36.3	Capital notes \$.....0 less amounts repaid \$.....0	0	0
36.4	Deposits on deposit type contract funds and other liabilities without life or disability contingencies	0	0
36.5	Other cash provided	2,662,592	0
36.6	Total (Lines 36.1 to 36.5)	2,662,592	0
37.	Cash applied:		
37.1	Dividends to stockholders paid	0	0
37.2	Interest on indebtedness	0	0
37.3	Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies	14,905	17,410
37.4	Other applications (net)	833,443	2,402,260
37.5	Total (Lines 37.1 to 37.4)	848,348	2,419,670
38.	Net cash from financing and miscellaneous sources (Line 36.6 minus Line 37.5)	1,814,244	(2,419,670)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
39.	Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38)	895,418	(1,233,870)
40.	Cash and short-term investments:		
40.1	Beginning of year	3,589,454	4,823,324
40.2	End of year (Line 39 plus Line 40.1)	4,484,872	3,589,454
DETAILS OF WRITE-INS			
0701.	Miscellaneous Income	0	118
0702.	.....	0	0
0703.	.....	0	0
0798.	Summary of remaining write-ins for Line 7 from overflow page	0	0
0799.	TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	0	118
2401.	.....	0	0
2402.	.....	0	0
2403.	.....	0	0
2498.	Summary of remaining write-ins for Line 24 from overflow page	0	0
2499.	TOTALS (Lines 2401 through 2403 plus 2498) (Line 24 above)	0	0

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

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group		Accident and Health			12 Aggregate of All Other Lines of Business
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance (a)	8 Annuities	9 Group	10 Credit (Group and Individual)	11 Other	
1. Premiums and annuity considerations for life and accident and health contracts	200,029,763	0	1,536,910	0	0	0	148,877,097	0	49,555,089	0	60,667	0
2. Considerations for supplementary contracts with life contingencies	0	0	0	0	0	0	0	0	0	0	0	0
3. Net investment income	12,971,677	0	335,023	0	0	0	10,228,914	0	2,399,977	0	7,763	0
4. Amortization of Interest Maintenance Reserve (IMR)	15,106	0	390	0	0	0	11,912	0	2,795	0	9	0
5. Separate Accounts net gain from operations excluding unrealized gains or losses	0	0	0	0	0	0	0	0	0	0	0	0
6. Commissions and expense allowances on reinsurance ceded	(13,591)	0	13,671	0	0	0	(29,672)	0	0	0	2,410	0
7. Reserve adjustments on reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0
8. Miscellaneous Income												
8.1 Fees associated with income from investment mngmt., admin., and contract guarantees (From S.A.)	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Charges and fees for deposit-type contracts	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Aggregate write-ins for miscellaneous income	2,972	0	0	0	0	0	1,931	0	1,041	0	0	0
9. Totals (Lines 1 to 8.3)	213,005,927	0	1,885,994	0	0	0	159,090,182	0	51,958,902	0	70,849	0
10. Death benefits	121,135,575	0	1,939,197	0	0	0	119,196,378	0	0	0	0	0
11. Matured endowments (excluding guaranteed annual pure endowments)	0	0	0	0	0	0	0	0	0	0	0	0
12. Annuity benefits	0	0	0	0	0	0	0	0	0	0	0	0
13. Disability benefits and benefits under accident and health contracts	30,925,240	0	0	0	0	0	0	0	30,892,583	0	32,657	0
14. Coupons, guaranteed annual pure endowments and similar benefits	0	0	0	0	0	0	0	0	0	0	0	0
15. Surrender benefits and withdrawals for life contracts	112,838	0	112,838	0	0	0	0	0	0	0	0	0
16. Group conversions	60,553	0	(319,989)	0	0	0	380,542	0	0	0	0	0
17. Interest and adjustments on contract or deposit-type contract funds	(10,002)	0	0	0	0	0	(10,002)	0	0	0	0	0
18. Payments on supplementary contracts with life contingencies	0	0	0	0	0	0	0	0	0	0	0	0
19. Increase in aggregate reserves for life and accident and health contracts	2,242,978	0	510,473	0	0	0	551,974	0	1,184,823	0	(4,292)	0
20. Totals (Lines 10 to 19)	154,467,182	0	2,242,519	0	0	0	120,118,892	0	32,077,406	0	28,365	0
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	25,709,361	0	24,856	0	0	0	15,821,774	0	9,832,900	0	29,831	0
22. Commissions and expense allowances on reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0
23. General insurance expenses	13,505,973	0	158,185	0	0	0	8,106,214	0	5,240,368	0	1,206	0
24. Insurance taxes, licenses and fees, excluding federal income taxes	4,586,126	0	30,583	0	0	0	2,939,938	0	1,609,220	0	6,385	0
25. Increase in loading on deferred and uncollected premiums	(41,755)	0	(41,755)	0	0	0	0	0	0	0	0	0
26. Net transfers to or (from) Separate Accounts	0	0	0	0	0	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)	198,226,887	0	2,414,388	0	0	0	146,986,818	0	48,759,894	0	65,787	0
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 - Line 28)	14,779,040	0	(528,394)	0	0	0	12,103,364	0	3,199,008	0	5,062	0
30. Dividends to policyholders	0	0	0	0	0	0	0	0	0	0	0	0
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 - Line 30)	14,779,040	0	(528,394)	0	0	0	12,103,364	0	3,199,008	0	5,062	0
32. Federal income taxes incurred (excluding tax on capital gains)	5,118,936	0	(182,824)	0	0	0	4,193,513	0	1,106,496	0	1,751	0
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)	9,660,104	0	(345,570)	0	0	0	7,909,851	0	2,092,512	0	3,311	0
DETAILS OF WRITE-INS												
08.301.	2,972	0	0	0	0	0	1,931	0	1,041	0	0	0
08.302	0	0	0	0	0	0	0	0	0	0	0	0
08.303	0	0	0	0	0	0	0	0	0	0	0	0
08.398. Summary of remaining write-ins for Line 8.3 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
08.399. TOTALS (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	2,972	0	0	0	0	0	1,931	0	1,041	0	0	0
2701	0	0	0	0	0	0	0	0	0	0	0	0
2702	0	0	0	0	0	0	0	0	0	0	0	0
2703	0	0	0	0	0	0	0	0	0	0	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0	0	0	0	0	0	0	0	0	0	0
2799. TOTALS (Lines 2701 through 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 \$.....41,889,861, Line 10 \$.....41,646,153, Line 16 \$.....60,553, Line 23 \$.....182,655, Line 24 \$.....0.

ANALYSIS OF INCREASE IN RESERVES AND DEPOSIT FUNDS DURING THE YEAR

	1 Total	2 Industrial Life	Ordinary			6 Credit Life (Group and Individual)	Group	
			3 Life Insurance	4 Individual Annuities	5 Supplementary Contracts		7 Life Insurance	8 Annuities
Involving Life or Disability Contingencies (Reserves) (Net of Reinsurance Ceded)								
1. Reserve December 31, prior year	34,687,946	0	4,624,766	0	0	0	30,063,180	0
2. Tabular net premiums or considerations	135,004,010	0	1,098,891	0	0	0	133,905,119	0
3. Present value of disability claims incurred	5,967,693	0	0	0	X X X	0	5,967,693	0
4. Tabular interest	1,409,022	0	222,409	0	0	0	1,186,613	0
5. Tabular less actual reserve released	330,366	0	0	0	0	0	330,366	0
6. Increase in reserve on account of change in valuation basis	0	0	0	0	0	0	0	0
7. Other increases (net)	0	0	0	0	0	0	0	0
8. Totals (Lines 1 to 7)	177,399,037	0	5,946,066	0	0	0	171,452,971	0
9. Tabular cost	134,345,957	0	255,883	0	X X X	0	134,090,074	0
10. Reserves released by death	138,316	0	136,495	X X X	X X X	0	1,821	X X X
11. Reserves released by other terminations (net)	613,792	0	418,449	0	0	0	195,343	0
12. Annuity, supplementary contract, and disability payments involving life contingencies	6,603,030	0	0	0	0	0	6,603,030	0
13. Net transfers to or (from) Separate Accounts	0	0	0	0	0	0	0	0
14. Total deductions (Lines 9 to 13)	141,701,095	0	810,827	0	0	0	140,890,268	0
15. Reserve December 31, current year	35,697,942	0	5,135,239	0	0	0	30,562,703	0

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)..... 1,642,990	..... 1,732,756
1.1 Bonds exempt from U.S. tax	(a)..... 0	..... 0
1.2 Other bonds (unaffiliated)	(a)..... 10,980,870	..... 11,090,392
1.3 Bonds of affiliates	(a)..... 0	..... 0
2.1 Preferred stocks (unaffiliated)	(b)..... 126,447	..... 124,676
2.11 Preferred stocks of affiliates	(b)..... 0	..... 0
2.2 Common stocks (unaffiliated)	..... 27,762	..... 27,762
2.21 Common stocks of affiliates	..... 0	..... 0
3. Mortgage loans	(c)..... 0	..... 0
4. Real estate	(d)..... 0	..... 0
5. Contract loans	..... 14,525	..... 13,681
6. Cash/short-term investments	(e)..... 76,452	..... 76,452
7. Derivative instruments	(f)..... 0	..... 0
8. Other invested assets	..... 0	..... 0
9. Aggregate write-ins for investment income	..... 0	..... 0
10. Total gross investment income	..... 12,869,046	..... 13,065,720
11. Investment expenses		(g)..... 94,044
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)..... 0
13. Interest expense		(h)..... 0
14. Depreciation on real estate and other invested assets		(i)..... 0
15. Aggregate write-ins for deductions from investment income		..... 0
16. Total deductions (Lines 11 through 15)		..... 94,044
17. Net Investment income (Line 10 minus Line 16)		..... 12,971,677

DETAILS OF WRITE-INS		
0901. 0	0	0
0902	0	0
0903	0	0
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		0
1502		0
1503		0
1598. Summary of remaining write-ins for Line 15 from overflow page		0
1599. TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$.....173,264 accrual of discount less \$.....304,001 amortization of premium and less \$.....263,198 paid for accrued interest on purchases.
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excluding \$.....0 interest on encumbrances.
 (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4 Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	5 Total
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment		
1. U.S. Government bonds	26,522	0	0	0	26,522
1.1 Bonds exempt from U.S. tax	0	0	0	0	0
1.2 Other bonds (unaffiliated)	63,190	(985,193)	68,837	0	(853,166)
1.3 Bonds of affiliates	0	0	0	0	0
2.1 Preferred stocks (unaffiliated)	60,000	0	0	0	60,000
2.11 Preferred stocks of affiliates	0	0	0	0	0
2.2 Common stocks (unaffiliated)	21,259	0	(521,463)	0	(500,204)
2.21 Common stocks of affiliates	0	0	173,274	0	173,274
3. Mortgage loans	0	0	0	0	0
4. Real estate	0	0	0	0	0
5. Contract loans	0	0	0	0	0
6. Cash/short-term investments	0	0	0	0	0
7. Derivative instruments	0	0	0	0	0
8. Other invested assets	0	0	0	0	0
9. Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10. Total capital gains (losses)	170,971	(985,193)	(279,351)	0	(1,093,574)

DETAILS OF WRITE-INS					
0901	0	0	0	0	0
0902	0	0	0	0	0
0903	0	0	0	0	0
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

