

# Mississippi Rural Risk Underwriting Association

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

March 3, 2003

To Member Companies

## ACCOUNTING REPORT FOR YEAR ENDED DECEMBER 31, 2002

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The following documents which summarize the transactions, conditions, operations and affairs of the Mississippi Rural Risk Underwriting Association for the year ended December 31, 2002, are now available on the website [www.msplans.com](http://www.msplans.com). After accessing the website, click onto the Mississippi Rural Risk Underwriting Association.

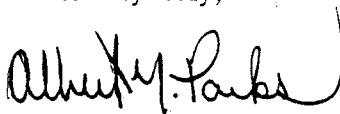
- Exhibit 1        -Statement of Assets, Liabilities and Members' Equity
- Exhibit 2        -Income Statement and Equity Account
- Exhibit 3A      -Members' Account - Year Ended December 31, 2002
- Exhibit 3B      -Members' Account - January 01, 2001 through December 31, 2002
- Exhibit 4A      -Statistical Report - Premiums
- Exhibit 4B      -Statistical Report - Losses
- Exhibit 4C      -Statistical Report - Loss Expense
- Exhibit 5        -Insurance In-Force as of December 31, 2002
- 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, 2002 through December 31, 2002 was furnished you in June, 2002. Each company's Percentage Participation may be found on the reference website.

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  
 STATEMENTS OF ASSETS, LIABILITIES AND MEMBERS' EQUITY  
 DECEMBER 31, 2002

	<u>LEDGER ASSETS</u>	<u>NON-LEDGER ASSETS</u>	<u>NON-ADMITTED ASSETS</u>	<u>NET-ADMITTED ASSETS</u>
<b><u>ASSETS:</u></b>				
CASH	507,586	0	0	507,586
INVESTMENTS	0	0	0	0
ACCRUED INTEREST RECEIVABLE	0	0	0	0
	15,528	0	0	15,528
	<hr/>			
TOTAL ASSETS	523,114	0	0	523,114
	<hr/> <hr/>			
 <b><u>LIABILITIES:</u></b>				
UNPAID LOSSES-(IBNR INCLUDED)				163,355
UNPAID LOSS EXPENSE				16,079
UNPAID SERVICE FEES-PREMIUMS				8,048
UNEARNED PREMIUMS				355,846
COMMISSIONS PAYABLE				0
ACCOUNTS PAYABLE				0
				<hr/>
TOTAL LIABILITIES				543,328
				<hr/>
 <b><u>MEMBERS' EQUITY:</u></b>				
2001 POLICY YEAR				95,470
2002 POLICY YEAR				(115,514)
2003 POLICY YEAR				(171)
TOTAL MEMBERS' EQUITY				<hr/> (20,215) <hr/>
TOTAL LIABILITIES AND MEMBERS' EQUITY				<hr/> <hr/> 523,114

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION  
STATEMENTS OF REVENUE, EXPENSES AND MEMBERS' EQUITY  
YEAR ENDED DECEMBER 31, 2002**

**UNDERWRITING INCOME:**

**PREMIUM EARNED** 624,698

**DEDUCTIONS:**

**LOSSES INCURRED** 269,313

**LOSS EXPENSES INCURRED** 26,318

**SERVICE FEES - PREMIUMS** 54,790

**COMMISSIONS INCURRED** 68,558

**OPERATING EXPENSE INCURRED** 160,638

**TOTAL DEDUCTIONS** 579,617

**NET UNDERWRITING GAIN** 45,081

**OTHER INCOME:**

**INVESTMENT INCOME** 5,861

**INSPECTION FEES** 7,620

**OTHER** 2,500

**TOTAL OTHER INCOME** 15,981

**NET INCOME** 61,062

**EQUITY ACCOUNT:**

**MEMBERS' ACCOUNT, JANUARY 01, 2002** 70,713

**NET INCOME** 61,062

**DISTRIBUTIONS TO MEMBERS** (151,990)

**ASSESSMENTS** 0

**MEMBERS' ACCOUNT, DECEMBER 31, 2002** (20,215)

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION  
MEMBERS' ACCOUNT  
DECEMBER 31, 2002**

