



LIFE AND ACCIDENT AND HEALTH COMPANIES —ASSOCIATION EDITION

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2003
OF THE CONDITION AND AFFAIRS OF THE

COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

NAIC Group Code 0565 (Current Period) 0565 (Prior Period) NAIC Company Code 62049 Employer's ID Number 57-0144607

Organized under the Laws of South Carolina, State of Domicile or Port of Entry _____
Country of Domicile United States of America

Incorporated 04/18/1939 Commenced Business 09/22/1939

Statutory Home Office 1200 Colonial Life Boulevard, Columbia, SC 29210
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1200 Colonial Life Boulevard
(Street and Number)
Columbia, SC 29210 803-798-7000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 1200 Colonial Life Boulevard, Columbia, SC 29210
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1200 Colonial Life Boulevard
(Street and Number)
Columbia, SC 29210 803-798-7000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.coloniallife.com

Statutory Statement Contact VICKI WRIGHT CORBETT 423-755-1373
(Name) (Area Code) (Telephone Number) (Extension)
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Policyowner Relations Contact 1200 Colonial Life Boulevard
(Street and Number)
Columbia, SC 29210 803-845-7330
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President JEAN ELLEN DUKE Secretary SUSAN NANCE ROTH
Treasurer JOHN JOSEPH IWANICKI Actuary ALBERT ANGELO RIGGIERI

VICE PRESIDENTS

FLOYD DEAN COPELAND ROBERT CARL GREVING VICKI WRIGHT CORBETT

DIRECTORS OR TRUSTEES

THOMAS ROS WATJEN WILLIAM LESTER ARMSTRONG CYNTHIA ANN MONTGOMERY
FLOYD DEAN COPELAND

State of Tennessee }
County of Hamilton } ss

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

JEAN ELLEN DUKE SUSAN NANCE ROTH JOHN JOSEPH IWANICKI
President Secretary Treasurer

Subscribed and sworn to before me this 7th day of November, 2003

Joan Porterfield
Joan Porterfield

My commission expires March 28, 2005

STATEMENT AS OF SEPTEMBER 30, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	1,132,722,928		1,132,722,928	962,106,972
2. Stocks:				
2.1 Preferred stocks	200,000		200,000	200,000
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens	37,136,961		37,136,961	41,042,974
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	9,564,987		9,564,987	9,942,611
4.2 Properties held for the production of income (less \$ 0 encumbrances)	1,588,125		1,588,125	1,670,673
4.3 Properties held for sale (less \$ 0 encumbrances)	602,975		602,975	602,975
5. Cash (\$ (12,487,758)) and short-term investments (\$ 2,785,312)	(9,702,446)		(9,702,446)	5,444,483
6. Contract loans, (including \$ 0 premium notes)	30,075,528		30,075,528	28,426,091
7. Other invested assets	201,107		201,107	201,027
8. Receivable for securities	13,519		13,519	12,428
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	1,202,403,685		1,202,403,685	1,049,650,234
11. Investment income due and accrued	17,830,585		17,830,585	17,015,467
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	39,813,790	2,282,963	37,530,827	33,368,165
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 12,351,807 earned but unbilled premiums)	8,127,975		8,127,975	7,049,367
12.3 Accrued retrospective premiums				
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	2,005,946		2,005,946	7,701,808
13.2 Funds held by or deposited with reinsured companies				672,039
13.3 Other amounts receivable under reinsurance contracts	895,556		895,556	
14. Amounts receivable relating to uninsured plans				
15.1 Current federal and foreign income tax recoverable and interest thereon				
15.2 Net deferred tax asset	154,352,000	116,744,000	37,608,000	38,491,000
16. Guaranty funds receivable or on deposit	1,348,888		1,348,888	1,286,671
17. Electronic data processing equipment and software	4,117,218	4,117,218		2,069,579
18. Furniture and equipment, including health care delivery assets (\$ 0)	3,831,916	3,831,916		
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates			0	29,284,243
21. Health care (\$ 0) and other amounts receivable	71,588,478	71,588,478		
22. Other assets nonadmitted	107,514	107,514		
23. Aggregate write-ins for other than invested assets	12,674,749	5,618,940	7,055,809	6,932,686
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,519,098,300	204,291,030	1,314,807,270	1,193,521,259
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	1,519,098,300	204,291,030	1,314,807,270	1,193,521,259
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)				
2301. Funds withheld - LNL	6,633,817		6,633,817	6,542,556
2302. Corporate owned life insurance	421,992		421,992	390,130
2303. Prepaid expenses	5,618,940	5,618,940		
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	12,674,749	5,618,940	7,055,809	6,932,686