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

	1	2	Ordinary		5	Group		Accident and Health			11
			3	4		6	7	8	9	10	
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
FIRST YEAR (other than single)											
1.	Uncollected	1,013	0	1,013	0	0	0	0	0	0	0
2.	Deferred and accrued	57,810	0	57,810	0	0	0	0	0	0	0
3.	Deferred, accrued and uncollected:										
3.1	Direct	58,823	0	58,823	0	0	0	0	0	0	0
3.2	Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3	Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4	Net (Line 1 + Line 2)	58,823	0	58,823	0	0	0	0	0	0	0
4.	Advance	1,990	0	1,990	0	0	0	0	0	0	0
5.	Line 3.4 - Line 4	56,833	0	56,833	0	0	0	0	0	0	0
6.	Collected during year:										
6.1	Direct	166,828	0	166,828	0	0	0	0	0	0	0
6.2	Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
6.3	Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
6.4	Net	166,828	0	166,828	0	0	0	0	0	0	0
7.	Line 5 + Line 6.4	223,661	0	223,661	0	0	0	0	0	0	0
8.	Prior year (uncollected + deferred and accrued - advance)	74,663	0	74,663	0	0	0	0	0	0	0
9.	First year premiums and considerations:										
9.1	Direct	148,998	0	148,998	0	0	0	0	0	0	0
9.2	Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3	Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4	Net (Line 7 - Line 8)	148,998	0	148,998	0	0	0	0	0	0	0
SINGLE											
10.	Single premiums and considerations:										
10.1	Direct	0	0	0	0	0	0	0	0	0	0
10.2	Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
10.3	Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
10.4	Net	0	0	0	0	0	0	0	0	0	0
RENEWAL											
11.	Uncollected	8,977,878	0	4,153	0	6,601,222	0	2,374,969	0	(2,466)	0
12.	Deferred and accrued	(1,017,892)	0	389,180	0	(1,324,629)	0	(82,443)	0	0	0
13.	Deferred, accrued and uncollected:										
13.1	Direct	8,572,386	0	408,805	0	5,209,621	0	2,953,673	0	287	0
13.2	Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
13.3	Reinsurance ceded	612,400	0	15,472	0	(66,972)	0	661,147	0	2,753	0
13.4	Net (Line 11 + Line 12)	7,959,986	0	393,333	0	5,276,593	0	2,292,526	0	(2,466)	0
14.	Advance	855,973	0	16,126	0	512,338	0	327,067	0	442	0
15.	Line 13.4 - Line 14	7,104,013	0	377,207	0	4,764,255	0	1,965,459	0	(2,908)	0
16.	Collected during year:										
16.1	Direct	172,257,018	0	1,434,380	0	110,626,900	0	59,861,445	0	334,293	0
16.2	Reinsurance assumed	41,890,131	0	270	0	41,889,861	0	0	0	0	0
16.3	Reinsurance ceded	12,817,686	0	49,461	0	2,720,485	0	9,789,637	0	258,103	0
16.4	Net	201,329,463	0	1,385,189	0	149,796,276	0	50,071,808	0	76,190	0
17.	Line 15 + Line 16.4	208,433,476	0	1,762,396	0	154,560,531	0	52,037,267	0	73,282	0
18.	Prior year (uncollected + deferred and accrued - advance)	8,552,711	0	374,484	0	5,683,434	0	2,482,178	0	12,615	0
19.	Renewal premiums and considerations:										
19.1	Direct	170,419,286	0	1,445,498	0	109,590,827	0	59,134,369	0	248,592	0
19.2	Reinsurance assumed	41,890,131	0	270	0	41,889,861	0	0	0	0	0
19.3	Reinsurance ceded	12,428,652	0	57,856	0	2,603,591	0	9,579,280	0	187,925	0
19.4	Net (Line 17 - Line 18)	199,880,765	0	1,387,912	0	148,877,097	0	49,555,089	0	60,667	0
TOTAL											
20.	TOTAL premiums and annuity considerations:										
20.1	Direct	170,568,284	0	1,594,496	0	109,590,827	0	59,134,369	0	248,592	0
20.2	Reinsurance assumed	41,890,131	0	270	0	41,889,861	0	0	0	0	0
20.3	Reinsurance ceded	12,428,652	0	57,856	0	2,603,591	0	9,579,280	0	187,925	0
20.4	Net (Lines 9.4 + 10.4 + 19.4)	200,029,763	0	1,536,910	0	148,877,097	0	49,555,089	0	60,667	0

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

	1	2	Ordinary		5	Group		Accident and Health			11
			3	4		6	7	8	9	10	
	Total	Industrial Life	Life Insurance	Individual Annuities	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other	Aggregate of All Other Lines of Business
DIVIDENDS AND COUPONS APPLIED (included in Part 1)											
21.	To pay renewal premiums (Exhibit 4, Line 1)	0	0	0	0	0	0	0	0	0	0
22.	All other (Exhibit 4, Lines 2, 3 & 4)	0	0	0	0	0	0	0	0	0	0
REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED											
23.	First year (other than single):										
23.1	Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
23.2	Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
23.3	Net ceded less assumed	0	0	0	0	0	0	0	0	0	0
24.	Single:										
24.1	Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
24.2	Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
24.3	Net ceded less assumed	0	0	0	0	0	0	0	0	0	0
25.	Renewal:										
25.1	Reinsurance ceded	(13,591)	0	13,671	0	(29,672)	0	0	0	2,410	0
25.2	Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
25.3	Net ceded less assumed	(13,591)	0	13,671	0	(29,672)	0	0	0	2,410	0
26.	TOTALS:										
26.1	Reinsurance ceded (Page 6, Line 6)	(13,591)	0	13,671	0	(29,672)	0	0	0	2,410	0
26.2	Reinsurance assumed (Page 6, Line 22)	0	0	0	0	0	0	0	0	0	0
26.3	Net ceded less assumed	(13,591)	0	13,671	0	(29,672)	0	0	0	2,410	0
COMMISSIONS INCURRED (direct business only)											
27.	First year (other than single)	0	0	0	0	0	0	0	0	0	0
28.	Single	0	0	0	0	0	0	0	0	0	0
29.	Renewal	25,709,361	0	24,856	0	15,821,774	0	9,832,900	0	29,831	0
30.	Deposit-type contract funds	0	0	0	0	0	0	0	0	0	0
31.	Totals (to agree with Page 6, Line 21)	25,709,361	0	24,856	0	15,821,774	0	9,832,900	0	29,831	0

EXHIBIT 2 - GENERAL EXPENSES

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Rent	449,986	285,406	0	0	735,392
2. Salaries and wages	2,981,850	1,891,251	0	0	4,873,101
3.11 Contributions for benefit plans for employees	786,178	498,636	0	0	1,284,814
3.12 Contributions for benefit plans for agents	0	0	0	0	0
3.21 Payments to employees under non-funded benefit plans	0	0	0	0	0
3.22 Payments to agents under non-funded benefit plans	0	0	0	0	0
3.31 Other employee welfare	17,110	10,852	0	0	27,962
3.32 Other agent welfare	0	0	0	0	0
4.1 Legal fees and expenses	27,720	17,581	0	0	45,301
4.2 Medical examination fees	133,630	84,755	0	0	218,385
4.3 Inspection report fees	0	0	0	0	0
4.4 Fees of public accountants and consulting actuaries	29,628	18,792	0	0	48,420
4.5 Expense of investigation and settlement of policy claims	89,289	56,632	0	0	145,921
5.1 Traveling expenses	171,971	109,073	0	0	281,044
5.2 Advertising	96,332	61,099	0	0	157,431
5.3 Postage, express, telegraph and telephone	172,411	109,353	0	0	281,764
5.4 Printing and stationery	85,246	54,068	0	0	139,314
5.5 Cost or depreciation of furniture and equipment	221,258	140,333	0	0	361,591
5.6 Rental of equipment	799	507	0	0	1,306
5.7 Cost or depreciation of EDP equipment and software	105,967	67,209	0	0	173,176
6.1 Books and periodicals	6,161	3,908	0	0	10,069
6.2 Bureau and association fees	10,796	6,848	0	0	17,644
6.3 Insurance, except on real estate	0	0	0	0	0
6.4 Miscellaneous losses	0	0	0	0	0
6.5 Collection and bank service charges	42,661	27,058	0	0	69,719
6.6 Sundry general expenses	337,331	213,954	0	0	551,285
6.7 Group service and administration fees	1,479,472	938,361	0	0	2,417,833
6.8 Reimbursements by uninsured accident and health plans	0	0	0	0	0
7.1 Agency expense allowance	0	0	0	0	0
7.2 Agents' balances charged off (less \$.....0 recovered)	0	0	0	0	0
7.3 Agency conferences other than local meetings	58,054	36,822	0	0	94,876
9.1 Real estate expenses	0	0	0	0	0
9.2 Investment expenses not included elsewhere	0	0	0	94,044	94,044
9.3 Aggregate write-ins for expenses	960,454	609,171	0	0	1,569,625
10. General expenses Incurred	8,264,304	5,241,669	0	94,044 (a)	13,600,017
11. General expenses unpaid December 31, prior year	3,217,137	1,326,842	0	0	4,543,979
12. General expenses unpaid December 31, current year	2,759,376	1,500,892	0	0	4,260,268
13. Amounts receivable relating to uninsured accident and health plans, prior year	0	124,054	0	0	124,054
14. Amounts receivable relating to uninsured accident and health plans, current year	0	105,154	0	0	105,154
15. General expenses paid during year (Lines 10 + 11 - 12 - 13 + 14)	8,722,065	5,048,719	0	94,044	13,864,828

DETAILS OF WRITE-INS

09.301. Management Expenses	8,314	5,274	0	0	13,588
09.302. Intercompany Charges	357,962	227,038	0	0	585,000
09.303. Acquisition Expenses	591,653	375,258	0	0	966,911
09.398. Summary of remaining write-ins for Line 9.3 from overflow page	2,525	1,601	0	0	4,126
09.399. TOTALS (Lines 09.301 through 09.303 plus 09.398) (Line 9.3 above)	960,454	609,171	0	0	1,569,625

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

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

	Insurance			4 Investment	5 Total
	1 Life	2 Accident and Health	3 All Other Lines of Business		
1. Real estate taxes	0	0	0	0	0
2. State insurance department licenses and fees	273,356	148,686	0	0	422,042
3. State taxes on premiums	2,116,436	1,151,182	0	0	3,267,618
4. Other state taxes, incl. \$.....0 for employee benefits	144,951	78,843	0	0	223,794
5. U.S. Social Security taxes	225,263	122,527	0	0	347,790
6. All other taxes	210,426	114,456	0	0	324,882
7. Taxes, licenses and fees incurred	2,970,432	1,615,694	0	0	4,586,126
8. Taxes, licenses and fees unpaid December 31, prior year	1,020,966	421,077	0	0	1,442,043
9. Taxes, licenses and fees unpaid December 31, current year	747,660	406,671	0	0	1,154,331
10. Taxes, licenses and fees paid during year (Lines 7 + 8 - 9)	3,243,738	1,630,100	0	0	4,873,838

EXHIBIT 4 - DIVIDENDS OR REFUNDS

	1	2
	Life	Accident and Health
1. Applied to pay renewal premiums	0	0
2. Applied to shorten the endowment or premium-paying period	0	0
3. Applied to provide paid-up additions	0	0
4. Applied to provide paid-up annuities	0	0
5. Total (Lines 1 through 4)	0	0
6. Paid in cash	0	0
7. Left on deposit	0	0
8. Aggregate write-ins for dividend or refund options	0	0
9. Total (Lines 5 through 8)	0	0
10. Amount due and unpaid	0	0
11. Provision for dividends or refunds payable in the following calendar year	0	0
12. Terminal dividends	0	0
13. Provision for deferred dividend contracts	0	0
14. Amount provisionally held for deferred dividend contracts not included in line 13	0	0
15. Total (Lines 10 through 14)	0	0
16. Total from prior year	0	0
17. Total dividends or refunds (Lines 9 + 15 - 16)	0	0

