

Mississippi Rural Risk Underwriting Association

Phone (601) 981-2915 · 2685 Insurance Center Drive P. O. Box 5389 Jackson, Mississippi 39296-5389

March 1, 2002

To Member Companies

ACCOUNTING REPORT FOR YEAR ENDED DECEMBER 31, 2001

We are pleased to attach the following documents which summarize the transactions, conditions, operations and affairs of the Mississippi Rural Risk Underwriting Association for the year ended December 31, 2001.

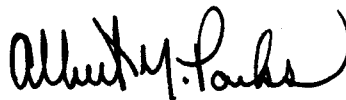
- Exhibit 1 -Statement of Assets, Liabilities and Members' Equity
- Exhibit 2 -Income Statement and Equity Account
- Exhibit 3A -Members' Account - Year Ended December 31, 2001
- Exhibit 3B -Members' Account - January 01, 2000 through December 31, 2001
- Exhibit 4A -Statistical Report - Premiums
- Exhibit 4B -Statistical Report - Losses
- Exhibit 4C -Statistical Report - Loss Expense
- Exhibit 5 -Insurance In-Force as of December 31, 2001
- Exhibit 7 -Reporting Schedule P Number of Claims Outstanding

To record its participation, members should apply the appropriate percentage of participation to the data for each policy year shown on Exhibit 3A. Your participation should be recorded as reinsurance assumed.

A report of all Companies' Preliminary Percentage Participation for the period January 1, 2001 through December 31, 2001 was furnished you in July, 2001.

Should you have specific questions concerning the reports of the Association, please direct them to Mr. Jim Redd at the address or telephone number listed on our letterhead.

Yours very truly,



Albert G. Parks
Manager

MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
REPORTING SCHEDULE P NUMBER OF CLAIMS OUTSTANDING
FOR THE TEN YEAR PERIOD ENDING DECEMBER 31, 2001

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	TOTAL
COVERAGE:											
FIRE	0	0	0	0	0	0	0	0	1	0	1
EXTENDED COVERAGE	0	0	0	0	0	0	0	0	0	5	5
TOTALS	0	0	0	0	0	0	0	0	1	5	6

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY
DECEMBER 31, 2001**

	<u>LEDGER ASSETS</u>	<u>NON-LEDGER ASSETS</u>	<u>NON-ADMITTED ASSETS</u>	<u>NET-ADMITTED ASSETS</u>
<u>ASSETS:</u>				
CASH	393,807	0	0	393,807
INVESTMENTS	0	0	0	0
ACCRUED INTEREST RECEIVABLE	0	0	0	0
	2,476	0	0	2,476
	<hr/>			
TOTAL ASSETS	396,283	0	0	396,283
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<u>LIABILITIES:</u>				
UNPAID LOSSES-(IBNR INCLUDED)				22,825
UNPAID LOSS EXPENSE				2,837
UNPAID SERVICE FEES-PREMIUMS				4,950
UNEARNED PREMIUMS				294,959
COMMISSIONS PAYABLE				0
ACCOUNTS PAYABLE				0
				<hr/>
TOTAL LIABILITIES				325,571
				<hr/>
<u>MEMBERS' EQUITY:</u>				
2000 POLICY YEAR				151,989
2001 POLICY YEAR				(81,277)
2002 POLICY YEAR				0
TOTAL MEMBERS' EQUITY				<hr/>
				70,712
				<hr/>
TOTAL LIABILITIES AND MEMBERS' EQUITY				396,283
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MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
POLICIES & INSURANCE IN-FORCE
DECEMBER 31, 2001