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for Life contracts \$ 465,591,007 less \$ 0 included in Line 6.3 (including \$ 0 Modco Reserve)	465,591,007	431,581,728
2. Aggregate reserve for accident and health contracts (including \$ 0 Modco Reserve)	467,159,057	427,615,444
3. Liability for deposit-type contracts (including \$ 0 Modco Reserve)	18,696	27,696
4. Contract claims:		
4.1 Life	9,472,201	6,855,561
4.2 Accident and health	82,142,829	75,211,655
5. Policyholders' dividends \$ and coupons \$ due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment to (including \$ Modco)		
6.2 Dividends not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ 0 discount; including \$ 3,324,867 accident and health premiums	3,402,840	3,245,312
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance, including \$ 287,119 assumed and \$ 1,068,630 ceded	1,355,749	1,919,070
9.4 Interest Maintenance Reserve	5,362,706	7,137,168
10. Commissions to agents due or accrued—life and annuity contracts \$ 2,143,500 accident and health \$ 25,069,662 and deposit-type contract funds \$ 0	27,213,163	20,593,640
11. Commissions and expense allowances payable on reinsurance assumed	1,104,268	608,252
12. General expenses due or accrued		
13. Transfers to Separate Accounts due or accrued (net) (Including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	4,917,360	5,679,025
15.1 Current Federal and foreign income taxes, including \$ 1,156,000 on realized capital gains (losses)	12,333,669	1,027,820
15.2 Net deferred tax liability		
16. Unearned investment income	232,723	232,723
17. Amounts withheld or retained by company as agent or trustee	15,458	782,859
18. Amounts held for agents' account, including \$ 1,321,231 agents' credit balances	1,321,231	1,820,720
19. Remittances and items not allocated	15,538,280	14,258,518
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above	1,417,733	1,614,012
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve	1,093,297	1,258,540
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		
24.4 Payable to parent, subsidiaries and affiliates	4,150,960	0
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured accident and health plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities		
24.9 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	3,866,988	4,395,363
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	1,107,710,214	1,005,865,106
27. From Separate Accounts Statement		
28. Total Liabilities (Lines 26 and 27)	1,107,710,214	1,005,865,106
29. Common capital stock	15,076,209	15,076,209
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds	10,261,259	13,155,870
32. Surplus notes		
33. Gross paid in and contributed surplus	2,369,298	2,369,298
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	179,390,290	157,054,776
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$)		
37. Surplus (total Lines 31 + 32 + 33 + 34 + 35 - 36) (Including \$ in Separate Accounts Statement)	192,020,847	172,579,944
38. Totals of Lines 29, 30 and 37	207,097,056	187,656,153
39. Totals of Lines 28 and 38	1,314,807,270	1,193,521,259
DETAILS OF WRITE-INS		
2501. Reserve for unclaimed property	3,467,225	4,389,540
2502. Miscellaneous amounts payable	399,763	5,823
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	3,866,988	4,395,363
3101. Deferred gains on reinsurance of inforce block of business	10,261,259	13,155,870
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)	10,261,259	13,155,870
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)		

SUMMARY OF OPERATIONS

(Excluding Unrealized Capital Gains and Losses)

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	555,776,998	497,544,081	666,344,588
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	66,245,699	57,790,190	82,665,536
4. Amortization of Interest Maintenance Reserve (IMR)	611,413	393,587	550,819
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	11,379,792	15,491,243	19,904,433
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	46,562	9,464	34,897
9. Totals (Lines 1 to 8.3)	634,060,465	571,228,565	769,500,273
10. Death benefits	28,651,377	19,664,815	25,845,548
11. Matured endowments (excluding guaranteed annual pure endowments)	175,935	219,491	287,125
12. Annuity benefits	4,851	10,472	12,547
13. Disability benefits and benefits under accident and health contracts	206,680,327	195,024,774	260,931,423
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	18,183,619	17,707,433	22,940,671
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	8,532	1,460	7,156
18. Payments on supplementary contracts with life contingencies	826	826	642
19. Increase in aggregate reserves for life and accident and health contracts	73,552,892	57,334,853	77,838,526
20. Totals (Lines 10 to 19)	327,258,359	289,964,124	387,863,638
21. Commissions on premiums, annuity considerations, and deposit-type contract funds(direct business only)	133,876,717	116,938,476	157,199,273
22. Commissions and expense allowances on reinsurance assumed	133,793	183,000	234,000
23. General insurance expenses	84,428,211	75,822,841	106,253,919
24. Insurance taxes, licenses and fees, excluding federal income taxes	15,026,284	15,513,395	20,120,288
25. Increase in loading on deferred and uncollected premiums	683,431	(2,059,618)	(2,198,909)
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions	5,775	7,064	8,014
28. Totals (Lines 20 to 27)	561,412,571	496,369,283	669,480,223
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	72,647,895	74,859,282	100,020,050
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	72,647,895	74,859,282	100,020,050
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	25,693,224	28,139,946	41,409,527
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)	46,954,670	46,719,336	58,610,523
34. Net realized capital gains or (losses) less capital gains tax of \$ 0 (excluding taxes of \$ 626,257 transferred to the IMR)	(7,588,807)	(30,915,453)	(30,979,272)
35. Net income (Line 33 plus Line 34)	39,365,863	15,803,883	27,631,251
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	187,656,154	217,061,537	217,061,537
37. Net income (Line 35)	39,365,863	15,803,883	27,631,251
38. Change in net unrealized capital gains (losses)	(2,334,800)	(2,737,973)	(1,889,223)
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	2,329,000	12,508,000	15,498,000
41. Change in non-admitted assets and related items	(3,349,792)	(12,981,565)	(2,735,528)
42. Change in liability for reinsurance in unauthorized companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	165,243	7,380,729	7,547,691
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in			
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance	(2,894,611)	(4,854,461)	(5,457,575)
52. Dividends to stockholders	(10,000,000)	(70,000,000)	(70,000,000)
53. Aggregate write-ins for gains and losses in surplus	(3,840,001)	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53)	19,440,902	(54,881,387)	(29,405,383)
55. Capital and surplus, as of statement date (Lines 36 + 54)	207,097,056	162,180,150	187,656,154
DETAILS OF WRITE-INS			
08.301. Other income	46,562	9,464	34,897
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. TOTALS (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above)	46,562	9,464	34,897
2701. Interest on non-insurance obligations	0	6,586	7,536
2702. Fines and penalties paid to regulatory authorities	5,775	477	477
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	5,775	7,064	8,014
5301. Prior year adjustment for other-than-temporary bond impairment	(3,840,001)	0	0
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above)	(3,840,001)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	549,971,696	663,388,640
2. Net investment income	60,106,987	81,797,951
3. Miscellaneous income	8,531,847	14,481,797
4. Total (Lines 1 to 3)	618,610,530	759,668,388
5. Benefits and loss related payments	238,461,791	302,557,820
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	227,116,906	285,091,868
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ net tax on capital gains (losses)	24,424,375	36,412,000
10. Total (Lines 5 through 9)	490,003,072	624,061,688
11. Net cash from operations (Line 4 minus Line 10)	128,607,458	135,606,700
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	140,483,715	201,331,052
12.2 Stocks	1,989,019	80,269
12.3 Mortgage loans	3,906,012	12,905,739
12.4 Real estate	0	600,000
12.5 Other invested assets	221	6,450
12.6 Net gains or (losses) on cash and short-term investments		
12.7 Miscellaneous proceeds	6,309	
12.8 Total investment proceeds (Lines 12.1 to 12.7)	146,385,277	214,923,510
13. Cost of investments acquired (long-term only):		
13.1 Bonds	320,042,198	291,439,625
13.2 Stocks	2,013,707	0
13.3 Mortgage loans		
13.4 Real estate	175,674	1,035,676
13.5 Other invested assets	301	7,113
13.6 Miscellaneous applications	0	4,308
13.7 Total investments acquired (Lines 13.1 to 13.6)	322,231,880	292,486,722
14. Net increase (or decrease) in policy loans and premium notes	1,649,438	2,567,144
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(177,496,041)	(80,130,356)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds received		
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(9,000)	(13,000)
16.5 Dividends to stockholders	10,000,000	70,000,000
16.6 Other cash provided (applied)	43,750,654	(22,196,645)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	33,741,654	(92,209,645)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	(15,146,929)	(36,733,302)
19. Cash and short-term investments:		
19.1 Beginning of period	5,444,482	42,177,784
19.2 End of period (Line 18 plus Line 19.1)	(9,702,446)	5,444,482