	POLICY YEAR				TOTALS
	2000	2001	2002	2003	
<b><u>INCOME RECEIVED:</u></b>					
PREMIUMS WRITTEN	0	(2,688)	687,321	952	685,585
INTEREST RECEIVED	0	0	5,861	0	5,861
INSPECTION FEES RECEIVED	0	0	7,620	0	7,620
OTHER	0	0	2,500	0	2,500
TOTAL	0	(2,688)	703,302	952	701,566
<b><u>EXPENSES PAID:</u></b>					
LOSSES	0	122,963	5,819	0	128,782
LOSS EXPENSE	686	9,749	2,641	0	13,076
SERVICE FEE - PREMIUMS	0	4,817	46,874	0	51,691
COMMISSIONS PAID	0	(269)	68,732	95	68,558
OPERATING EXPENSE	0	0	160,638	0	160,638
OTHER	0	0	0	0	0
TOTAL	686	137,260	284,704	95	422,745
NET CASH FROM OPERATIONS	(686)	(139,948)	418,598	857	278,821
<b><u>DEDUCT CURRENT RESERVES:</u></b>					
LOSSES	0	4,870	158,485	0	163,355
LOSS EXPENSE	0	1,319	14,760	0	16,079
UNEARNED PREMIUMS	0	0	354,894	952	355,846
SERVICE FEE - PREMIUMS	0	0	7,972	76.16	8,048
COMMISSIONS PAYABLE	0	0	0	0	0
OPERATING EXPENSE	0	0	0	0	0
OTHER	0	0	0	0	0
TOTAL	0	6,189	536,111	1,028	543,328
<b><u>ADD PRIOR RESERVES:</u></b>					
LOSSES	2,000	20,823	0	0	22,823
LOSS EXPENSE	686	2,151	0	0	2,837
UNEARNED PREMIUMS	0	294,959	0	0	294,959
SERVICE FEE - PREMIUMS	0	4,950	0	0	4,950
COMMISSIONS	0	0	0	0	0
OPERATING EXPENSE	0	0	0	0	0
OTHER	0	0	0	0	0
TOTAL	2,686	322,883	0	0	325,569
NET RESERVE CHANGE	2,686	316,694	(536,111)	(1,028)	(217,759)
<b><u>OTHER CHANGES:</u></b>					
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	(151,990)	0	0	0	(151,990)
CHANGE IN MEMBERS' EQUITY	(149,990)	176,746	(117,513)	(171)	(90,928)

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION  
MEMBERS' ACCOUNT FOR UNSETTLED POLICY YEARS  
DECEMBER 31, 2002**

	POLICY YEAR			TOTALS
	2001	2002	2003	
<b><u>INCOME RECEIVED:</u></b>				
PREMIUMS WRITTEN	581,165	687,321	952	1,269,438
INTEREST RECEIVED	20,175	5,861	0	26,036
INSPECTION FEES RECEIVED	5,940	7,620	0	13,560
OTHER	3,000	2,500	0	5,500
TOTAL	610,280	703,302	952	1,314,534
<b><u>EXPENSES PAID:</u></b>				
LOSSES	239,339	5,819	0	245,158
LOSS EXPENSE	15,615	2,641	0	18,256
SERVICE FEE - PREMIUMS	46,574	46,875	0	93,449
COMMISSIONS PAID	58,112	68,732	95	126,939
OPERATING EXPENSE	148,981	160,638	0	309,619
OTHER	0	0	0	0
TOTAL	508,621	284,705	95	793,421
NET CASH FROM OPERATIONS	101,659	418,597	857	521,113
<b><u>DEDUCT CURRENT RESERVES:</u></b>				
LOSSES	4,870	158,485	0	163,355
LOSS EXPENSE	1,319	14,760	0	16,079
UNEARNED PREMIUMS	0	354,894	952	355,846
SERVICE FEE - PREMIUMS	0	7,972	76	8,048
COMMISSIONS	0	0	0	0
OPERATING EXPENSE	0	0	0	0
OTHER	0	0	0	0
TOTAL	6,189	536,111	1,028	543,328
<b><u>OTHER CHANGES:</u></b>				
<b><u>ADD CURRENT</u></b>				
INTEREST ACCRUED	0	0	0	0
OTHER CHANGES	0	2,000	0	2,000
TOTAL	0	2,000	0	2,000
ASSESSMENTS	0	0	0	0
DISTRIBUTIONS	0	0	0	0
MEMBERS' EQUITY	95,470	(115,514)	(171)	(20,215)