COUNTY	POLICIES IN-FORCE	INSURANCE IN-FORCE	COUNTY	POLICIES IN-FORCE	INSURANCE IN-FORCE
ADAMS	2	95,000	LEFLORE	15	381,000
ALCORN	10	447,000	LINCOLN	27	876,000
AMITE	25	817,000	LOWNDES	1	100,000
ATTALA	32	706,000	MADISON	0	0
BENTON	10	177,000	MARION	2	32,000
BOLIVAR	2	65,000	MARSHALL	15	637,000
CALHOUN	6	145,000	MONROE	4	115,000
CARROLL	11	267,000	MONTGOMERY	10	232,000
CHICKASAW	1	64,000	NESHOBA	3	154,000
CHOCTAW	6	96,000	NEWTON	8	146,000
CLAIBORNE	1	15,000	NOXUBEE	3	45,000
CLARKE	4	85,000	OKTIBBEHA	0	0
CLAY	14	444,000	PANOLA	6	105,000
COAHOMA	12	276,000	PEARL RIVER	20	502,000
COPIAH	8	201,000	PERRY	1	30,000
COVINGTON	26	715,000	PIKE	50	1,791,000
DESOTO	2	70,000	PONTOTOC	1	44,000
FORREST	3	120,000	PRENTISS	41	913,000
FRANKLIN	8	191,000	QUITMAN	6	305,000
GEORGE	19	377,000	RANKIN	2	35,000
GREENE	6	193,000	SCOTT	2	63,000
GRENADA	18	426,000	SHARKEY	0	0
HANCOCK	190	5,773,000	SIMPSON	21	563,000
HARRISON	37	1,460,000	SMITH	8	275,000
HINDS	3	115,000	STONE	2	40,000
HOLMES	6	118,000	SUNFLOWER	2	70,000
HUMPHREYS	0	0	TALLAHATCHIE	7	170,000
ISSAQUENA	1	30,000	TATE	3	157,000
ITAWAMBA	28	658,000	TIPPAH	8	172,000
JACKSON	37	1,264,000	TISHOMINGO	52	1,058,000
JASPER	17	486,000	TUNICA	1	10,000
JEFFERSON	3	101,000	UNION	1	5,000
JEFFERSON DAVIS	14	563,000	WALTHALL	14	511,000
JONES	0	0	WARREN	3	115,000
KEMPER	22	612,000	WASHINGTON	0	0
LAFAYETTE	12	258,000	WAYNE	14	425,000
LAMAR	7	187,000	WEBSTER	3	84,000
LAUDERDALE	0	0	WILKINSON	10	407,000
LAWRENCE	65	1,995,000	WINSTON	21	640,000
LEAKE	8	214,000	YALABUSHA	9	148,000
LEE	9	338,000	YAZOO	0	0
TOTAL IN - FORCE				1,081	31,520,000

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
STATEMENTS OF REVENUE, EXPENSES AND MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2001**

UNDERWRITING INCOME:

PREMIUM EARNED		634,392
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DEDUCTIONS:

LOSSES INCURRED	150,719	
LOSS EXPENSES INCURRED	22,912	
SERVICE FEES - PREMIUMS	47,936	
COMMISSIONS INCURRED	59,996	
OPERATING EXPENSE INCURRED	<u>148,981</u>	

TOTAL DEDUCTIONS		<u>430,544</u>
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NET UNDERWRITING GAIN		203,848
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OTHER INCOME:

INVESTMENT INCOME	20,175	
INSPECTION FEES	5,940	
OTHER	<u>3,000</u>	

TOTAL OTHER INCOME		<u>29,115</u>
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NET INCOME		<u><u>232,963</u></u>
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EQUITY ACCOUNT:

MEMBERS' ACCOUNT, JANUARY 01, 2001		97,602
NET INCOME		232,963
DISTRIBUTIONS TO MEMBERS		(259,853)
ASSESSMENTS		<u>0</u>
MEMBERS' ACCOUNT, DECEMBER 31, 2001		<u><u>70,712</u></u>

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSS EXPENSE
YEAR ENDED DECEMBER 31, 2001**