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Industrial Life			
2. Ordinary Life Insurance	106,829,678	97,447,035	130,195,197
3. Ordinary Individual Annuities	40,713	39,449	49,383
4. Credit Life (Group & Individual)			
5. Group Life Insurance	7,553,900	6,737,295	9,081,600
6. Group Annuities			
7. A & H - Group	24,875,741	24,490,513	32,944,577
8. A & H - Credit (Group & Individual)			
9. A & H - Other	438,820,754	403,401,995	543,997,476
10. Aggregate of All Other Lines of Business			
11. Subtotal	578,120,786	532,116,287	716,268,233
12. Deposit-Type Contracts			
13. Total	578,120,786	532,116,287	716,268,233
DETAILS OF WRITE-INS			
1001.			
1002.			
1003.			
1098. Summary of remaining write-ins for Line 10 from overflow page			
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)			

NOTES TO FINANCIAL STATEMENTS

1. Prior Year Adjustment for Other-Than-Temporary Bond Impairment

During 2002, 2001 and 2000, Colonial Life and Accident Insurance Company (the Company) recorded other than temporary impairments on certain of its bonds based on values that included their quoted market prices, as well as to give effect to analysis by the Company with respect to certain issuers of bonds that perhaps was not reflected in those market prices. The Company has concluded that not relying solely on quoted market prices for its other than temporary impairment charges was an erroneous interpretation of Statements of Statutory Accounting Principles No. 26, *Bonds, excluding Loan-backed and Structured Securities* (SSAP 26). The impact to the Company's surplus was \$(3.8) million at December 31, 2002. The Company had filed its 2002 Statutory Annual Statement at the time it determined that the provisions of SSAP 26 had been inappropriately applied. As such, the correction was not included in the Company's 2002 Statutory Annual Statement, but was recorded during the first quarter of 2003 and is reported on line 53 of the Summary of Operations as an adjustment to surplus.

2. Contingencies

UnumProvident Corporation (UnumProvident) and its insurance company subsidiaries, including the Company, as part of their normal operations in managing disability claims are engaged in claim litigation where disputes arise as a result of a denial or termination of benefits. Most typically those lawsuits are filed on behalf of a single claimant or policyholder, and in some of these individual actions punitive damages are sought, such as claims alleging bad faith in the handling of insurance claims. Management expects that the ultimate liability, if any, with respect to claim litigation will not be material to the financial condition of the Company. Nevertheless, given the inherent unpredictability of litigation, it is possible that an adverse outcome in certain claim litigation involving punitive damages could, from time to time, have a material adverse effect on the Company's results of operations in a particular reporting period.

Additionally, from time to time class action allegations are pursued where the claimant or policyholder purports to represent a larger number of individuals who are similarly situated. Since each insurance claim is evaluated based on its own merits, there is rarely a single act or series of actions, which can properly be addressed by a class action. Nevertheless, the Company monitors these cases closely and defends itself appropriately where these allegations are made. Six such purported class actions are described below.

On May 22, 2003, UnumProvident, several of its subsidiaries, including the Company, and some of their officers and directors filed a motion with the Judicial Panel on Multidistrict Litigation seeking to transfer a number of class actions suits, now pending against them in various federal district courts to a single district for coordinated or consolidated pre-trial proceedings. On September 2, 2003, the Judicial Panel on Multidistrict Litigation entered an order transferring all of these cases to the U.S. District Court for the Eastern District of Tennessee for coordinated or consolidated pretrial proceedings.