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION  
STATISTICAL REPORT OF PREMIUMS  
YEAR ENDED DECEMBER 31, 2002**

	<b>POLICY YEAR</b>			<b>TOTALS</b>
	<b>2001</b>	<b>2002</b>	<b>2003</b>	
<b><u>PREMIUMS WRITTEN:</u></b>				
<b>FIRE</b>	(1,551)	472,516	673	471,638
<b>EXTENDED COVERAGE</b>	(1,137)	214,805	279	213,947
<b>TOTAL</b>	(2,688)	687,321	952	685,585
<b><u>UNEARNED PREMIUMS -PRIOR:</u></b>				
<b>FIRE</b>	202,200	0	0	202,200
<b>EXTENDED COVERAGE</b>	92,759	0	0	92,759
<b>TOTAL</b>	294,959	0	0	294,959
<b><u>UNEARNED PREMIUMS-CURRENT:</u></b>				
<b>FIRE</b>	0	243,013	673	243,686
<b>EXTENDED COVERAGE</b>	0	111,881	279	112,160
<b>TOTAL</b>	0	354,894	952	355,846
<b><u>EARNED PREMIUMS:</u></b>				
<b>FIRE</b>	200,649	229,503	0	430,152
<b>EXTENDED COVERAGE</b>	91,622	102,924	0	194,546
<b>TOTAL</b>	292,271	332,427	0	624,698

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION  
STATISTICAL REPORT OF LOSSES  
YEAR ENDED DECEMBER 31, 2002**

	<u>POLICY YEAR</u>			<u>TOTALS</u>
	<u>2000</u>	<u>2001</u>	<u>2002</u>	
<b><u>PAID:</u></b>				
FIRE	0	110,553	936	111,489
EXTENDED COVERAGE	0	12,410	4,882	17,292
TOTAL	0	122,963	5,818	128,781
<b><u>CURRENT OUTSTANDING:</u></b>				
FIRE	0	0	127,000	127,000
EXTENDED COVERAGE	0	4,870	17,739	22,609
TOTAL	0	4,870	144,739	149,609
<b><u>CURRENT IBNR:</u></b>				
FIRE	0	0	9,450	9,450
EXTENDED COVERAGE	0	0	4,296	4,296
TOTAL	0	0	13,746	13,746
<b><u>PRIOR OUTSTANDING:</u></b>				
FIRE	2,000	646	0	2,646
EXTENDED COVERAGE	0	8,500	0	8,500
TOTAL	2,000	9,146	0	11,146
<b><u>PRIOR IBNR:</u></b>				
FIRE	0	7,994	0	7,994
EXTENDED COVERAGE	0	3,684	0	3,684
TOTAL	0	11,678	0	11,678
<b><u>INCURRED LOSSES:</u></b>				
FIRE	(2,000)	102,559	137,386	237,299
EXTENDED COVERAGE	0	5,096	26,917	32,013
TOTAL	(2,000)	107,009	164,303	269,312

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION  
STATISTICAL REPORT OF LOSS EXPENSE  
YEAR ENDED DECEMBER 31, 2002**

