



**BANCINSURANCE  
CORPORATION**

FOR IMMEDIATE RELEASE

For Additional Information

Contact: John Sokol

President

(614) 228-2800

**BANCINSURANCE CORPORATION  
REPORTS FIRST QUARTER RESULTS**

COLUMBUS, Ohio (May 2, 2001) Bancinsurance Corporation (NASDAQ: BCIS), a specialty insurance holding company reported results for the three months ended March 31, 2001. The first quarter results included significant growth in net premiums earned, realized investment gains and additions to claims reserves.

First Quarter Results

Net income was \$654,063 for first quarter 2001, which is slightly higher than the \$653,869 reported for the same period last year. Net income per diluted share was \$0.11 for both quarterly periods.

Net premiums earned improved 24.9% to \$7,014,694 for the first three months of 2001 paced by a 27.6% increase in Lender/Dealer Insurance products. The Company's strategy includes direct marketing to large banks and marketing through Independent agents to regional and community financial institutions. Premium growth during first quarter 2001 was primarily generated through agency relationships. Unemployment Insurance Protection products achieved a 13.2% growth in premiums earned during first quarter 2001 compared to a year ago and benefited from higher enrollment among existing trust members.

The Company continued to evaluate assets in the equity portion of its portfolio during first quarter 2001 in light of the weaker outlook for U.S. corporate profits and a slowdown in the national economy. This resulted in a sale of securities that contributed to realized gains of \$422,567 for the quarter compared with realized net losses of \$27,309 the prior year. The Company's \$30.5 million investment portfolio is primarily concentrated in investment-grade fixed income securities.

Codification and subscription fees generated by American Legal Publishing, which was merged into the Company on February 29, 2000, were \$593,874 for first quarter 2001 versus \$170,261 last year. These fees more than offset first quarter 2000 revenues from Custom Title Services and BCIS Services, which were sold on January 24, 2000 and October 6, 2000, respectively. Management fees were \$114,578 for the most recent quarter versus \$374,671 in 2000, and fluctuate from time to time due to claims experience from closed years of operations in one of the Unemployment Insurance Protection products.

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## Combined Ratio

Ohio Indemnity, the Company's principal subsidiary, increased reserves during first quarter 2001 in response to higher reported claims related to Lender/Dealer Insurance products. The combined ratio for Ohio Indemnity for the three months ended March 31, 2001 was 94.3% versus 83.8% for the same period last year. Most of this increase occurred in the loss portion of the ratio, which rose to 73.3% for first quarter 2001 from 65.1% the prior year. Historically, the loss ratio increases during periods of slower economic activity. The expense ratio increased to 21.0% for first quarter 2001 from 18.7% a year ago, which is primarily attributable to the increase in other insurance operating expenses. These included higher commissions, additional staffing, and expanded marketing and product development initiatives.

## Shareholders' Equity

Shareholders' equity was \$28,413,111 at March 31, 2001, or 0.4% lower than at December 31, 2000. Declines in the U.S. equity markets during first quarter 2001 resulted in unrealized losses of \$ 23,167 in securities available for sale at March 31, 2001. Management continues to actively monitor the entire investment portfolio as well as factors that may influence future performance. Book value per diluted share was \$4.91 at March 31, 2001.

## Company Outlook

Si Sokol, Chairman and Chief Executive Officer, commented, "The results for first quarter 2001 were generally in line with management's expectations. We are especially pleased with the growth in net premiums earned through targeted initiatives to expand our relationships with a wider range of quality financial institutions."

Mr. Sokol continued, "The market for most of our policies is dependent on sales and financing trends in the automobile industry. The current environment is being influenced by captive finance companies of automobile manufacturers offering low interest rate loans and leases to reduce inventory. As a result, automobile loans made by banks and finance companies may be reduced, which would lower the amount of insurance premiums we collect from our customers. We will continue to pursue new customer relationships consistent with our profitability objectives."

The first quarter 2001 results reflect implementation of positive changes in the Company's business strategy during the past year. These actions included increased emphasis on marketing and the sale of non-core businesses. Management's previous statements regarding current economic conditions and planned infrastructure initiatives during 2001 continue to influence earnings expectations for the remainder of this year. Earnings for the year 2001 may be below the prior year. The improvements in sales and marketing and enhanced information technology capabilities are expected to benefit long-term growth and profitability.

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Bancinsurance Corporation, headquartered in Columbus, Ohio, is principally engaged through its property/casualty insurance subsidiary, Ohio Indemnity Company, in underwriting specialty insurance. Lender/Dealer products protect banks and other lenders against risk arising from theft or damage to certain loan collateral where the borrower has failed to secure or maintain adequate insurance coverage. Unemployment Insurance Protection products specifically bond unemployment insurance servicing commitments for national administrative firms that perform certain services for non-profit organizations.

With the exception of historical information, this press release includes forward-looking statements that involve risks and uncertainties, including, but not limited to, the Company's emphasis on larger accounts, which contribute to improved corporate profitability. These statements involve risks and uncertainties, which have been detailed from time to time in the Company's Securities and Exchange filings, including the Company's Form 10-K for the year ended December 31, 2000. Actual results may differ materially from management's expectations. All forward-looking statements made in this news release are based on information presently available to management of the Company. The Company assumes no obligation to update any forward-looking statements.

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## FINANCIAL HIGHLIGHTS

	Three Months Ended March 31,	
	<u>2001</u>	<u>2000</u>
	(Unaudited)	(Unaudited)
Income:		
Premiums written	\$ 10,002,032	\$ 7,991,812
Change in unearned premiums	<u>(2,897,117)</u>	<u>(2,329,685)</u>
Premiums earned	7,104,915	5,662,127
Premiums ceded	<u>(90,221)</u>	<u>(46,501)</u>
Net premiums earned	7,014,694	5,615,626
Investment income	431,881	414,295
Net realized gain (loss) on investments	422,567	(27,309)
Gain on sale of property	15,848	-
Codification and subscription fees	593,874	170,261
Claims administration fees	-	201,073
Title and appraisal fees	-	115,724
Management fees	114,578	374,671
Commission fees	63,460	65,247
Other income	<u>27,212</u>	<u>39,083</u>
Total revenue	<u>8,684,114</u>	<u>6,968,671</u>
Losses and operating expenses:		
Losses and loss adjustment expenses	5,199,793	3,673,292
Reinsurance recoveries	(61,276)	(17,041)
Experience rating adjustments	137,907	12,024
Commission expense	1,003,068	605,674
Other insurance operating expenses	844,751	782,240
General and administrative expenses	659,480	912,371
Interest expense	<u>6,787</u>	<u>94,527</u>
Total expenses	<u>7,790,510</u>	<u>6,063,087</u>
Income before federal income taxes	893,604	905,584
Federal income tax expense	<u>239,541</u>	<u>51,715</u>
Net income	\$ <u>654,063</u>	\$ <u>653,869</u>
Basic and diluted earnings per share	\$ <u>0.11</u>	\$ <u>0.11</u>
	March 31, 2001	December 31, 2000
	(Unaudited)	
Total assets	\$ <u>49,056,980</u>	\$ <u>45,900,984</u>
Total shareholders' equity	\$ <u>28,413,111</u>	\$ <u>28,535,359</u>

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