On November 4, 2002 the case of Keir, et al. v. UnumProvident Corporation, et al., was filed in the United States District Court for the Southern District of New York. This case purports to be a class action. The plaintiffs in Keir are seeking representative status of a class of group long-term disability participants insured under ERISA plans whose claims were denied or terminated on or after June 30, 1999. The amended complaint alleges that these claimants had their claims improperly challenged and allege that UnumProvident and its insurance subsidiaries, including the Company, breached certain fiduciary duties owed to these participants in ERISA plans in which the Company is the claims adjudicator. The Company maintains that the allegations are false and that the claims, as framed, are not permissible under ERISA's carefully structured avenues of relief. On April 29, 2003, the court denied the defendants' motion to dismiss the complaint. The Company denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class.

On February 11, 2003, the case of Harris, et al. v. UnumProvident Corporation, et al., was filed in the Circuit Court of St. Clair County, Illinois. This case purports to be a class action. The complaint alleges that individuals were wrongfully denied benefits and alleges causes of action under breach of contract, breach of the covenant of good faith and fair dealing, violation of the Illinois Consumer Fraud Act, common law fraud, intentional misrepresentation, and breach of fiduciary duty on behalf of a putative class of policyholders. Alternatively, the complaint alleges violations of ERISA. The complaint seeks injunctive and declaratory relief as well as restitution and punitive damages. On April 4, 2003 the case was removed to the United States District Court for the Southern District of Illinois. The Company strongly denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class.

On April 30, 2003, the case of Taylor v. UnumProvident Corporation, et al., was filed in the Circuit Court for Shelby County, Tennessee in the Thirteenth Judicial District at Memphis. The plaintiff seeks to represent all individuals who were insured by long-term disability policies issued by subsidiaries of UnumProvident and who did not obtain their coverage through employer sponsored plans and who had a claim denied, terminated or suspended by a UnumProvident subsidiary after January 1, 1995. Plaintiff alleges that UnumProvident and its subsidiaries, including the Company, employed various unfair claim practices in assessing entitlement to benefits by class members during this period and as a result wrongfully denied legitimate claims. The plaintiff and the class seek contractual, equitable, and injunctive relief. On June 9, 2003, the defendants removed this action to the United States District Court for the Western District of Tennessee. The defendants strongly deny the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class.

On July 18, 2003, Contreras v. UnumProvident Corporation, et al., was filed in the Southern District of New York. Plaintiffs allege claims on behalf of a putative class of ERISA plan participants, beneficiaries, third-party beneficiaries or assignees of group long-term disability insurance issued by the insuring subsidiaries of UnumProvident, including the Company, who have had a disability claim denied, terminated or suspended by UnumProvident on or after June 30, 1999. Plaintiffs assert bad faith claims practices by UnumProvident in violation of ERISA. Plaintiffs seek equitable and injunctive relief to require, among other things, that UnumProvident re-evaluate all previously denied, terminated, or suspended claims. The Company denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class.

On July 15, 2002, the case of Rombeiro v. Unum Life Insurance Company of America, et al., was filed in the Superior Court of Sonoma County, California. It was subsequently removed to the United States District Court for the Northern District of California. On January 21, 2003, a First Amended Complaint was filed, purporting to be a class action. This complaint alleges that plaintiff

NOTES TO FINANCIAL STATEMENTS

individually was wrongfully denied disability benefits under a group long-term disability plan and alleges breach of state law fiduciary duties on behalf of himself and others covered by similar plans whose disability benefits have been denied or terminated after a claim was made. The complaint seeks, among other things, injunctive and declaratory relief and payment of benefits. On April 30, 2003, the court granted in part and denied in part the defendants' motion to dismiss the complaint. On May 14, 2003, the plaintiff filed a Second Amended Complaint seeking injunctive relief on behalf of a putative nationwide class of long term disability insurance policyholders. The Company denies the allegations in the complaint and will vigorously defend the litigation and any attempt to certify the putative class.

On December 26, 2002, the case of Impress Communications Inc. and Jeff Chiarella v. UnumProvident et al. (Impress) was filed in Los Angeles Superior Court as a purported class action. The plaintiffs in Impress seek representative status of all California policyholders of each of the insurance subsidiaries of UnumProvident, including the Company, who have never filed a claim with the Company and who allegedly were misled into purchasing coverage with the Company without full disclosure of the Company's alleged improper claim paying practices. The complaint was removed to the United States District Court for the Central District of California on February 7, 2003. Plaintiffs filed a motion to remand the case to state court, but that motion was denied on April 22, 2003. Subsequently, the Company filed a motion to dismiss the case on the basis that the plaintiff lacked standing under both ERISA and RICO. On October 24, 2003, the court granted the Company's motion and dismissed the case with prejudice

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES GENERAL

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [] No [X]
- 1.2 If yes, explain: _____
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]
- 2.2 If yes, has the report been filed with the domiciliary state? Yes [] No []
- 3.1 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]
- 3.2 If yes, date of change: _____
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, attach an explanation.
- 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 entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] NA []
If yes, attach an explanation.
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1999
- 7.2 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. 12/31/1999
- 7.3 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). 10/18/2000
- 7.4 By what department or departments?
Delaware, Nevada, and South Carolina
- 8.1 Has this 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]
- 8.2 If yes, give full information: _____
- 9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]
- 9.2 If response to 9.1 is yes, please identify the name of the bank holding company. _____
- 9.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]
- 9.4 If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

10.2 If yes, explain:

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ 167,494

13. Amount of real estate and mortgages held in short-term investments: \$

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-term Investments	\$	\$
14.25 Mortgages, Loans or Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$	\$
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

16. 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 []