NONE

DETAILS OF WRITE-INS

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

EXHIBIT 5 - AGGREGATE RESERVE FOR LIFE CONTRACTS

1 Valuation Standard	2 Total	3 Industrial	4 Ordinary	5 Credit (Group and Individual)	6 Group
Life Insurance (Gross)					
1958 CSO ANB 2.75%/2.25% CRVM	4	0	4	0	0
1958 CSO 3.0% CRVM	1,038,317	0	1,038,317	0	0
1958 CSO 3.0% NLP	25,974	0	25,974	0	0
1958 CSO 4.0% CRVM	60,530	0	60,075	0	455
1958 CSO 4.0% NLP	30,390	0	30,390	0	0
1980 CSO 4.5% NLP	823,000	0	0	0	823,000
1958 CSO 4.5% NLP	385,162	0	385,162	0	0
1980 CSO 4.0% CRVM	3,656,999	0	3,656,999	0	0
1980 CSO 4.5% CRVM	90,083	0	90,083	0	0
1958 CET 3.0% NLP	139	0	139	0	0
1980 CET 4.0% NLP	2,010	0	2,010	0	0
1980 CSO 4.0% NLP	5,085	0	5,085	0	0
Unearned Premium Reserve	201,227	0	0	0	201,227
0199997 Subtotal - Life Insurance (Gross)	6,318,920	0	5,294,238	0	1,024,682
0199998 Reinsurance Ceded	180,763	0	180,763	0	0
0199999 Totals - (Net)	6,138,157	0	5,113,475	0	1,024,682
0299998 Reinsurance Ceded	0	X X X	0	X X X	0
0299999 Totals - (Net)	0	X X X	0	X X X	0
Supplementary Contracts with Life Contingencies (Gross)					
1983 IAM 5.5%	1,199,813	0	0	0	1,199,813
0399997 Subtotal - Supplementary Contracts with Life Contingencies (Gross)	1,199,813	0	0	0	1,199,813
0399998 Reinsurance Ceded	812,542	0	0	0	812,542
0399999 Totals - (Net)	387,271	0	0	0	387,271
0499998 Reinsurance Ceded	0	0	0	0	0
0499999 Totals - (Net)	0	0	0	0	0
0599998 Reinsurance Ceded	0	0	0	0	0
0599999 Totals - (Net)	0	0	0	0	0
Disability-Disabled Lives (Gross)					
GROUP INTERCOMPANY DISABILITY	31,817	0	0	0	31,817
1970 INTERCO DISA 5.5%	2,790,424	0	0	0	2,790,424
1970 INTERCO DISA 5.0%	2,697,074	0	0	0	2,697,074
1970 INTERCO DISA 4.5%	24,882,061	0	0	0	24,882,061
0699997 Subtotal - Disability-Disabled Lives (Gross)	30,401,376	0	0	0	30,401,376
0699998 Reinsurance Ceded	1,250,627	0	0	0	1,250,627
0699999 Totals - (Net)	29,150,749	0	0	0	29,150,749
Miscellaneous Reserves (Gross)					
For Non-Deduction of deferred fractional premiums	21,764	0	21,764	0	0
0799997 Subtotal - Miscellaneous Reserves (Gross)	21,764	0	21,764	0	0
0799998 Reinsurance Ceded	0	0	0	0	0
0799999 Totals - (Net)	21,764	0	21,764	0	0
9999999 Totals - (Net) -Page 3, Line 1	35,697,941	0	5,135,239	0	30,562,702

EXHIBIT 5 - INTERROGATORIES

- 1.1 Has the reporting entity ever issued both participating and non-participating contracts? Yes[X] No[]
 1.2 If not, state which kind is issued.
- 2.1 Does the reporting entity at present issue both participating and non-participating contracts? Yes[X] No[]
 2.2 If not, state which kind is issued.
3. Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements? Yes[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]
 If so, state:
 4.1 Amount of insurance? \$ 0
 4.2 Amount of reserve? \$ 0
 4.3 Basis of reserve
 4.4 Basis of regular assessments
 4.5 Basis of special assessments
 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
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 or 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
 7.3 State the amount of reserves established for this business: \$ 0
 7.4 Identify where the reserves are reported in the blank

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

1 Description of Valuation Class	Valuation Basis		4 Increase in Actuarial Reserve Due to Change
	2 Changed From	3 Changed To	
9999999 Total (Column 4 Only)			0

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 reserves	65,861	59,979	0	0	0	0	0	0	5,882
2. Additional contract reserves (a)	1,157,227	13,831	0	0	0	1,143,396	0	0	0
3. Additional actuarial reserves - Asset/Liability analysis	0	0	0	0	0	0	0	0	0
4. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
5. Reserve for rate credits	0	0	0	0	0	0	0	0	0
6. Aggregate write-ins for reserves	0	0	0	0	0	0	0	0	0
7. Totals (Gross)	1,223,088	73,810	0	0	0	1,143,396	0	0	5,882
8. Reinsurance ceded	1,159,006	13,831	0	0	0	1,143,396	0	0	1,779
9. Totals (Net)	64,082	59,979	0	0	0	0	0	0	4,103
CLAIM RESERVE									
10. Present value of amounts not yet due on claims	51,779,115	51,704,189	0	0	0	74,926	0	0	0
11. Additional actuarial reserves - Asset/Liability analysis	0	0	0	0	0	0	0	0	0
12. Reserve for future contingent benefits	0	0	0	0	0	0	0	0	0
13. Aggregate write-ins for reserves	0	0	0	0	0	0	0	0	0
14. Totals (Gross)	51,779,115	51,704,189	0	0	0	74,926	0	0	0
15. Reinsurance ceded	42,802,687	42,802,687	0	0	0	0	0	0	0
16. Totals (Net)	8,976,428	8,901,502	0	0	0	74,926	0	0	0
17. TOTAL (Net)	9,040,510	8,961,481	0	0	0	74,926	0	0	4,103
18. TABULAR FUND INTEREST	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0601	0	0	0	0	0	0	0	0	0
0602	0	0	0	0	0	0	0	0	0
0603	0	0	0	0	0	0	0	0	0
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 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0	0	0	0
1301	0	0	0	0	0	0	0	0	0
1302	0	0	0	0	0	0	0	0	0
1303	0	0	0	0	0	0	0	0	0
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 through 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	2	3	4	5	6
	Total	Guaranteed Interest Contracts	Supplemental Contracts and Annuities Certain	Dividend Accumulations or Refunds	Premium and Other Deposit Funds	Other
1. Balance at the beginning of the year before reinsurance	28,477	0	28,477	0	0	0
2. Deposits received during the year	0	0	0	0	0	0
3. Investment earnings credited to the account	1,202	0	1,202	0	0	0
4. Other net change in reserves	0	0	0	0	0	0
5. Fees and other charges assessed	0	0	0	0	0	0
6. Surrender charges	0	0	0	0	0	0
7. Net surrender or withdrawal payments	14,905	0	14,905	0	0	0
8. Other net transfers to or (from) Separate Accounts	0	0	0	0	0	0
9. Balance at the end of current year before reinsurance (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7 - 8)	14,774	0	14,774	0	0	0
10. Reinsurance balance at the beginning of the year	(13,304)	0	(13,304)	0	0	0
11. Net change in reinsurance assumed	0	0	0	0	0	0
12. Net change in reinsurance ceded	(3,701)	0	(3,701)	0	0	0
13. Reinsurance balance at the end of the year (Lines 10 + 11 - 12)	(9,603)	0	(9,603)	0	0	0
14. Net balance at the end of current year after reinsurance (Lines 9 + 13)	5,171	0	5,171	0	0	0

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 1 - Liability End of Current Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life	Life Insurance	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance	Annuities	Group	Credit (Group and Individual)	Other
1. Due and Unpaid:											
1.1 Direct	0	0	0	0	0	0	0	0	0	0	0
1.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
1.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	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	28,000	0	0	0	0	0	28,000	0	0	0	0
2.12 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
2.13 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0
2.14 Net	28,000	0	(b) 0	(b) 0	0	(b) 0	(b) 28,000	0	0	0	0
2.2 Other:											
2.21 Direct	12,392,034	0	24,500	0	0	0	10,899,007	0	1,468,527	0	0
2.22 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
2.23 Reinsurance ceded	31,002	0	0	0	0	0	31,002	0	0	0	0
2.24 Net	12,361,032	0	(b) 24,500	(b) 0	0	(b) 0	(b) 10,868,005	0	(b) 1,468,527	(b) 0	(b) 0
3. Incurred but unreported:											
3.1 Direct	24,060,797	0	375,057	0	0	0	15,372,370	0	7,975,964	0	337,406
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	3,882,205	0	2,832	0	0	0	372,370	0	3,219,257	0	287,746
3.4 Net	20,178,592	0	(b) 372,225	(b) 0	0	(b) 0	(b) 15,000,000	0	(b) 4,756,707	(b) 0	(b) 49,660
4. TOTALS:											
4.1 Direct	36,480,831	0	399,557	0	0	0	26,299,377	0	9,444,491	0	337,406
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	3,913,207	0	2,832	0	0	0	403,372	0	3,219,257	0	287,746
4.4 Net	32,567,624	(a) 0	(a) 396,725	0	0	0	(a) 25,896,005	0	6,225,234	0	49,660

(a) Including matured endowments (but not guaranteed annual pure endowments) unpaid amounting to \$.....0 in Column 2, \$.....0 in Column 3 and \$.....0 in Column 7.
 (b) Include only portion of disability and accident and health claim liabilities applicable to assumed "accrued" benefits. Reserve (including reinsurance assumed and net of reinsurance ceded) for unaccrued benefits for Ordinary Life Insurance \$.....0, Individual Annuities \$.....0, Credit Life (Group and Individual) \$.....0, and Group Life \$.....0, are included in Page 3, Line 1, (See Exhibit 5, Section on Disability Disabled Lives); and for Group Accident and Health \$.....0, Credit (Group and Individual) Accident and Health \$.....0 and Other Accident and Health \$.....0 are included in Page 3, Line 2, (See Exhibit 6, Claim Reserve).

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

	1	2	Ordinary			6	Group		Accident and Health		
			3	4	5		7	8	9	10	11
	Total	Industrial Life (a)	Life Insurance (b)	Individual Annuities	Supplementary Contracts	Credit Life (Group and Individual)	Life Insurance (c)	Annuities	Group	Credit (Group and Individual)	Other
1. Settlements during the year:											
1.1 Direct	124,703,509	0	1,914,189	0	0	0	80,000,532	0	41,583,673	0	1,205,115
1.2 Reinsurance assumed	41,646,153	0	0	0	0	0	41,646,153	0	0	0	0
1.3 Reinsurance ceded	13,773,502	0	54,434	0	0	0	2,002,450	0	10,524,753	0	1,191,865
1.4 Net	(d) 152,576,160	0	1,859,755	0	0	0	119,644,235	0	31,058,920	0	13,250
2. Liability December 31, current year from Part 1:											
2.1 Direct	36,480,831	0	399,557	0	0	0	26,299,377	0	9,444,491	0	337,406
2.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
2.3 Reinsurance ceded	3,913,207	0	2,832	0	0	0	403,372	0	3,219,257	0	287,746
2.4 Net	32,567,624	0	396,725	0	0	0	25,896,005	0	6,225,234	0	49,660
3. Amounts recoverable from reinsurers December 31, current year	1,230,624	0	23,272	0	0	0	373,000	0	834,352	0	0
4. Liability December 31, prior year:											
4.1 Direct	39,208,853	0	301,658	0	0	0	27,382,134	0	10,294,637	0	1,230,424
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	5,354,989	0	3,220	0	0	0	299,021	0	3,852,577	0	1,200,171
4.4 Net	33,853,864	0	298,438	0	0	0	27,083,113	0	6,442,060	0	30,253
5. Amounts recoverable from reinsurers December 31, prior year	2,001,519	0	4,427	0	0	0	1,112,251	0	884,841	0	0
6. Incurred benefits:											
6.1 Direct	121,975,487	0	2,012,088	0	0	0	78,917,775	0	40,733,527	0	312,097
6.2 Reinsurance assumed	41,646,153	0	0	0	0	0	41,646,153	0	0	0	0
6.3 Reinsurance ceded	11,560,825	0	72,891	0	0	0	1,367,550	0	9,840,944	0	279,440
6.4 Net	152,060,815	0	1,939,197	0	0	0	119,196,378	0	30,892,583	0	32,657

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in Line 6.4.
 (b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in Line 6.4.
 (c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$.....0 in Line 1.1, \$.....0 in Line 1.4, \$.....0 in Line 6.1 and \$.....0 in Line 6.4.
 (d) Includes \$.....0 premiums waived under total and permanent disability benefits.