	<u>POLICY YEAR</u>			<u>TOTALS</u>
	<u>2000</u>	<u>2001</u>	<u>2002</u>	
<b><u>PAID:</u></b>				
<b>FIRE</b>	150	4,922	406	5,478
<b>EXTENDED COVERAGE</b>	536	4,827	2,235	7,598
<b>TOTAL</b>	686	9,749	2,641	13,076
<b><u>CURRENT OUTSTANDING:</u></b>				
<b>FIRE</b>	0	0	9,625	9,625
<b>EXTENDED COVERAGE</b>	0	1,319	5,135	6,454
<b>TOTAL</b>	0	1,319	14,760	16,079
<b><u>PRIOR OUTSTANDING:</u></b>				
<b>FIRE</b>	150	663	0	813
<b>EXTENDED COVERAGE</b>	536	1,488	0	2,024
<b>TOTAL</b>	686	2,151	0	2,837
<b><u>INCURRED LOSS EXPENSE:</u></b>				
<b>FIRE</b>	0	4,259	10,031	14,290
<b>EXTENDED COVERAGE</b>	0	4,658	7,370	12,028
<b>TOTAL</b>	0	8,917	17,401	26,318

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION  
POLICIES & INSURANCE IN-FORCE  
DECEMBER 31, 2002**

COUNTY	POLICIES IN-FORCE	INSURANCE IN-FORCE	COUNTY	POLICIES IN-FORCE	INSURANCE IN-FORCE
ADAMS	6	270,000	LEFLORE	12	357,000
ALCORN	9	453,000	LINCOLN	24	856,000
AMITE	28	1,255,000	LOWNDES	1	100,000
ATTALA	29	689,000	MADISON	0	0
BENTON	13	307,000	MARION	2	79,000
BOLIVAR	3	160,000	MARSHALL	24	1,262,000
CALHOUN	3	83,000	MONROE	3	110,000
CARROLL	15	451,000	MONTGOMERY	12	358,000
CHICKASAW	3	124,000	NESHOBA	2	134,000
CHOCTAW	17	503,000	NEWTON	10	246,000
CLAIBORNE	1	40,000	NOXUBEE	3	30,000
CLARKE	4	95,000	OKTIBBEHA	2	45,000
CLAY	19	412,000	PANOLA	5	132,000
COAHOMA	12	318,000	PEARL RIVER	28	922,000
COPIAH	10	227,000	PERRY	4	100,000
COVINGTON	27	937,000	PIKE	43	1,578,000
DESOTO	1	240,000	PONTOTOC	1	44,000
FORREST	2	133,000	PRENTISS	38	1,184,000
FRANKLIN	8	191,000	QUITMAN	7	285,000
GEORGE	16	397,000	RANKIN	0	0
GREENE	5	138,000	SCOTT	3	213,000
GRENADA	19	485,000	SHARKEY	0	0
HANCOCK	196	6,703,000	SIMPSON	17	534,000
HARRISON	27	1,367,000	SMITH	12	422,000
HINDS	5	158,000	STONE	1	15,000
HOLMES	10	356,000	SUNFLOWER	2	70,000
HUMPHREYS	0	0	TALLAHATCHIE	6	179,000
ISSAQUENA	1	8,000	TATE	5	252,000
ITAWAMBA	32	885,000	TIPPAH	8	189,000
JACKSON	32	981,000	TISHOMINGO	54	1,127,000
JASPER	16	578,000	TUNICA	0	0
JEFFERSON	5	246,000	UNION	2	60,000
JEFFERSON DAVIS	25	1,356,000	WALTHALL	10	411,000
JONES	0	0	WARREN	4	188,000
KEMPER	18	504,000	WASHINGTON	1	17,000
LAFAYETTE	16	393,000	WAYNE	11	376,000
LAMAR	8	311,000	WEBSTER	9	246,000
LAUDERDALE	1	3,000	WILKINSON	9	404,000
LAWRENCE	80	2,353,000	WINSTON	20	652,000
LEAKE	8	328,000	YALABUSHA	12	300,000
LEE	8	318,000	YAZOO	1	<u>120,000</u>

TOTAL IN - FORCE

1,146

38,353,000

**MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION  
REPORTING SCHEDULE P NUMBER OF CLAIMS OUTSTANDING  
FOR THE TEN YEAR PERIOD ENDING DECEMBER 31, 2002**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>TOTAL</u>
<b><u>COVERAGE:</u></b>											
<b>FIRE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>15</b>	<b>19</b>
<b>EXTENDED COVERAGE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>10</b>	<b>11</b>
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>25</b>	<b>30</b>