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

1 Name of Custodian(s)	2 Custodian Address
JP Morgan Chase	New York, NY

16.2 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)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
30172	Metropolitan West Securities, LLC	Los Angeles, CA
	JP Morgan Fleming Asset Management	New York, NY
	Provident Investment Management, LLC	Chattanooga, TN

GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 2 - LIFE & HEALTH

1.	1 Amount
Report the statement value of mortgage loans at the end of this reporting period for the following categories:	
1.1 Long-Term Mortgages In Good Standing	
1.11 Farm Mortgages	\$
1.12 Residential Mortgages	\$
1.13 Commercial Mortgages	\$ 37,136,961
1.14 Total Mortgages in Good Standing	<u>\$ 37,136,961</u>
1.2 Long-Term Mortgages In Good Standing with Restructured Terms	
1.21 Total Mortgages in Good Standing	\$
1.3 Long-Term Mortgages Loans Upon which Interest is Overdue more than Three Months	
1.31 Farm Mortgages	\$
1.32 Residential Mortgages	\$
1.33 Commercial Mortgages	\$
1.34 Total Mortgages with Interest Overdue more than Three Months	<u>\$</u>
1.4 Long-Term Mortgages Loans in Process of Foreclosure	
1.41 Farm Mortgages	\$
1.42 Residential Mortgages	\$
1.43 Commercial Mortgages	\$
1.44 Total Mortgages in Process of Foreclosure	<u>\$</u>
1.5 Total Mortgage Loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Col. 3, Lines 3.1 plus 3.2)	\$ 37,136,961
1.6 Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter	
1.61 Farm Mortgages	\$
1.62 Residential Mortgages	\$
1.63 Commercial Mortgages	\$
1.64 Total Mortgages Foreclosed and Transferred to Real Estate	<u>\$</u>

SCHEDULE A - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	12,216,260	12,330,457
2. Increase (decrease) by adjustment	(635,847)	(839,249)
3. Cost of acquired		
4. Cost of additions to and permanent improvements	175,674	1,035,676
5. Total profit (loss) on sales		289,376
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		600,000
8. Book/adjusted carrying value at end of current period	11,756,087	12,216,260
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)	11,756,087	12,216,260
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, current period)	11,756,087	12,216,260

SCHEDULE B - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	41,042,974	53,904,274
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		
2.2. Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		44,439
5. Total profit (loss) on sale		12,905,739
6. Amounts paid on account or in full during the period	3,906,013	
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	37,136,961	41,042,974
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	37,136,961	41,042,974
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period	37,136,961	41,042,974

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	201,027	200,364
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		7,113
2.2. Additional investment made after acquisitions	301	
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		6,450
6. Amounts paid on account or in full during the period	221	
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book/adjusted carrying value of long-term invested assets at end of current period	201,107	201,027
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	201,107	201,027
12. Total nonadmitted amounts		
13. Statement value of long-term invested assets at end of current period	201,107	201,027

SCHEDULE D - VERIFICATION

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	958,466,972	894,321,062
2. Cost of bonds and stocks acquired	322,055,906	291,439,625
3. Accrual of discount	7,045,237	4,680,978
4. Increase (decrease) by adjustment	(13,263,544)	(36,568,606)
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	2,176,887	10,967,047
7. Consideration for bonds and stocks disposed of	142,472,733	201,411,321
8. Amortization of premium	1,085,797	1,121,812
9. Book/adjusted carrying value, current period	1,132,922,928	962,306,972
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	1,132,922,928	962,306,972
12. Total nonadmitted amounts		
13. Statement value (Lines 11 minus 12)	1,132,922,928	962,306,972

Column 1, line 1 decreased \$3,840,000 due to prior period adjustments.

SCHEDULE D - PART 1BShowing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	534,043,107	288,197,805	265,874,465	1,240,886	464,858,420	534,043,107	557,607,333	404,628,333
2. Class 2	459,664,049	47,788,760	6,439,651	(375,962)	462,777,348	459,664,049	500,637,196	455,708,375
3. Class 3	26,623,293			7,113	37,267,071	26,623,293	26,630,406	51,678,342
4. Class 4	34,189,462			(8,228,314)	44,013,544	34,189,462	25,961,148	39,423,892
5. Class 5	12,996,206			9,185,601	12,914,730	12,996,206	22,181,807	18,920,027
6. Class 6	3,635,005		621,900	(522,755)	5,180,000	3,635,005	2,490,350	10,092,500
7. Total Bonds	1,071,151,122	335,986,565	272,936,016	1,306,569	1,027,011,113	1,071,151,122	1,135,508,240	980,451,469
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5	200,000				200,000	200,000	200,000	200,000
13. Class 6								
14. Total Preferred Stock	200,000				200,000	200,000	200,000	200,000
15. Total Bonds and Preferred Stock	1,071,351,122	335,986,565	272,936,016	1,306,569	1,027,211,113	1,071,351,122	1,135,708,240	980,651,469

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals	2,785,312	XXX	2,785,312		

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	18,344,497	46,979,037
2. Cost of short-term investments acquired	1,065,744,772	1,209,514,672
3. Increase (decrease) by adjustment		
4. Increase (decrease) by foreign exchange adjustment		
5. Total profit (loss) on disposal of short-term investments		
6. Consideration received on disposal of short-term investments	1,081,303,957	1,238,149,212
7. Book/adjusted carrying value, current period	2,785,312	18,344,497
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)	2,785,312	18,344,497
10. Total nonadmitted amounts		
11. Statement value (Lines 9 minus 10)	2,785,312	18,344,497
12. Income collected during period	203,196	314,204
13. Income earned during period	199,832	262,535