EXHIBIT 9 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1	2	3
	End of Current Year	End of Prior Year	Changes for Year-Increase or (Decrease)
1. Summary of Items Page 2, Lines 12 to 17 and 19 to 22, Column 2	5,971,303	5,220,634	(750,669)
2. Other Nonadmitted Assets:			
2.1 Bills receivable	0	0	0
2.2 Furniture and equipment	448,491	65,966	(382,525)
2.3 Leasehold improvements	36,167	14,282	(21,885)
2.4 Cash advanced to or in hands of officers or agents	0	0	0
2.5 Loans on personal security, endorsed or not	0	0	0
2.6 Supplies, stationery, printed matter	0	0	0
2.7 Commuted commissions	0	0	0
3. TOTAL (Line 2.1 to 2.7)	484,657	80,248	(404,409)
4. Disallowed interest maintenance reserve	0	0	0
5. Aggregate write-ins for other assets	120,401	117,270	(3,131)
6. TOTAL (Line 1 plus Lines 3 to 5)	6,576,361	5,418,152	(1,158,209)
DETAILS OF WRITE-INS			
0501. PREPAID EXPENSES	93,445	80,243	(13,202)
0502. PREMIUM/OTHER DEPOSITS	26,956	37,027	10,071
0503	0	0	0
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)	120,401	117,270	(3,131)

Notes to Financial Statement

1. Summary of Significant Accounting Policy

This is a statement of the accounting principles applied in preparing these statutory financial statements.

A. Accounting Practices

The Company presents these financial statements on the basis of accounting principles described or permitted by the Ohio Insurance Department. The National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual*, version effective January 1, 2001, (NAIC SAP) has been adopted by Ohio.

B. Use of Estimates in the Preparation of 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. Deposits on deposit-type contracts are entered directly as a liability when received. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the Company uses the following accounting policies:

1. Short-term investments are stated at amortized cost.
2. Bonds not backed by other loans are stated at amortized cost using the interest method.
3. Common stocks at market except that investments in stocks of uncombined subsidiaries in which the Company has majority interest are carried on the equity basis.
4. Preferred stocks are stated at cost.
5. The Company has no mortgage loans on real estate.
6. Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value.
7. The Company reports its subsidiary; American Capital Life Insurance Company at statutory equity.
8. The Company has no interest in joint ventures.
9. The Company holds no derivatives.
10. The Company does not utilize investment income as a factor in the premium deficiency calculation.
11. Liabilities for reported Accident and Health Claims are calculated using valuation morbidity tables and interest rate assumptions specified by regulatory authorities. Liabilities for Accident and Health Claims incurred but not reported are estimated based on Company experience. Loss/Claim adjustment expenses are estimated based on Company experience.

2. Accounting Changes and Correction of Errors

A. Correction of Errors - None

B. Cumulative Effect of Changes in Accounting Principle as a result of initial implementation of Codification January 1, 2001.

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

The cumulative effect of these changes in accounting principles is reported as an decrease in the Capital and Surplus accounts. Page 4, line 49, for the prior year amounting to \$760,507. The following is a description of these charges.

Deferred Tax Asset	\$1,373,349
Acquisition Costs	(2,332,814)
Bond Book value revalued using interest method	<u>198,958</u>
Total Decrease in Surplus	(\$ 760,507)

3. Business Combinations and Goodwill

A. Statutory Purchase Method – Not Applicable

B. Statutory Merger – Not Applicable

C. Assumption Reinsurance – Not Applicable

4. Discontinued Operations

Not Applicable

5. Investments

A. Mortgage Loans

The Company had no mortgage loans during the year.

B. Debt Restructuring

The Company has no invested assets that are restructured debt.

C. Reverse Mortgages

The Company has no investments in reverse mortgages.

D. Loan Backed Securities

Notes to Financial Statement

- E.
1. The Company uses the book value as the cost for applying the prospective adjustment method to securities purchased prior to that date.
 2. Prepayment assumptions for single class and multi-class mortgage-backed/asset-backed securities were obtained from broker dealer survey values or internal estimates.
 3. The Company used IDC pricing service in determining the market value of its loan-backed securities.
 4. The Company had no negative yield situations requiring a change from the retrospective to prospective methodology.
- F. Repurchase Agreements - There were no repurchase agreements open at year-end.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships or Limited Liabilities.

7. Investment Income

- A. Due and accrued income was excluded from surplus on the following basis:
All Investment income due and accrued on bonds in or near default, and other amounts that are over 90 days past due.
- B. The total amount excluded was \$0.

8. Derivative Instruments

The Company does not invest in derivative instruments.

9. Income Taxes

- A. The components of the net DTA recognized in the Companies Assets, Liabilities, Surplus and Other funds are as follows:

	2002	2001
Total of all gross deferred tax assets	10,890,724	10,039,396
Total of all deferred tax liabilities	(2,788,312)	(3,021,779)
Net deferred tax asset	8,102,412	7,017,617
Deferred tax asset nonadmitted	5,659,098	4,778,593
Net admitted deferred tax asset	2,443,314	2,239,024
Increase <Decrease> in nonadmitted deferred tax asset.		
	880,505	(428,106)

- B: Deferred tax liabilities are not recognized for the following amounts:
None

- C. The provisions for incurred taxes on earnings for the year ended December 31 are:

	2002	2001
Federal income tax	5,158,366	5,623,285
Federal income tax on net capital gains	0	0
Utilization of capital loss carryforwards	(39,430)	0
Current income taxes incurred	5,118,936	5,623,285

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

Deferred Tax Assets:		Change
Unpaid losses		26,370
DAC		478,905
Contingent Liabilities		58,240
Unpaid Convention Accrual		(158,546)
Unamortized Goodwill		(408,578)
2000 807(f)(10) Adjustment		133,092
Unrealized Capital Loss		479,211
Other		242,634
Total Deferred Tax Assets		851,328
Change in Nonadmitted deferred tax assets		(880,505)
Admitted Deferred Tax Assets		(29,177)
Deferred Tax Liabilities:		
Gross due and deferred premiums		216,706
Unrealized capital gains		110,878
Other		(94,117)
Total Deferred Tax Liabilities:		233,467
Net Admitted Deferred Tax Asset		204,290

- E. The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	2002	2001	Change
--	------	------	--------

Notes to Financial Statement

Total of all gross deferred tax assets	10,890,724	10,039,396	851,328
Total of all deferred tax liabilities	<u>(2,788,312)</u>	<u>(3,021,779)</u>	233,467
Net deferred tax asset	8,102,412	7,017,617	1,084,795
Unrealized Capital Gains			(590,089)
Change in net deferred income taxes			<u>494,706</u>

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

	Effective Tax Rate
Provision computed at statutory rate	35.0%
Miscellaneous	-1.7%
Total	<u>33.3%</u>
Federal Income Taxes Incurred	36.8%
Change in net deferred income taxes	-3.6%
Total statutory income taxes	<u>33.3%</u>

- G. At December 31, 2002, the company had \$24,999 of operation loss carryforwards originating from 1998 to 2000 which will expire, if unused, between 2003 and 2005.

The amount of federal income taxes incurred in the current year and the preceding year, which are available for recoupment in the event of future net losses are:

	4,655,501	2002	
	6,585,025	2001	
	<u>6,544,281</u>	2000	
Total	<u>17,784,807</u>		

- H. The Corporation files a consolidated federal income tax return with its subsidiary American Capital Life Insurance Company.

The method of allocation between the companies is subject to a written agreement, approved by the company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated.

10. Information Concerning Parent

Subsidiaries and Affiliates

A, B, and C. Fort Dearborn Life Insurance Company purchased 100% of the stock of the Company on 8/01/2001 from its parent company; Health Care Service Corporation. The purchase price of \$116,717,904 was the statutory value of the Company on the date of purchase.

The Company is the parent corporation of two subsidiaries: American Capital Life Insurance Company and Medical Life Insurance Agency, Inc. and reported no dividend income in 2002 and 2001. There are no reinsurance or cost allocation transactions with the subsidiaries. The Company had no transaction with its subsidiaries that involved as much as 1/2 of 1% of the Company's total admitted assets. The Company paid no dividends directly to its shareholders.

- D. At December 31, 2002, the Company reported \$2,714,451 as amounts due affiliated companies. The major piece of this liability is \$2,669,185 due to Health Care Service Corporation. At December 31, 2002, the Company reported \$120,766 as amounts due from affiliated companies. The major piece of this receivable is \$104,003 due to Fort Dearborn Life Insurance Company. Affiliated balances are settled on a quarterly basis.
- E. There are no guarantees or undertakings for the benefit of the subsidiary or affiliated party, other than that disclosed in these notes.
- F. There are no material management or service contracts and cost-sharing arrangements involving in the Company and any related party, except for costs incurred by the Company and charged back to the Company.
- G. Fort Dearborn Life Insurance Company owns all outstanding shares of the Company.
- H. Not Applicable.
- I. The Company's investment in the two subsidiaries is less than 10% of its admitted assets.
- J. The Company did not recognize any impairment write-down for its investments in subsidiary companies during this statement period.

11. Debt

A. Capital Notes

The Company has no capital notes outstanding.

Notes to Financial Statement

B. All Other Debt

The Company has no debentures outstanding. Also, the Company has no reverse repurchase agreements.

12. Retirement Plans, Deferred Compensation, Post-Employment Benefits, Compensated Absences and Post-Retirement Benefit Plans

A. Defined Benefit Plan

The Company's employees are covered by a qualified defined pension plan sponsored by its parent or other affiliated entity. The Company is a wholly owned subsidiary of Fort Dearborn Life Insurance Company, which is a wholly owned subsidiary of Health Care Service Corporation, which sponsors a defined benefit pension plan covering all Health Care Service Corporation employees. The benefits are based on years of service and the employee's compensation during the last five years of employment. Health Care Service Corporation's funding policy is to make minimum annual contributions required by applicable regulations, and charge each subsidiary for its allocable share of such contributions based on a percentage of payroll.

B. Defined Contribution Plans

The Company does have a deferred 401(k)-compensation plan available to all full-time employees. The contribution is based on a percentage of salary and is administered by CIGNA Retirement Investment Services. The Company matches 50% of the first 6% of the employee's contribution. Company costs were \$107,589 for 2002 and \$218,780 for 2001. There are no stock option plans.

C. The Company does not participate in a multi-employer plan.

D. The Company participates in a plan as described in Section A of this Note; the Company has no legal obligation for benefits under the plan Pension. Costs for 2002 were \$221,185 and \$311,947 for 2001. Post-employment benefits have been accrued per SSAP11. The plan participates in the same program that its Parent has. During 2002 the Company increased its liability for postretirement benefits by \$120,134 to a liability balance of \$500,550. Compensated absences/vacation pay is recorded as an accrued liability in salaries and wages general expense.

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

1. The Company's capital is common stock, 40,000 shares authorized, 26,228 issued and outstanding, and \$100 per share par value.

2. The Company has no preferred stock.

3, 4, 5 Dividends on Company stock are paid as declared by its Board of Directors. According to the bylaws of the Company, all statutory profits earned upon the nonparticipating class of business may be paid out as dividends to stockholders. However, not more than 10% of the statutory profits on participating business may be paid out as dividends. No dividends have ever been paid to stockholders. Total unassigned surplus is \$108,895,109.

6. There have been no advances to surplus.

7. Total amount of stock held by the Company, including stock of affiliated companies, for special purposes is: \$0

8. Not Applicable.

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

Unrealized gains and (losses)	\$135,833
Non-Admitted asset values	\$6,576,361
Separate account balances	\$0
Asset Valuation Reserve	\$819,573
Reinsurance in unauthorized companies	\$0

10. The Company has not issued any surplus notes or debentures or similar obligations.

11, 12 There has been no restatement of surplus due to quasi-reorganizations.