	<u>POLICY YEAR</u>			<u>TOTALS</u>
	<u>1999</u>	<u>2000</u>	<u>2001</u>	
<u>PAID:</u>				
FIRE	350	6,356	967	7,673
EXTENDED COVERAGE	0	9,947	4,899	14,846
TOTAL	350	16,303	5,866	22,519
<u>CURRENT OUTSTANDING:</u>				
FIRE	0	150	663	813
EXTENDED COVERAGE	0	536	1,488	2,024
TOTAL	0	686	2,151	2,837
<u>PRIOR OUTSTANDING:</u>				
FIRE	350	764	0	1,114
EXTENDED COVERAGE	0	1,330	0	1,330
TOTAL	350	2,094	0	2,444
<u>INCURRED LOSS EXPENSE:</u>				
FIRE	0	5,742	1,630	7,372
EXTENDED COVERAGE	0	9,153	6,387	15,540
TOTAL	0	14,895	8,017	22,912

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
MEMBERS' ACCOUNT
DECEMBER 31, 2001**

	POLICY YEAR				TOTALS
	1999	2000	2001	2002	
INCOME RECEIVED:					
PREMIUMS WRITTEN	0	16,160	583,853	0	600,013
INTEREST RECEIVED	0	0	20,175	0	20,175
INSPECTION FEES RECEIVED	0	0	5,940	0	5,940
OTHER	0	0	3,000	0	3,000
TOTAL	0	16,160	612,968	0	629,128
EXPENSES PAID:					
LOSSES	1,680	141,703	116,376	0	259,759
LOSS EXPENSE	350	16,303	5,866	0	22,519
SERVICE FEE - PREMIUMS	0	6,726	41,758	0	48,484
COMMISSIONS PAID	0	1,616	58,380	0	59,996
OPERATING EXPENSE	0	0	148,981	0	148,981
OTHER	0	0	0	0	0
TOTAL	2,030	166,348	371,361	0	539,739
NET CASH FROM OPERATIONS	(2,030)	(150,188)	241,607	0	89,389
DEDUCT CURRENT RESERVES:					
LOSSES	0	2,000	20,824	0	22,824
LOSS EXPENSE	0	686	2,151	0	2,837
UNEARNED PREMIUMS	0	0	294,959	0	294,959
SERVICE FEE - PREMIUMS	0	0	4,950	0	4,950
COMMISSIONS PAYABLE	0	0	0	0	0
OPERATING EXPENSE	0	0	0	0	0
OTHER	0	0	0	0	0
TOTAL	0	2,686	322,884	0	325,570
ADD PRIOR RESERVES:					
LOSSES	1,680	130,184	0	0	131,864
LOSS EXPENSE	350	2,094	0	0	2,444
UNEARNED PREMIUMS	0	329,338	0	0	329,338
SERVICE FEE - PREMIUMS	0	5,499	0	0	5,499
COMMISSIONS	0	0	0	0	0
OPERATING EXPENSE	0	0	0	0	0
OTHER	0	0	0	0	0
TOTAL	2,030	467,115	0	0	469,145
NET RESERVE CHANGE	2,030	464,429	(322,884)	0	143,575
OTHER CHANGES:					
DEDUCT PRIOR					
INTEREST ACCRUED	0	0	0	0	0
ADD CURRENT					
INTEREST ACCRUED	0	0	0	0	0
ASSESSMENTS	0	0	0	0	0
DISTRIBUTIONS	(259,853)	0	0	0	(259,853)
CHANGE IN MEMBERS' EQUITY	(259,853)	314,241	(81,277)	0	(26,889)

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF LOSSES
YEAR ENDED DECEMBER 31, 2001**