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE S—CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Location	5 Is Insurer Authorized? (Yes or No)
LIFE AND ANNUITY AFFILIATES				
LIFE AND ANNUITY NON-AFFILIATES				
00000	AA-3196015	Hannover Re (Bermuda) Ltd.	Hamilton, Bermuda	No
23680	47-0698507	Odyssey American Reinsurance Corporation	Stamford, Connecticut	Yes
00000	AA-1340195	R + V Versicherung AG	Wiesbaden, Germany	No
ACCIDENT AND HEALTH AFFILIATES				
ACCIDENT AND HEALTH NON-AFFILIATES				
00000	AA-3196015	Hannover Re (Bermuda) Ltd.	Hamilton, Bermuda	No
23680	47-0698507	Odyssey American Reinsurance Corporation	Stamford, Connecticut	Yes
00000	AA-1340195	R + V Versicherung AG	Wiesbaden, Germany	No

SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Direct Business Only				
		Life Contracts		4	5	6
		2	3			
Is Insurer Licensed? (Yes or No)	Life Insurance Premiums	Annuity Considerations				
1. Alabama	AL	Yes	2,484,807	225	10,911,394	
2. Alaska	AK	Yes	93,577		314,565	
3. Arizona	AZ	Yes	1,657,395	2,387	8,560,354	
4. Arkansas	AR	Yes	1,062,695		3,761,691	
5. California	CA	Yes	11,635,819	10,502	59,818,083	
6. Colorado	CO	Yes	1,701,438	850	4,676,114	
7. Connecticut	CT	Yes	1,303,292		12,235,069	
8. Delaware	DE	Yes	173,429		576,223	
9. District of Columbia	DC	Yes	120,971		390,153	
10. Florida	FL	Yes	10,462,286	3,870	34,386,086	
11. Georgia	GA	Yes	7,015,705	461	20,405,924	
12. Hawaii	HI	Yes	178,135		455,303	
13. Idaho	ID	Yes	299,742		1,662,293	
14. Illinois	IL	Yes	1,425,148		5,508,691	
15. Indiana	IN	Yes	2,458,190	900	6,736,574	
16. Iowa	IA	Yes	376,576		1,340,191	
17. Kansas	KS	Yes	619,384		3,286,102	
18. Kentucky	KY	Yes	3,173,432		11,033,594	
19. Louisiana	LA	Yes	5,464,577	347	21,802,513	
20. Maine	ME	Yes	318,626		1,661,151	
21. Maryland	MD	Yes	1,759,993	1,465	7,085,243	
22. Massachusetts	MA	Yes	2,262,568	542	13,504,282	
23. Michigan	MI	Yes	2,849,962		9,795,844	
24. Minnesota	MN	Yes	818,291		4,026,264	
25. Mississippi	MS	Yes	3,559,370		13,376,420	
26. Missouri	MO	Yes	1,125,472		5,953,823	
27. Montana	MT	Yes	318,826		1,159,859	
28. Nebraska	NE	Yes	379,104		1,698,043	
29. Nevada	NV	Yes	978,678	1,198	5,444,910	
30. New Hampshire	NH	Yes	507,918	950	2,136,545	
31. New Jersey	NJ	Yes	1,319,375		5,536,364	
32. New Mexico	NM	Yes	1,174,387	400	4,448,702	
33. New York	NY	No	107,670		394,841	
34. North Carolina	NC	Yes	7,417,820	6,120	51,050,188	
35. North Dakota	ND	Yes	269,067		843,020	
36. Ohio	OH	Yes	7,331,047	6,901	18,783,909	
37. Oklahoma	OK	Yes	612,559		2,569,976	
38. Oregon	OR	Yes	274,669		1,872,650	
39. Pennsylvania	PA	Yes	3,462,468	700	12,332,296	
40. Rhode Island	RI	Yes	259,103		1,159,092	
41. South Carolina	SC	Yes	5,310,663	89	18,188,422	
42. South Dakota	SD	Yes	157,525		573,875	
43. Tennessee	TN	Yes	2,662,115		11,678,815	
44. Texas	TX	Yes	7,994,354	500	32,427,936	
45. Utah	UT	Yes	505,811		2,772,173	
46. Vermont	VT	Yes	64,702		290,830	
47. Virginia	VA	Yes	2,861,944	2,406	11,506,523	
48. Washington	WA	Yes	543,835		3,262,762	
49. West Virginia	WV	Yes	452,775		1,504,200	
50. Wisconsin	WI	Yes	547,767		3,373,692	
51. Wyoming	WY	Yes	165,745		486,413	
52. American Samoa	AS	No				
53. Guam	GU	No			563	
54. Puerto Rico	PR	Yes	3,957		546,320	
55. US Virgin Islands	VI	No	469		2,640	
56. Canada	CN	No	1,958		11,895	
57. Aggregate Other Alien	OT	XXX	4,788		6,756	
58. Subtotal	(a) 51		110,091,981	40,813	459,328,157	
90. Reporting entity contributions for employee benefit plans	XXX					
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX					
93. Premium or annuity considerations waived under disability or other contract provisions	XXX	153,262			760,491	
94. Aggregate of other amounts not allocable by State	XXX					
95. Totals (Direct Business)	XXX	110,245,243	40,813		460,088,648	
96. Plus Reinsurance Assumed	XXX	6,108,316				
97. Totals (All Business)	XXX	116,353,559	40,813		460,088,648	
98. Less Reinsurance Ceded	XXX	9,002,578	40,813		17,467,933	
99. Totals (All Business) less Reinsurance Ceded	XXX	107,350,982			442,620,715	
DETAILS OF WRITE-INS						
5701. Other Alien	XXX	4,788			6,756	
5702.	XXX					
5703.	XXX					
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX					
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX	4,788			6,756	
9401.	XXX					
9402.	XXX					
9403.	XXX					
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX					
9499. Totals (Lines 9401 thru 9403 plus 9498)(Line 94 above)	XXX					