14. Contingencies

A. Contingent Commitments - None

B. Assessments

The Company has an established liability for future guaranty fund assessments in the amount of \$174,400 at 12/31/02, and \$180,300 at 12/31/01. In addition, the Company has premium tax offsets available from Guarantee fund Assessments of \$20,146. They will be utilized by 12/31/11.

C. Gain Contingencies - None

D. All Other Contingencies – Various liabilities arise in the normal course of business and have been adequately recorded. We believe that the normal contingent losses would not have a material affect on the Company's operations.

15. Leases

A. Lessee Leasing Arrangements

1. The Company has a lease for its home office that expires on 3/31/13. The Company moved its home office on 10/01/02. Lease Expense for the Company's home office totaled \$688,522 for 2002 and \$507,914 for 2001. In addition, the Company leases immaterial amounts of space for sales offices. Equipment for all locations is normally purchased.

2. The future minimum rental payments on the home office lease are as follows:

2003	\$407,237
2004	\$444,258
2005	\$465,692
2006	\$467,640
2007	\$489,074
2008	\$512,456

Notes to Financial Statement

2009	\$446,207
2010	\$555,323
2011	\$561,168
2012	\$561,168
2013	\$140,292

B. Leveraged Leases - None

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

A. Financial Instruments With Off-Balance Sheet Risk - None

B. Financial Instruments With Concentrations of Credit Risk

1. None

2. None

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

Not Applicable

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

A. ASO Plans:

The gain from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portions of partially insured plans during 2001 was as follows:

	(1)	(2)	(3)
	<u>ASO Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>TOTAL ASO</u>
a. Net reimbursement for administrative expenses (including Administrative fees) in excess of actual expenses	126,645	0	126,645
b. Total net other income or expenses (including interest paid to or received from plans)	(126,645)	0	(126,645)
c. Net gain or (loss) from operations	0	0	0
d. Total payment volume	1,229,696	0	1,229,696

B. ASC Plans – None

C. Medicare or Other Similarly Structured Cost Based Reimbursements Contract – Not Applicable

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

Medical Mutual Life Insurance Agency, Inc. TAX ID 34-1849975
2060 East Ninth Street, Cleveland, Ohio 44115
Group Life and Disability
Premium written \$47,329,000
Exclusivity – yes
Authority – B, P, U

Carefirst Insurance Agency TAX ID 52-1118153
550 12th Street, S.W., Washington, DC 20065
Group Life and Disability
Premium written \$6,873,000
Exclusivity – yes
Authority – B, P, U

Combined Services, LLC TAX ID 02-0479434
15 N. Main Street, Suite 300, Concord, NH 03301
Group Life and Disability
Premium written \$18,500,000
Exclusivity – yes
Authority – B, P, C, U

Wellmark Benefit Consultants, Inc. TAX ID 36-3436608
636 Grand Avenue, Station 01, Des Moines, IA 50309
Group Life and Disability
Premium written - \$10,561,000
Exclusivity – yes
Authority – B, P, U

Group Insurance Services, Inc. TAX ID 56-089-8549
P.O. Box 2291, Durham, NC 27702

Notes to Financial Statement

Group Life and Disability
Premium written - \$13,362,000
Exclusivity – yes
Authority – B, P, U

AmeriHealth Agency TAX ID 23-2184623
1901 Market Street, 37th Floor, Philadelphia, PA 19103
Group Life and Disability
Premium written – 7,268,000
Exclusivity – yes
Authority – B, U

20. Other Items

- A. Extraordinary Items – Not Applicable.
- B. Troubled Debt Restructuring – Not Applicable.
- C. Other Disclosures

Assets in the amount of \$5,910,000 and \$5,910,000 at December 31, 2002 and 2001, respectively, were on deposit with government authorities or trustees as required by law.

- D. Balance That is Reasonably Possible to be Uncollectible - less than 1% of the balance may become uncollectible, and the potential loss is not material to the Company's financial condition.

21. Events Subsequent

Type I – On February 5, 2003 the Company entered into an agreement to terminate the Patriot Life reinsurance agreement. The effective date of termination is December 31, 2002. The reinsurance was for business within the State of Maine. The termination included the transfer of the IBNR to the Company in the amount of \$760,000. The risk ceded consisted of the first \$25,000 in life insurance and 75% of disability. The termination of the reinsurance agreement will not have a material impact on the results of the Company.

Type II: - None

22. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- A. 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 representatives, officer, trustee, or director of the Company? Yes () No (X)
- B. 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

- A. 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)
- B. 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 reinsurance policies? Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- A. 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? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

None
- B. 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 the effective date of the agreement? Yes () No (X)

B. Uncollectible Reinsurance

The Company has not written off any uncollectible reinsurance during the year.

C. Commutation of Reinsurance Reflected in Income and Expenses

The Company has not commuted any ceded reinsurance during the year.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not Applicable

24. Change in Incurred Losses and Loss Adjustment Expenses

There were no changes in the liabilities held at last year end for losses incurred but not reported at that date. There were no changes in the provision for claim/loss adjustment expenses attributable to insured events of prior years.

Notes to Financial Statement

25. Inter-company Pooling Arrangements

Not Applicable

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. Additional premiums are charged for policies issued on substandard lives according to underwriting classification. If the extra premium is a permanent addition to the standard premium, the corresponding reserves held on such policies are calculated using the same interest rate as standard policies but employing mortality rates that are multiples of standard mortality. If the extra premium is only a temporary addition to the standard premium, an additional reserve equal to one-half the extra premium for the year is added to the reserve calculated using standard mortality and interest assumptions.
3. At December 31, 2002 the Company had \$0 of insurance in force for which the gross premiums are less than the net premiums according to standards of valuation set by the State of Ohio. Reserves to cover the above insurance totaled \$0 at year-end and are reported in Exhibit 5, Life Insurance Section.
4. The Tabular Interest, the Tabular Less Actual Reserves Released, and the Tabular Cost have been determined by formula as described in the instructions.

27. Variable Annuities with Guaranteed Living Benefits

Not Applicable

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)	(2)
A.	<u>Subject to Discretionary Withdrawal</u>	<u>Amount</u>	<u>% of Total</u>
(1)	With market value adjustment	0	0%
(2)	At book value less current surrender charge of 5% or more	0	0%
(3)	At fair value	0	0%
(4)	Total with adjustments or at market value (Total of 1 through 3)	0	0%
(5)	At book value without adjustment (minimal or no charge or adjustment)	0	0%
B.	<u>Not Subject to Discretionary Withdrawal</u>	<u>14,774</u>	<u>100%</u>
C.	Total (Gross)	14,774	100%
D.	Reinsurance Ceded	<u>9,603</u>	
E.	Total (Net)* = (C) Minus (D)	\$5,171	
	* Reconciliation of total annuity actuarial reserves and deposit fund liabilities		
F.	Life & Accident & Health Annual Statement	<u>Amount</u>	
1.	Exhibit 8, Annuities Section, Total (Net)	0	
2.	Exhibit 8, Supplementary Contracts with Life Contingencies Section, Total (Net)	0	
3.	Exhibit of Deposit-Type Contracts, Line 14, Column 1	<u>0</u>	
4.	Subtotal	\$0	
	Separate Accounts Annual Statement		
5.	Exhibit 6, Line 0299999, Column 2	0	
6.	Exhibit 6, Line 0399999, Column 2	0	
7.	Page 3, Line 2, Column 3	0	
8.	Page 3, Line 3.1, Column 3	0	
9.	Page 3, Line 3.2, Column 3	0	
10.	<u>Page 3, Line 3.3, Column 3</u>	<u>0</u>	
11.	<u>Subtotal:</u>	<u>0</u>	
12.	Combined Total:	\$5,171	

Notes to Financial Statement

29. Premium and Annuity Considerations Deferred and Uncollected

A. Deferred and uncollected life insurance premiums and annuity considerations as of December 31, 2001, were as follows:

		(1)	(2)	(3)
		<u>Gross</u>	<u>Loading</u>	<u>Net of Loading</u>
(1)	Industrial	0	0	0
(2)	Ordinary New Business	58,823	14,301	44,522
(3)	Ordinary Renewal	409,096	125,334	283,762
(4)	Credit Life	0	0	0
(5)	Group Life	6,534,250	0	6,534,250
(6)	<u>Group Annuity</u>	<u>0</u>	<u>0</u>	<u>0</u>
(7)	Totals:	7,002,169	139,635	6,862,534

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	1,151,251	0.552	1,151,251	0.552
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	23,871,185	11.455	23,871,185	11.455
1.22 Issued by U.S. government sponsored agencies	510,685	0.245	510,685	0.245
1.3 Foreign government (including Canada, excluding mortgage-backed securities)	0	0.000	0	0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	0	0.000	0	0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations	0	0.000	0	0.000
1.43 Revenue and assessment obligations	0	0.000	0	0.000
1.44 Industrial development and similar obligations	0	0.000	0	0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA	0	0.000	0	0.000
1.512 Issued by FNMA and FHLMC	0	0.000	0	0.000
1.513 Privately issued	0	0.000	0	0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	0	0.000	0	0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC	0	0.000	0	0.000
1.523 All other privately issued	0	0.000	0	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)	173,285,166	83.150	173,285,166	83.150
2.2 Unaffiliated foreign securities	0	0.000	0	0.000
2.3 Affiliated securities	0	0.000	0	0.000
3. Equity interests:				
3.1 Investments in mutual funds	0	0.000	0	0.000
3.2 Preferred stocks:				
3.21 Affiliated	1	0.000	1	0.000
3.22 Unaffiliated	1,100,000	0.528	1,100,000	0.528
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated	0	0.000	0	0.000
3.32 Unaffiliated	1,110,990	0.533	1,110,990	0.533
3.4 Other equity securities:				
3.41 Affiliated	2,708,755	1.300	2,708,755	1.300
3.42 Unaffiliated	0	0.000	0	0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated	0	0.000	0	0.000
3.52 Unaffiliated	0	0.000	0	0.000
4. Mortgage loans:				
4.1 Construction and land development	0	0.000	0	0.000
4.2 Agricultural	0	0.000	0	0.000
4.3 Single family residential properties	0	0.000	0	0.000
4.4 Multifamily residential properties	0	0.000	0	0.000
4.5 Commercial loans	0	0.000	0	0.000
5. Real estate investments:				
5.1 Property occupied by company	0	0.000	0	0.000
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt)	0	0.000	0	0.000
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt)	0	0.000	0	0.000
6. Policy loans	176,994	0.085	176,994	0.085
7. Receivables for securities	0	0.000	0	0.000
8. Cash and short-term investments	4,484,872	2.152	4,484,872	2.152
9. Other invested assets	0	0.000	0	0.000
10. Total invested assets	208,399,899	100.000	208,399,899	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[] N/A[]
- 1.3 State Regulating? Ohio
-
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.12/31/1998
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.12/31/1998
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).08/02/1999
- 3.4 By what department or departments?
Ohio Department of Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes[] No[X]
- 4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes[] No[X]
- 4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement) Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[] No[X]
- 7.2 If yes,0.000%
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
.....