	<u>POLICY YEAR</u>			<u>TOTALS</u>
	<u>1999</u>	<u>2000</u>	<u>2001</u>	
<u>PAID:</u>				
FIRE	0	113,276	98,828	212,104
EXTENDED COVERAGE	1,680	28,427	17,548	47,655
TOTAL	1,680	141,703	116,376	259,759
<u>CURRENT OUTSTANDING:</u>				
FIRE	0	2,000	646	2,646
EXTENDED COVERAGE	0	0	8,500	8,500
TOTAL	0	2,000	9,146	11,146
<u>CURRENT IBNR:</u>				
FIRE	0	0	7,994	7,994
EXTENDED COVERAGE	0	0	3,684	3,684
TOTAL	0	0	11,678	11,678
<u>PRIOR OUTSTANDING:</u>				
FIRE	0	109,259	0	109,259
EXTENDED COVERAGE	1,680	7,334	0	9,014
TOTAL	1,680	116,593	0	118,273
<u>PRIOR IBNR:</u>				
FIRE	0	9,132	0	9,132
EXTENDED COVERAGE	0	4,459	0	4,459
TOTAL	0	13,591	0	13,591
<u>INCURRED LOSSES:</u>				
FIRE	0	106,144	107,468	104,353
EXTENDED COVERAGE	0	16,634	29,732	46,366
TOTAL	0	13,519	137,200	150,719

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
MEMBERS' ACCOUNT FOR UNSETTLED POLICY YEARS
DECEMBER 31, 2001**

	POLICY YEAR			TOTALS
	2000	2001	2002	
<u>INCOME RECEIVED:</u>				
PREMIUMS WRITTEN	695,703	583,853	0	1,279,556
INTEREST RECEIVED	7,720	20,175	0	27,895
INSPECTION FEES RECEIVED	7,180	5,940	0	13,120
OTHER	0	3,000	0	3,000
TOTAL	710,603	612,968	0	1,323,571
<u>EXPENSES PAID:</u>				
LOSSES	270,145	116,376	0	386,521
LOSS EXPENSE	25,394	5,866	0	31,260
SERVICE FEE - PREMIUMS	55,589	41,758	0	97,347
COMMISSIONS PAID	69,570	58,381	0	127,951
OPERATING EXPENSE	136,989	148,981	0	285,970
OTHER	0	0	0	0
TOTAL	557,687	371,362	0	929,049
NET CASH FROM OPERATIONS	152,916	241,606	0	394,522
<u>DEDUCT CURRENT RESERVES:</u>				
LOSSES	2,000	20,823	0	22,823
LOSS EXPENSE	686	2,151	0	2,837
UNEARNED PREMIUMS	0	294,959	0	294,959
SERVICE FEE - PREMIUMS	0	4,950	0	4,950
COMMISSIONS	0	0	0	0
OPERATING EXPENSE	0	0	0	0
OTHER	0	0	0	0
TOTAL	2,686	322,883	0	325,569
<u>OTHER CHANGES:</u>				
<u>ADD CURRENT</u>				
INTEREST ACCRUED	0	0	0	0
OTHER CHANGES	1,759	0	0	1,759
TOTAL	1,759	0	0	1,759
ASSESSMENTS	0	0	0	0
DISTRIBUTIONS	0	0	0	0
MEMBERS' EQUITY	151,989	(81,277)	0	70,712

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION
STATISTICAL REPORT OF PREMIUMS
YEAR ENDED DECEMBER 31, 2001**

	POLICY YEAR			TOTALS
	2000	2001	2002	
<u>PREMIUMS WRITTEN:</u>				
FIRE	10,567	399,656	0	410,223
EXTENDED COVERAGE	5,593	184,197	0	189,790
TOTAL	16,160	583,853	0	600,013
<u>UNEARNED PREMIUMS -PRIOR:</u>				
FIRE	221,659	0	0	221,659
EXTENDED COVERAGE	107,679	0	0	107,679
TOTAL	329,338	0	0	329,338
<u>UNEARNED PREMIUMS-CURRENT:</u>				
FIRE	0	202,200	0	202,200
EXTENDED COVERAGE	0	92,759	0	92,759
TOTAL	0	294,959	0	294,959
<u>EARNED PREMIUMS:</u>				
FIRE	232,226	197,456	0	429,682
EXTENDED COVERAGE	113,272	91,438	0	204,710
TOTAL	345,498	288,894	0	634,392