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

Schedule Y - Part 1

NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSES

1. Will the SVO Compliance Certification be filed with this statement?

Yes

2. Will the Trusteed Surplus Statement be filed with the State of Domicile and the NAIC with this statement?

No

Explanations:

Bar Codes:



OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

STATEMENT AS OF SEPTEMBER 30, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends	9 NAIC Designation (a)
BONDS								
Special Revenue & Assessment								
United States								
Dist. of Colom								
31339D-YK-8	FHLMC 2412-Z 6.500% 02/15/32	09/01/2003	Interest Capitalization	1	425,736	425,736		1
31339G-BY-6	FHLMC 2369 Z 6.500% 10/15/31	09/01/2003	Interest Capitalization	1	546,068	546,068		1
31333M-AA-4	FHLMC 2190 ZB 7.000% 10/20/29	09/01/2003	Interest Capitalization	1	315,712	315,712		1
31333M-SE-7	FHLMC 2196 Z 7.000% 11/15/29	09/01/2003	Interest Capitalization	1	226,041	226,041		1
31333V-JR-5	FHLMC 2434 Z 6.500% 04/15/32	09/01/2003	Interest Capitalization	1	176,217	176,217		1
31392A-EJ-3	FNMA SERIES 2001-64 CLASS ZD 6.000% 11/25/31	09/01/2003	Interest Capitalization	1	317,538	317,538		1PE
31392P-AH-8	FHLMC SERIES 2458 CLASS ZQ 6.000% 06/15/32	09/01/2003	Interest Capitalization	1	245,409	245,409		1PE
Total Dist. of Colom								
Total United States								
3199996 - Bonds - Special Revenues - United States								
3199999 - Total - Bonds - Special Revenue								
Public Utilities (unaffiliated)								
United States								
040555-CE-2	ARIZ PUB SVC BDS 4.650% 05/15/15	07/15/2003	J P MORGAN CHASE	5,000,000	4,884,950	5,000,000	42,625	2PE
15189X-AE-8	CENTERPOINT ENER HOUSTON 144A NTS 5.600% 07/01/23	07/28/2003	DEUTSCHE BANK	5,000,000	4,688,350	5,000,000	52,889	2
172070-CO-5	CINCINNATI GAS AND ELEC BND 5.375% 06/15/33	09/05/2003	MORGAN STANLEY	10,000,000	8,789,100	10,000,000	125,417	2PE
Total United States								
3899996 - Bonds - Public Utilities - United States								
3899999 - Total - Bonds - Public Utilities								
Industrial & Miscellaneous								
United States								
022249-BA-3	ALUMINUM COMPANY OF AMERICA BND 6.500% 06/15/18	09/15/2003	BANK OF AMERICA	7,500,000	8,312,700	7,500,000	125,938	1PE
224399-AN-5	CRANE CO SR NTS 5.500% 09/15/13	09/11/2003	J P MORGAN CHASE	10,000,000	10,150,300	10,000,000	12,222	2PE
590188-JF-6	MERRILL LYNCH & CO BND 6.500% 07/15/18	07/30/2003	BANK OF AMERICA	5,300,000	5,761,630	5,300,000	18,182	1PE
76111J-WF-8	RFMSI 2002-S1 A3 6.250% 01/25/32	09/01/2003	Interest Capitalization	224,069	292,781	224,069		1PE
86358R-VE-4	SASCO 2002-2 1A3 6.550% 02/25/32	09/01/2003	Interest Capitalization	10,000,000	9,933,500	10,000,000		1PE
929766-AA-9	WACHOVIA BANK NA SUB NTS 5.000% 08/15/15	07/22/2003	WACHOVIA	33,316,850	34,674,980	33,316,850	156,342	XXX
Total United States								
Other Country								
202712-AG-0	COMMONWEALTH BANK AUST 144A SUB NTS 4.650% 06/15/18	09/16/2003	MERRILL LYNCH	3,000,000	2,740,500	3,000,000	40,687	1Z
251569-AF-0	DEUTSCHE TELEKOM NTS 5.250% 07/22/13	07/15/2003	Various	10,000,000	9,923,300	10,000,000		2
25243E-AF-0	DIAGEO CAPITAL PLC BDS 4.850% 05/15/18	07/24/2003	BANK OF AMERICA	7,295,000	7,182,600	7,295,000	80,620	1
78572M-AA-3	SABMILLER PLC 144A BND 6.625% 08/15/33	08/06/2003	SALOMON SMITH BARNEY	9,450,000	9,352,760	9,450,000		2PE
Total Other Country								
4599996 - Bonds - Industrial and Misc - United States								
4599998 - Bonds - Industrial and Misc - Other Countries								
4599999 - Total - Bonds - Industrial, Misc.								
6099997 - Total - Bonds - Part 3								
6099999 - Total - Bonds								
6599999 - Total - Preferred Stocks								
7099999 - Total - Common Stocks								
7199999 - Total - Preferred and Common Stocks								
7299999 - Totals								