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young, Sears Tower, 233 Wacker Drive, Chicago, IL 60606
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?
John W. McKee III, Vice President and Chief Actuary of Medical Life Insurance Company
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes[] No[] N/A[X]
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes[] No[] N/A[X]
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes[] No[] N/A[X]

BOARD OF DIRECTORS

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

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11 To directors or other officers \$ 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 assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes[] No[X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- 15.21 Rented from others \$ 0
 - 15.22 Borrowed from others \$ 0
 - 15.23 Leased from others \$ 0
 - 15.24 Other \$ 0
- Disclose in Notes to Financial the nature of each obligation.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes[] No[X]
- 16.2 If answer is yes:
- 16.21 Amount paid as losses or risk adjustment \$ 0
 - 16.22 Amount paid as expenses \$ 0
 - 16.23 Other amounts paid \$ 0

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1. Preferred	0.000	0.000	0.000	0.000	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common	40,000.000	26,228.000	100.000	X X X	X X X	X X X

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

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

19.21 Loaned to others	\$	0
19.22 Subject to repurchase agreements	\$	0
19.23 Subject to reverse repurchase agreements	\$	0
19.24 Subject to dollar repurchase agreements	\$	0
19.25 Subject to reverse dollar repurchase agreements	\$	0
19.26 Pledged as collateral	\$	0
19.27 Placed under option agreements	\$	0
19.28 Letter stock or securities restricted as to sale	\$	0
19.29 Other	\$	0

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

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	0

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

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes[] No[X]
 21.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

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

1 Name of Custodian(s)	2 Custodian's Address
22.1001 Key Corp	127 Public Square, Cleveland, OH 44114

GENERAL INTERROGATORIES (continued)

INVESTMENT

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

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

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

Yes [] No [X]

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

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

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

1 Central Registration Depository Number(s)	2 Name	3 Address

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

\$ 353,591

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
J & H Copy Service, Inc. ....	..... 163,284

24.1 Amount of payments for legal expenses, if any?

\$ 39,427

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

1 Name	2 Amount Paid
None .....	..... 0

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

\$ 0

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

1 Name	2 Amount Paid
	..... 0

GENERAL INTERROGATORIES (continued)

PART 2 - LIFE INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes[] No[X]	
1.2 If yes, indicate premium earned on U.S. business only.		0
1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?		0
1.31 Reason for excluding:		
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.		0
1.5 Indicate total incurred claims on all Medicare Supplement Insurance.		0
1.6 Individual policies:		
Most current three years:		
1.61 Total premium earned		0
1.62 Total incurred claims		0
1.63 Number of covered lives		0
All years prior to most current three years		
1.64 Total premium earned		0
1.65 Total incurred claims		0
1.66 Number of covered lives		0
1.7 Group policies:		
Most current three years:		
1.71 Total premium earned		0
1.72 Total incurred claims		0
1.73 Number of covered lives		0
All years prior to most current three years:		
1.74 Total premium earned		0
1.75 Total incurred claims		0
1.76 Number of covered lives		0
2.1 Does this reporting entity have Separate Accounts?	Yes[] No[X]	
2.2 If yes, has a Separate Accounts statement been filed with this department?	Yes[] No[] N/A[X]	
2.3 What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account?		0
2.4 State the authority under which Separate Accounts are maintained:		
2.5 Was any of the reporting entity's Separate Accounts business reinsured as of December 31?	Yes[] No[X]	
2.6 Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?	Yes[] No[X]	
3.1 Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)?	Yes[] No[X]	
3.2 Net reimbursement of such expenses between reporting entities:		
3.21 Paid		0
3.22 Received		0
4.1 Does the reporting entity write any guaranteed interest contracts?	Yes[] No[X]	
4.2 If yes, what amount pertaining to these items is included in:		
4.21 Page 3, Line 3		0
4.22 Page 4, Line 1		0
5. For stock reporting entities only:		
5.1 Total amount paid in by stockholders as surplus funds since organization of the reporting entity:		18,995,342
6. Total dividends paid stockholders since the organization of the reporting entity:		
6.11 Cash		0
6.12 Stock		0
7.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?	Yes[] No[X]	
7.11 Name of real estate holding company:		
7.12 Number of parcels involved		0
7.13 Total book/adjusted carrying value		0
7.2 If yes, provide explanation		

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES (Continued)

- 8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as:
 Workers' compensation carve-out business is defined as reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business originally written as workers' compensation insurance. Yes[] No[X]
- 8.2 If yes, has the reporting entity completed the WORKERS' COMPENSATION CARVE-OUT SUPPLEMENT to the Annual Statement? Yes[] No[X]
- 8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

		1 Reinsurance Assumed	2 Reinsurance Ceded	3 Net Retained
8.31	Earned premium	0	0	0
8.32	Paid claims	0	0	0
8.33	Claim liability and reserve (beginning of year)	0	0	0
8.34	Claim liability and reserve (end of year)	0	0	0
8.35	Incurred claims	0	0	0

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

	Attachment Point	1 Earned Premium	2 Claim Liability and Reserve
8.41	< \$25,000	0	0
8.42	\$25,000 - 99,999	0	0
8.43	\$100,000 - 249,999	0	0
8.44	\$250,000 - 999,999	0	0
8.45	\$1,000,000 or more	0	0

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

FIVE - YEAR HISTORICAL DATA

Show Amounts in Whole Dollars Only, No Cents; Show Percentages to One Decimal Place, i.e., 17.6.

Show Amounts of Life Insurance in this Exhibit in Thousands (Omit \$000)

	1 2002	2 2001	3 2000	4 1999	5 1998
Life Insurance in Force (Exhibit of Life Insurance)					
1. Ordinary - whole life and endowment (Line 34, Column 4)	37,590	37,598	37,467	36,085	32,309
2. Ordinary - term (Line 21, Column 4, less Line 34, Column 4)	33,159	13,503	3,934	2,779	6,782
3. Credit life (Line 21, Column 6)	0	0	0	0	0
4. Group, excluding FEGLI/SGLI (Line 21, Column 9 less Lines 43 & 44, Column 4)	32,426,581	35,730,431	36,616,826	36,860,070	35,729,420
5. Industrial (Line 21, Column 2)	0	0	0	0	0
6. FEGLI/SGLI (Lines 43 & 44, Column 4)	9,353,454	9,337,994	8,175,040	7,892,295	6,770,606
7. TOTAL (Line 21, Column 10)	41,850,784	45,119,526	44,833,267	44,791,229	42,539,117
New Business Issued (Exhibit of Life Insurance)					
8. Ordinary - whole life and endowment (Line 34, Col. 2)	4,917	6,882	6,529	9,938	6,766
9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2)	26,890	10,105	1,115	0	0
10. Credit life (Line 2, Column 6)	0	0	0	0	0
11. Group (Line 2, Column 9)	2,170,119	3,984,692	4,416,878	3,534,037	6,802,704
12. Industrial (Line 2, Column 2)	0	0	0	0	0
13. TOTAL (Line 2, Column 10)	2,201,926	4,001,679	4,424,522	3,543,975	6,809,470
Premium Income-Lines of Business					
14. Industrial life (Exhibit 1 - Part 1, Line 20.4, Column 2)	0	0	0	0	0
15.1 Ordinary life insurance (Exhibit 1 - Part 1, Line 20.4, Column 3) ..	1,536,910	1,530,696	1,543,747	1,435,527	1,493,458
15.2 Ordinary individual annuities (Exhibit 1 - Part 1, Line 20.4, Column 4)	0	0	0	0	0
16. Credit life, (Group and Individual) (Exhibit 1 - Part 1, Line 20.4, Column 5)	0	0	0	0	0
17.1 Group life insurance (Exhibit 1 - Part 1, Line 20.4, Column 6)	148,877,097	152,773,533	147,979,655	139,957,071	132,207,415
17.2 Group annuities (Exhibit 1 - Part 1, Line 20.4, Column 7)	0	0	0	0	0
18.1 A & H group (Exhibit 1 - Part 1, Line 20.4, Column 8)	49,555,089	48,542,354	44,749,893	36,684,715	31,799,786
18.2 A & H credit (group and individual) (Exhibit 1 - Part 1, Line 20.4, Column 9)	0	0	0	0	0
18.3 A & H other (Exhibit 1 - Part 1, Line 20.4, Column 10)	60,667	203,391	261,639	307,242	734,777
19. Aggregate of all other lines of business (Exhibit 1 - Part 1, Line 20.4, Column 11)	0	0	0	0	0
20. Deposit-type funds	X X X	X X X	0	0	0
21. TOTAL	200,029,763	203,049,974	194,534,934	178,384,555	166,235,436
Balance Sheet Items (Pages 2 and 3)					
22. TOTAL admitted assets excluding Separate Accounts business (Page 2, Line 25, Column 3)	225,947,210	215,089,886	198,941,180	181,845,499	170,018,535
23. TOTAL liabilities excluding Separate Accounts business (Page 3, Line 26)	95,433,959	93,488,525	90,041,494	84,245,818	79,822,416
24. Aggregate life reserves (Page 3, Line 1)	35,697,941	34,635,494	33,755,743	31,786,790	30,027,434
25. Aggregate A & H reserves (Page 3, Line 2)	9,040,511	7,859,980	4,694,680	4,105,046	4,554,359
26. Deposit-type contract funds (Page 3, Line 3)	5,171	15,173	X X X	X X X	X X X
27. Asset valuation reserve (Page 3, Line 24.1)	819,573	1,296,659	1,536,017	1,341,628	1,216,598
28. Capital (Page 3, Lines 29 & 30)	2,622,800	2,622,800	2,622,800	2,622,800	2,622,800
29. Surplus (Page 3, Line 37)	127,890,451	118,978,561	106,276,887	94,976,881	87,573,320
Risk-Based Capital Analysis					
30. TOTAL adjusted capital	131,332,824	122,898,185	110,436,176	98,941,575	91,412,718
31. Authorized control level risk-based capital	15,564,488	16,285,169	19,614,708	17,801,524	16,643,849
Percentage Distribution of Assets (Page 2, Column 3) (Line No./Page 2, Line 11, Column 3) x 100.0					
32. Bonds (Line 1)	95.4	95.1	94.0	95.3	95.0
33. Stocks (Lines 2.1 and 2.2)	2.4	2.9	3.3	3.5	4.6
34. Mortgage loans on real estate (Line 3.1 and 3.2)	0.0	0.0	0.0	0.0	0.0
35. Real estate (Lines 4.1, 4.2 and 4.3)	0.0	0.0	0.0	0.0	0.0
36. Policy loans (Line 5)	0.1	0.1	0.1	0.1	0.1
37. Premium notes (Line 6)	0.0	0.0	0.0	0.0	0.0
38. Cash and short-term investments (Line 7)	2.2	1.8	2.6	1.1	0.3
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 Column 1)	0	0	0	0	0
44. Affiliated preferred stocks (Schedule D Summary, Line 39, Column 1)	1	1	1	1	1
45. Affiliated common stocks (Schedule D Summary, Line 53, Column 2)	2,708,755	2,535,481	2,387,513	2,256,998	2,365,082
46. Affiliated short-term investments (subtotal included in Schedule DA, Part 2, Column 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	2,708,756	2,535,482	2,387,514	2,256,999	2,365,083
Total Nonadmitted and Admitted Assets					
50. TOTAL nonadmitted assets (Page 2, Line 27, Column 2)	6,576,361	5,418,153	2,605,182	2,451,544	2,209,209
51. TOTAL admitted assets (Page 2, Line 27, Column 3)	225,947,210	215,089,886	198,941,180	181,845,499	170,018,535
Investment Data					
52. Net investment income (Exhibit of Net Investment Income)	12,971,677	12,658,315	11,766,002	10,429,206	9,989,765
53. Realized capital gains (losses)	(814,223)	(134,963)	3,190	28,080	101,135
54. Unrealized capital gains (losses)	(279,351)	(328,703)	101,722	(97,207)	179,497
55. TOTAL of above Lines 52, 53, and 54	11,878,103	12,194,649	11,870,914	10,360,079	10,270,397
Benefits and Reserve Increase (Page 6)					
56. TOTAL contract benefits-life (Lines 10, 11, 12, 13, 14 and 15, Col. 1 minus Lines 10, 11, 12, 13, 14 and 15, Cols. 9, 10 & 11)	121,248,413	118,733,190	113,508,563	108,691,682	94,576,392
57. TOTAL contract benefits - A & H (Lines 13 & 14, Columns 9, 10 & 11)	30,925,240	31,832,499	30,198,801	26,372,121	21,611,963
58. Increase in life reserves-other than group and annuities (Line 19, Columns 2 & 3)	510,473	325,848	456,106	402,663	474,086
59. Increase in A & H reserves (Line 19, Columns 9, 10 & 11)	1,180,531	2,822,843	589,634	(449,312)	(3,937,710)
60. Dividends to policyholders (Line 30, Column 1)	0	0	0	0	0
Operating Percentages					
61. Insurance expense percent (Page 6, Column 1, Lines 21, 22 & 23 less Line 6) / (Page 6 Col. 1, Line 1 plus group annuity contribution funds) x 100.00	19.6	19.5	19.6	20.0	19.0
62. Lapse percent (ordinary only) Exhibit of Life Insurance, Column 4, Lines 14 & 15) x 100.00 / 1/2 (Lines 1 & 21)	16.8	6.7	7.6	15.2	9.6
63. A & H loss percent (Schedule H, Part 1, Lines 3 & 4, Column 2)	64.7	71.8	68.3	70.1	54.3
64. A & H expense percent (Schedule H, Part 1, Line 8, Column 2)	33.7	29.1	27.8	27.3	31.2
A & H Claim Reserve Adequacy					
65. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1, Column 2)	10,164,275	9,849,544	7,134,116	5,434,132	3,740,960
66. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2, Column 2)	14,149,358	10,334,027	8,692,754	7,538,371	6,393,544
67. Incurred losses on prior years' claims - health other than group (Schedule H, Part 3, Line 3.1, Column 1 less Column 2)	53,146	63,630	106,431	228,653	263,351
68. Prior years' claim liability and reserve - health other than group (Schedule H, Part 3, Line 3.2, Column 1 less Column 2)	108,409	311,227	382,482	448,228	559,806
Net Gains From Operations After Federal Income					
Taxes by Lines of Business (Page 6, Line 33)					
69. Industrial life (Column 2)	0	0	0	0	0
70. Ordinary - life (Column 3)	(345,570)	(458,179)	(409,977)	183,776	102,064
71. Ordinary - individual annuities (Column 4)	0	0	0	0	0
72. Ordinary - supplementary contracts (Column 5)	0	0	0	0	0
73. Credit life (Column 6)	0	0	0	0	0
74. Group life (Column 7)	7,909,851	10,342,344	8,934,986	5,651,103	10,185,923
75. Group annuities (Column 8)	0	0	0	0	0
76. A & H - group (Column 9)	2,092,512	1,230,522	2,893,398	1,926,276	1,241,599
77. A & H - credit (Column 10)	0	0	0	0	0
78. A & H - other (Column 11)	3,311	111,077	150,673	101,294	10,739
79. Aggregate of all other lines of business (Column 12)	0	0	0	0	0
80. TOTAL (Column 1)	9,660,104	11,225,764	11,569,080	7,862,449	11,540,325

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	4,491	51,101	0	0	55,597	1,411,999	45,068,425	45,119,526
2. Issued during year	0	0	1,199	31,807	0	0	7,437	100,813	2,170,119	2,201,926
3. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4. Revived during year	0	0	12	215	0	0	20	665	12,492	12,707
5. Increased during year (net)	0	0	0	2	0	0	0	91,947	2,493,845	2,493,847
6. Subtotals, Lines 2 to 5	0	0	1,211	32,024	0	0	7,457	193,425	4,676,456	4,708,480
7. Additions by dividends during year	X X X	0	X X X	0	X X X	0	X X X	X X X	0	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	5,702	83,125	0	0	63,054	1,605,424	49,744,881	49,828,006
Deductions during year:										
10. Death	0	0	110	1,835	0	0	X X X	4,217	74,237	76,072
11. Maturity	0	0	0	0	0	0	X X X	0	0	0
12. Disability	0	0	0	0	0	0	X X X	0	0	0
13. Expiry	0	0	23	262	0	0	0	0	0	262
14. Surrender	0	0	34	506	0	0	0	0	0	506
15. Lapse	0	0	412	9,715	0	0	6,693	219,383	6,482,953	6,492,668
16. Conversion	0	0	0	0	0	0	X X X	X X X	X X X	0
17. Decreased (net)	0	0	3	58	0	0	5,727	86,194	1,407,656	1,407,714
18. Reinsurance	0	0	0	0	0	0	0	0	0	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	582	12,376	0	0	12,420	309,794	7,964,846	7,977,222
21. In force end of year (Line 9 minus Line 20)	0	0	5,120	70,749	0	0	50,634	1,295,630	41,780,035	41,850,784
22. Reinsurance ceded end of year	X X X	0	X X X	2,005	X X X	0	X X X	X X X	815,504	817,509
23. Line 21 minus Line 22	X X X	0	X X X	68,744	X X X	(b)	X X X	X X X	40,964,531	41,033,275
DETAILS OF WRITE-INS										
0801	0	0	0	0	0	0	0	0	0	0
0802	0	0	0	0	0	0	0	0	0	0
0803	0	0	0	0	0	0	0	0	0	0
0898. Summary of remaining write-ins for Line 8 from overflow page	0	0	0	0	0	0	0	0	0	0
0899. Totals (Lines 0801 through 0803 plus 0898) (Line 8 above)	0	0	0	0	0	0	0	0	0	0
1901	0	0	0	0	0	0	0	0	0	0
1902	0	0	0	0	0	0	0	0	0	0
1903	0	0	0	0	0	0	0	0	0	0
1998. Summary of remaining write-ins for Line 19 from overflow page	0	0	0	0	0	0	0	0	0	0
1999. Totals (Lines 1901 through 1903 plus 1998) (Line 19 above)	0	0	0	0	0	0	0	0	0	0

(a) Amounts of life insurance in this exhibit shall be shown in thousands (omit 000).
 (b) Group \$.....0; Individual \$.....0.

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	X X X	0	X X X	0
25. Other paid-up insurance	0	0	0	0
26. Debit ordinary insurance	X X X	X X X	0	0

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	0	0	1	24
28. Term policies -- other	928	26,890	1,332	32,723
29. Other term insurance -- decreasing	X X X	0	X X X	0
30. Other term insurance	X X X	0	X X X	0
31. TOTALS, Lines 27 to 30	928	26,890	1,333	32,747
Reconciliation to Page 30, Lines 2 and 21:				
32. Term additions	X X X	0	X X X	0
33. TOTALS, extended term insurance	X X X	X X X	42	412
34. TOTALS, whole life and endowment	271	4,917	3,745	37,590
35. TOTALS, Lines 31 to 34	1,199	31,807	5,120	70,749

CLASSIFICATION OF AMOUNT OF INSURANCE (a) BY PARTICIPATING STATUS

	Issued During Year (included in Page 30, Line 2)		In Force End of Year (included in Page 30, Line 21)	
	1	2	3	4
	Non-Participating	Participating	Non-Participating	Participating
36. Industrial	0	0	0	0
37. Ordinary	31,807	0	70,749	0
38. Credit Life (Group and Individual)	0	0	0	0
39. Group	2,122,609	47,510	37,055,087	4,724,948
40. TOTALS (Lines 36 to 39)	2,154,416	47,510	37,125,836	4,724,948

ADDITIONAL INFORMATION ON CREDIT LIFE AND GROUP INSURANCE

	Credit Life		Group	
	1 Number of Individual Policies and Group Certificates	2 Amount of Insurance (a)	3 Number of Certificates	4 Amount of Insurance (a)
41. Amount of insurance included in Page 30, Line 2 ceded to other companies	X X X	0	X X X	0
42. Number in force end of year if the number under shared groups is counted on a pro-rata basis	0	X X X	0	X X X
43. Federal Employees' Group Life Insurance included in Page 30, Line 21	0	0	103,540	9,353,454
44. Servicemen's Group Life Insurance included in Page 30, Line 21	0	0	0	0
45. Group Permanent Insurance included in Page 30, Line 21	0	0	0	0

ADDITIONAL ACCIDENTAL DEATH BENEFITS

46. Amount of additional accidental death benefits in force end of year under ordinary policies (a)	0
---	---

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
47.2

POLICIES WITH DISABILITY PROVISIONS

Disability Provision	Industrial		Ordinary		Credit		Group	
	1 Number of Policies	2 Amount of Insurance (a)	3 Number of Policies	4 Amount of Insurance (a)	5 Number of Policies	6 Amount of Insurance (a)	7 Number of Certificates	8 Amount of Insurance (a)
48. Waiver of Premium	0	0	0	0	0	0	921,613	22,729,789
49. Disability Income	0	0	0	0	0	0	249	6,216
50. Extended Benefits	0	0	X X X	X X X	0	0	0	0
51. Other	0	0	0	0	0	0	0	0
52. Total	0	(b) 0	0	(b) 0	0	(b) 0	921,862	(b) 22,736,005

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

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

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

SUPPLEMENTARY CONTRACTS

	Ordinary		Group	
	1 Involving Life Contingencies	2 Not Involving Life Contingencies	3 Involving Life Contingencies	4 Not Involving Life Contingencies
1. In force end of prior year	0	0	8	4
2. Issued during year	0	0	0	0
3. Reinsurance assumed	0	0	0	0
4. Increased during year (net)	0	0	0	0
5. Totals (Lines 1 to 4)	0	0	8	4
Deductions during year:				
6. Decreased (net)	0	0	1	2
7. Reinsurance	0	0	0	0
8. Totals (Lines 6 and 7)	0	0	1	2
9. In force end of year	0	0	7	2
10. Amount on deposit	0	(a) 0	0	(a) 0
11. Income now payable	0	0	7	2
12. Amount of income payable	(a) 0	(a) 0	(a) 81,996	(a) 5,832

ANNUITIES

	Ordinary		Group	
	1 Immediate	2 Deferred	3 Contracts	4 Certificates
1. In force end of prior year	0	0	0	0
2. Issued during year	0	0	0	0
3. Reinsurance assumed	0	0	0	0
4. Increased during year (net)	0	0	0	0
5. Totals (Lines 1 to 4)	0	0	0	0
Deductions during year:				
6. Decreased (net)	NONE			
7. Reinsurance				
8. Totals (Lines 6 and 7)				
9. In force end of year	0	0	0	0
Income now payable:				
10. Amount of income payable:	(a) 0	X X X	X X X	(a) 0
Deferred fully paid:				
11. Account balance	X X X	(a) 0	X X X	(a) 0
Deferred not fully paid:				
12. Account balance	X X X	(a) 0	X X X	(a) 0

ACCIDENT AND HEALTH INSURANCE

	Ordinary		Group		Credit	
	1 Policies	2 Premiums in Force	3 Policies	4 Premiums in Force	5 Policies	6 Premiums in Force
1. In force end of prior year	1,123	1,337,883	12,969	59,374,000	0	0
2. Issued during year	0	0	2,276	11,376,400	0	0
3. Reinsurance assumed	0	0	0	0	0	0
4. Increased during year (net)	0	X X X	0	X X X	0	X X X
5. Totals (Lines 1 to 4)	1,123	X X X	15,245	X X X	0	X X X
Deductions during year:						
6. Conversions	X X X	X X X	0	X X X	X X X	X X X
7. Decreased (net)	0	X X X	3,218	X X X	0	X X X
8. Reinsurance	0	X X X	0	X X X	0	X X X
9. Totals (Lines 6 to 8)	0	X X X	3,218	X X X	0	X X X
10. In force end of year	1,123	(a) 173,000	12,027	(a) 59,214,000	0	(a) 0

DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS

	1	2
	Deposit Funds Contracts	Dividend Accumulations Contracts
1. In force end of prior year	0	0
2. Issued during year	0	0
3. Reinsurance assumed	0	0
4. Increased during year (net)	0	0
5. Totals (Lines 1 to 4)	0	0
Deductions during year:		
6. Decreased (net)	NONE	
7. Reinsurance		
8. Totals (Lines 6 and 7)		
9. In force end of year	0	0
10. Amount of account balance	(a) 0	(a) 0