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designation (a)
BONDS																
US Governments																
United States																
362064-UP-0	GNMA POOL 34760 9.375% 08/15/09	09/01/2003	Paydown		21,781	21,781	21,781	21,781						339		1
362127-SW-3	GNMA POOL 90533 9.375% 09/15/09	09/01/2003	Paydown		284	284	233	256	28					4		1
362160-SP-1	GNMA POOL 16126 8.500% 12/15/16	09/01/2003	Paydown		431	431	411	415	16					6		1
	Total United States				22,496	22,496	22,425	22,452	44					349		XX
0399996	- Bonds - U.S. Government				22,496	22,496	22,425	22,452	44					349		XXX
0399999	- Bonds - U.S. Government				22,496	22,496	22,425	22,452	44					349		XXX
	Special Revenue & Assessment															
United States																
Dist. of Colum																
3128F-DE-1	FLGMC POOL F6067301 7.000% 01/01/26	09/01/2003	Paydown		40,645	40,645	40,442	40,444	201					639		1
3128F-P2-1	FLGMC POOL F6079441 7.000% 04/01/27	09/01/2003	Paydown		223,733	223,733	221,915	221,933	1,800					3,904		1
3128F-G1-1	FLGMC POOL D82010 7.000% 08/01/27	09/01/2003	Paydown		34	34	34	34						850		1
312926-TJ-5	FLGMC POOL C00553 7.000% 09/01/27	09/01/2003	Paydown		70,716	70,716	69,766	69,776	940					839		1
313716-BC-3	FNMA POOL 251235 7.000% 10/01/27	09/01/2003	Paydown		67,769	67,769	67,017	67,023	746					4,424		1
31401H-SF-5	FNMA POOL 709246 5.500% 07/01/33	09/01/2003	Paydown		421,772	421,772	426,836	421,772	3,667					10,656		XXX
	Total Dist. of Colum				824,669	824,669	826,010	820,982	3,667							
Texas																
283756-BT-0	TEL PASO TEX HSG 7.250% 01/01/24	07/01/2003	Redemption		10,000	10,000	9,904	9,924	76					363		1
	Total Texas				10,000	10,000	9,904	9,924	76					363		XXX
	Total United States				834,669	834,669	835,914	830,906	3,763					11,019		XXX
3199996	- Bonds - Special Revenues - United States				834,669	834,669	835,914	830,906	3,763					11,019		XXX
3199999	- Bonds - Special Revenues				834,669	834,669	835,914	830,906	3,763					11,019		XXX
Public Utilities (unaffiliated)																
United States																
209615-BM-4	CONSOL NAT GAS 5.750% 08/01/03	08/01/2003	Maturity		1,000,000	1,000,000	946,360	995,124	4,876					28,750		2
	Total United States				1,000,000	1,000,000	946,360	995,124	4,876					28,750		XXX
3899996	- Bonds - Public Utilities - United States				1,000,000	1,000,000	946,360	995,124	4,876					28,750		XXX
3899999	- Bonds - Public Utilities				1,000,000	1,000,000	946,360	995,124	4,876					28,750		XXX
Industrial & Miscellaneous																
United States																
05164B-AG-1	AURORA FOODS INC 8.750% 07/01/08	07/07/2003	IMPERIAL		656,450	1,382,000	621,900	621,900	191			34,359	34,359	4,128		6
161551-BK-1	CHASE FDG 1999-3 1B 9.000% 07/25/29	07/01/2003	Paydown		447,449	447,449	438,374	444,527	2,922					220,719		2
891492-AB-6	TUSCO TRUST 2000-E 8.780% 03/01/10	09/02/2003	Call		6,268,099	5,000,000	5,000,000	5,000,000	1,268,099					224,847		2
	Total United States				7,371,998	6,829,449	6,060,274	6,066,427	1,271,212							XXX
Other Country																
P3912#-AA-8	FEMSA CERVEZA 8.920% 10/28/04	09/26/2003	Call		10,769,574	10,000,000	10,000,000	10,000,000	769,574					371,667		1
	Total Other Country				10,769,574	10,000,000	10,000,000	10,000,000	769,574					371,667		XXX
4599996	- Bonds - Industrial and Misc - United States				6,829,449	6,829,449	6,060,274	6,066,427	1,271,212				34,359	224,847		XXX
4599998	- Bonds - Industrial and Misc - Other Countries				10,769,574	10,000,000	10,000,000	10,000,000	769,574					371,667		XXX
4599999	- Bonds - Industrial and Misc - Other Countries				18,141,572	16,829,449	16,060,274	16,066,427	2,040,786					596,514		XXX
6099997	- Bonds - Part 4				19,988,737	17,914,909	17,864,973	17,914,909	2,049,469					636,632		XXX
6099999	- Total - Bonds				19,988,737	18,686,614	17,864,973	17,914,909	2,049,469					636,632		XXX
6599999	- Total - Preferred Stocks				XXX	XXX	XXX	XXX	XXX					XXX		XXX
COMMON STOCK																
Industrial & Miscellaneous																
United States																
50730R-10-2	LADLOW INTL COMMON STOCK	07/10/2003	MERRILL LYNCH	217,698,000	1,989,019	XXX	2,013,707	2,013,707					(24,688)			1
	Total United States				1,989,019	XXX	2,013,707	2,013,707					(24,688)			XXX
6899999	- Common Stocks - Industrial and Miscellaneous				1,989,019	XXX	2,013,707	2,013,707					(24,688)			XXX
7099997	- Common Stocks - Part 4				1,989,019	XXX	2,013,707	2,013,707					(24,688)			XXX
7099999	- Total - Common Stocks				1,989,019	XXX	2,013,707	2,013,707					(24,688)			XXX
7199999	- Total - Preferred and Common Stocks				1,989,019	XXX	2,013,707	2,013,707					(24,688)			XXX
7299999	Totals				21,987,756	19,878,680	19,878,680	19,928,616	2,049,469			9,671	9,671	636,632		XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