(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	2	3	4
	Book/Adjusted Carrying Value	Fair Value (a)	Actual Cost	Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States 25,533,120	27,123,919	25,555,123	25,800,000
	2. Canada 0	0	0	0
	3. Other Countries 0	0	0	0
	4. Totals 25,533,120	27,123,919	25,555,123	25,800,000
States, Territories and Possessions (Direct and Guaranteed)	5. United States 0	0	0	0
	6. Canada 0	0	0	0
	7. Other Countries 0	0	0	0
	8. Totals 0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9. United States 0	0	0	0
	10. Canada 0	0	0	0
	11. Other Countries 0	0	0	0
	12. Totals 0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States 0	0	0	0
	14. Canada 0	0	0	0
	15. Other Countries 0	0	0	0
	16. Totals 0	0	0	0
Public Utilities (unaffiliated)	17. United States 7,535,665	7,744,955	7,556,833	7,500,000
	18. Canada 0	0	0	0
	19. Other Countries 0	0	0	0
	20. Totals 7,535,665	7,744,955	7,556,833	7,500,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States 165,749,501	171,173,121	167,545,723	165,580,000
	22. Canada 0	0	0	0
	23. Other Countries 0	0	0	0
	24. Totals 165,749,501	171,173,121	167,545,723	165,580,000
Parent, Subsidiaries and Affiliates	25. Totals 0	0	0	0
	26. Total Bonds 198,818,286	206,041,994	200,657,678	198,880,000
PREFERRED STOCKS				
Public Utilities (unaffiliated)	27. United States 600,000	594,000	600,000	
	28. Canada 0	0	0	
	29. Other Countries 0	0	0	
	30. Totals 600,000	594,000	600,000	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States 0	0	0	
	32. Canada 0	0	0	
	33. Other Countries 0	0	0	
	34. Totals 0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States 500,000	515,600	500,000	
	36. Canada 0	0	0	
	37. Other Countries 0	0	0	
	38. Totals 500,000	515,600	500,000	
Parent, Subsidiaries and Affiliates	39. Totals 1	1	1	
	40. Total Preferred Stocks 1,100,001	1,109,601	1,100,001	
COMMON STOCKS				
Public Utilities (unaffiliated)	41. United States 60,792	60,792	97,022	
	42. Canada 0	0	0	
	43. Other Countries 0	0	0	
	44. Totals 60,792	60,792	97,022	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States 120,112	120,112	117,088	
	46. Canada 0	0	0	
	47. Other Countries 0	0	0	
	48. Totals 120,112	120,112	117,088	
Industrial and Miscellaneous (unaffiliated)	49. United States 930,086	930,086	953,405	
	50. Canada 0	0	0	
	51. Other Countries 0	0	0	
	52. Totals 930,086	930,086	953,405	
Parent, Subsidiaries and Affiliates	53. Totals 2,708,755	2,708,755	2,708,755	
	54. Total Common Stocks 3,819,745	3,819,745	3,876,270	
	55. Total Stocks 4,919,746	4,929,346	4,976,271	
	56. Total Bonds and Stocks 203,738,032	210,971,341	205,633,950	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....23,920,233.

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.....	192,642,652	6.	Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	35,764,344	6.1	Column 17, Part 1.....	0
3. Increase (decrease) by adjustment:		6.2	Column 13, Part 2, Section 1.....	0
3.1 Column 16, Part 1.....	(1,032,144)	6.3	Column 11, Part 2, Section 2.....	0
3.2 Column 12, Part 2, Section 1.....	0	6.4	Column 11, Part 4.....	0
3.3 Column 10, Part 2, Section 2.....	(322,484)	7.	Book/adjusted carrying value at end of current period.....	203,738,031
3.4 Column 10, Part 4.....	(40,653) (1,395,281)	8.	Total valuation allowance.....	0
4. Total gain (loss), Column 14, Part 4.....	170,970	9.	Subtotal (Lines 7 plus 8).....	203,738,031
5. Deduct consideration for bonds and stocks disposed of		10.	Total nonadmitted assets.....	0
Column 6, Part 4.....	23,444,653	11.	Statement value of bonds and stocks, current period.....	203,738,031

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

1	States, Etc.	Is Insurer Licensed (Yes or No)	Direct Business Only				
			Life Contracts		4 Accident and Health Insurance Premiums Including Policy, Membership and Other Fees	5 Deposit-Type Contract Funds	6 Other Considerations
			2 Life Insurance Premiums	3 Annuity Considerations			
1.	Alabama AL	Yes	434,074	0	469,067	0	0
2.	Alaska AK	Yes	6,152	0	0	0	0
3.	Arizona AZ	Yes	3,950,635	0	1,851,344	0	0
4.	Arkansas AR	Yes	232,561	0	167,102	0	0
5.	California CA	No	0	0	0	0	0
6.	Colorado CO	Yes	8,265	0	168	0	0
7.	Connecticut CT	Yes	14,555,447	0	665,359	0	0
8.	Delaware DE	Yes	(1,468)	0	41,601	0	0
9.	District of Columbia DC	Yes	1,716,113	0	356,052	0	0
10.	Florida FL	Yes	925,798	0	610,371	0	0
11.	Georgia GA	Yes	744,662	0	1,003,616	0	0
12.	Hawaii HI	Yes	95,603	0	12,400	0	0
13.	Idaho ID	Yes	126,636	0	31,466	0	0
14.	Illinois IL	Yes	25,474	0	130,926	0	0
15.	Indiana IN	Yes	892,244	0	1,024,248	0	0
16.	Iowa IA	Yes	5,252,451	0	2,921,137	0	0
17.	Kansas KS	Yes	42,396	0	82,639	0	0
18.	Kentucky KY	Yes	2,438,448	0	3,118,771	0	0
19.	Louisiana LA	Yes	85,947	0	111,626	0	0
20.	Maine ME	Yes	1,314,945	0	4,005,669	0	0
21.	Maryland MD	Yes	4,115,284	0	3,315,984	0	0
22.	Massachusetts MA	Yes	1,754,861	0	5,902,313	0	0
23.	Michigan MI	Yes	1,229,349	0	1,632,322	0	0
24.	Minnesota MN	Yes	0	0	0	0	0
25.	Mississippi MS	Yes	262,535	0	59,282	0	0
26.	Missouri MO	Yes	17,496	0	34,141	0	0
27.	Montana MT	Yes	2,068,911	0	1,453,211	0	0
28.	Nebraska NE	Yes	0	0	37,884	0	0
29.	Nevada NV	Yes	4,792	0	0	0	0
30.	New Hampshire NH	Yes	1,794,271	0	3,471,965	0	0
31.	New Jersey NJ	Yes	796,864	0	396,873	0	0
32.	New Mexico NM	Yes	0	0	0	0	0
33.	New York NY	No	0	0	0	0	0
34.	North Carolina NC	Yes	10,006,331	0	3,628,936	0	0
35.	North Dakota ND	Yes	14,547	0	26,007	0	0
36.	Ohio OH	Yes	37,493,342	0	9,835,741	0	0
37.	Oklahoma OK	Yes	71,641	0	82,287	0	0
38.	Oregon OR	Yes	7,234	0	2,568	0	0
39.	Pennsylvania PA	Yes	9,217,821	0	6,340,996	0	0
40.	Rhode Island RI	Yes	1,544,808	0	474,486	0	0
41.	South Carolina SC	Yes	208,653	0	240,122	0	0
42.	South Dakota SD	Yes	1,515,885	0	398,898	0	0
43.	Tennessee TN	Yes	898,898	0	1,802,117	0	0
44.	Texas TX	Yes	0	0	0	0	0
45.	Utah UT	Yes	257,176	0	55,646	0	0
46.	Vermont VT	Yes	778,431	0	1,244,240	0	0
47.	Virginia VA	Yes	889,723	0	660,436	0	0
48.	Washington WA	Yes	671,581	0	170,456	0	0
49.	West Virginia WV	Yes	2,793,786	0	1,112,906	0	0
50.	Wisconsin WI	Yes	399,673	0	1,166,168	0	0
51.	Wyoming WY	Yes	567,832	0	46,191	0	0
52.	American Samoa AS	No	0	0	0	0	0
53.	Guam GU	No	0	0	0	0	0
54.	Puerto Rico PR	No	0	0	0	0	0
55.	U.S. Virgin Islands VI	No	0	0	0	0	0
56.	Canada CN	No	0	0	0	0	0
57.	Aggregate other alien OT	X X X	0	0	0	0	0
58.	Subtotal	(a) 49	112,228,108	0	60,195,738	0	0
90.	Reporting entity contributions for employee benefits plans	X X X	0	0	0	0	0
91.	Dividends or refunds applied to purchase paid-up additions and annuities	X X X	0	0	0	0	0
92.	Dividends or refunds applied to shorten endowment or premium paying period	X X X	0	0	0	0	0
93.	Premium or annuity considerations waived under disability or other contract provisions	X X X	0	0	0	0	0
94.	Aggregate other amounts not allocable by State	X X X	0	0	0	0	0
95.	Totals (Direct Business)	X X X	112,228,108	0	60,195,738	0	0
96.	Plus Reinsurance Assumed	X X X	41,890,131	0	0	0	0
97.	Totals (All Business)	X X X	154,118,239	0	60,195,738	0	0
98.	Less Reinsurance Ceded	X X X	2,769,946	0	10,047,740	0	0
99.	Totals (All Business) less Reinsurance Ceded	X X X	151,348,293	0	(b) 50,147,998	0	0
DETAILS OF WRITE-INS							
5701		X X X	0	0	0	0	0
5702		X X X	0	0	0	0	0
5703		X X X	0	0	0	0	0
5798.	Summary of remaining write-ins for Line 57 from overflow page	X X X	0	0	0	0	0
5799.	Totals (Lines 5701 through 5703 plus 5798) (Line 57 above)	X X X	0	0	0	0	0
9401		X X X	0	0	0	0	0
9402		X X X	0	0	0	0	0
9403		X X X	0	0	0	0	0
9498.	Summary of remaining write-ins for Line 94 from overflow page	X X X	0	0	0	0	0
9499.	Totals (Lines 9401 through 9403 plus 9498) (Line 94 above)	X X X	0	0	0	0	0

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

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

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

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

PART 1 - ORGANIZATIONAL CHART

COMPANY	NAIC CODE	FEDERAL ID NUMBERS	DOMICILED STATE	PERCENTAGE OWNED BY PARENT-12/31/2002
HEALTH CARE SERVICE CORPORATION	70670	36-1236610	IL	
FORT DEARBORN LIFE INSURANCE COMPANY	71129	36-2598882	IL	100.0%
MEDICAL LIFE INSURANCE COMPANY	86991	34-1174729	OH	100.0%
AMERICAN CAPITAL LIFE INSURANCE COMPANY	60283	53-0258332	DC	98.9%
MEDICAL LIFE INSURANCE AGENCY		34-1504486	OH	100.0%
BCI HMO, INC.	96814	36-3290114	IL	100.0%
DENTAL NETWORK OF AMERICA, INC.		36-3339483	DE	99.5%
HCSC PURCHASING, LLC		36-4186601	DE	100.0%
PREFERRED FINANCIAL CORPORATION		84-0508741	CO	100.0%
COLORADO BANKERS LIFE INSURANCE COMPANY	84786	84-0674027	CO	100.0%
INDUSTRY SAVINGS PLAN, INC.		84-0535196	CO	100.0%
HCSA, INC.		38-3190023	DE	100.0%
HALLMARK SERVICES CORPORATION		36-3808643	IL	100.0%
NICHOLD COMPANY		36-4036155	IL	100.0%
MEDLEASE COMPANY		36-4036154	IL	100.0%
HEALTH CARE CONSULTING SERVICES, INC.		36-4036151	IL	100.0%
THIRD COAST HOLDING COMPANY		36-4072990	IL	100.0%
THIRD COAST INSURANCE COMPANY	10713	36-4072992	IL	100.0%
HEALTHCARE BENEFITS, INC.		75-2158176	TX	100.0%
ARIZONA/CALIFORNIA/TEXAS INTERNATIONAL, INC.		75-2618357	TX	84.7%
SOUTHWEST TEXAS HMO, INC.(d/b/a HMO Blue Texas)	95029	75-1910022	TX	100.0%
HCSC INSURANCE SERVICES COMPANY	78611	73-1350270	IL	100.0%
HMO NEW MEXICO, INC.	95598	85-0331846	NM	100.0%
MedConnect, LLC.		45-0462772	DE	100.0%