



**BANCINSURANCE
CORPORATION**

FOR IMMEDIATE RELEASE

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**BANCINSURANCE CORPORATION
ANNOUNCES SECOND QUARTER RESULTS**

COLUMBUS, Ohio (August 1, 2001) Bancinsurance Corporation (NASDAQ: BCIS), a specialty insurance holding company reported results for the three months ended June 30, 2001. A significant increase in net premiums earned for second quarter 2001 was offset by higher losses, an experience rating adjustment and additional operating expenses.

Second Quarter Results

Net income declined to \$846,258, or \$0.15 per diluted share, for second quarter 2001 from \$1,313,062, or \$0.22 per diluted share, a year ago.

Net premiums earned rose 65.9% to \$10,618,263 for second quarter 2001 compared with \$6,399,555 in 2000. Last year the marketing department was expanded to accelerate implementation of the Company's strategic plan, especially for the Lender/Dealer program. Five major financial institutions were added as customers during the first half of 2001 as a result of increased marketing efforts. In addition, agency relationships were expanded and contributed to substantial growth in the Company's regional and community financial institution customer base. Net premiums earned for the Unemployment Insurance Protection program were 20.3% higher for second quarter 2001 compared with the prior year, benefiting from higher employment among existing clients.

Other sources of revenue declined \$784,982 to \$1,291,969 for second quarter 2001 from \$2,076,951 last year. This was principally due to recognition of a one-time payment of \$900,000 received during second quarter 2000 in connection with settlement of a dispute with an unaffiliated party, and \$121,831 of claims administration fees from BCIS Services, Inc., which was sold in the third quarter of last year. Partially offsetting this decline was a \$249,954 increase in management fees for second quarter 2001 due to timing differences related to recognition of results from a closed year of operations within the Unemployment Insurance Protection program.

Losses and operating expenses were \$10,728,289 for second quarter 2001 compared with \$6,570,227 a year ago. Losses and loss adjustment expenses were \$4,635,553 versus \$3,352,395 last year, while the experience rating adjustment increased to \$2,691,380 from \$428,915 in second quarter 2000. Experience rating adjustments are calculated and adjusted from period to period based on the policy experience to date. Management anticipates that the experience rating adjustment may fluctuate in future quarters based on this calculation. Commission expense was \$1,716,386 compared with \$906,001 for the same period last year, primarily due to growth in the Company's regional and community bank programs through agency relationships. General and administrative expenses declined 22.9% to \$727,931 for second quarter 2001 as a result of decreases in claims administration and title business expenses, as well as professional services compared with the same period a year ago.

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First Half Results

Net income declined to \$1,500,321 for the six months ended June 30, 2001 compared with \$1,966,931 in 2000. Net income per diluted share was \$0.26 versus \$0.33 last year.

Total revenue rose 33.3% to \$20,594,346 from \$15,445,177 a year ago. The most significant improvement was attributable to a \$5,617,776 or 46.8% increase in net premiums earned resulting from the addition of five large banks as well as additional regional and financial institutions during the past twelve months. Also, there was a \$399,968 net realized gain on investments during the first half of 2001 and a \$414,741 increase in codification and subscription fees compared with a year ago. The increase in revenue was partially offset by a \$900,000 one-time gain due to the settlement of a dispute with an unaffiliated party during second quarter 2000. Additionally, claims administration fees as well as title and appraisal fees declined \$438,628 compared with the prior year due to the sale of non-core businesses during 2000.

Total expenses grew at a faster rate than revenues due to a \$2,809,659 increase in losses and loss adjustment expenses related to the substantial growth in Lender/Dealer policies, a \$2,388,348 increase in the experience rating adjustment, and \$1,207,779 in higher commissions. General and administrative expenses declined \$469,251 or 25.3% due to the same factors that impacted second quarter 2001 results.

Combined Ratio

For the six months ended June 30, 2001, Ohio Indemnity's combined ratio was 92.6% compared with 87.2% for the same period last year. The loss ratio declined 2.7 percentage points for the first half of 2001, while the expense ratio rose 8.1 percentage points during the same period. This increase in the expense ratio was primarily due to a reclassification of experience rating adjustment expenses at the end of fiscal 2000 and, to a lesser extent, higher commissions, additional staffing, and growth in marketing and product development initiatives.

Investment Portfolio

The Company's \$31,274,400 investment portfolio is concentrated in investment-grade fixed income securities. Concerning the equity portion of the portfolio, management regularly evaluates factors that may impact the national economy as well as the outlook for corporate profits. A net realized loss of \$22,599 on investments was recorded in second quarter 2001 compared with a net loss of \$89,284 a year ago. During the first six months of 2001, investment gains of \$399,698 were realized compared with net losses of \$116,593 last year.

Shareholders' Equity

Shareholders' equity at June 30, 2001 was \$29,526,326 or 3.5% above December 31, 2000. Book value per diluted share was \$5.10 at June 30, 2001.

Acquisition

On June 20, 2001 American Legal Publishing Corporation, a wholly owned subsidiary, purchased substantially all of the assets of Justinian Publishing Company, a Cleveland, Ohio based provider of municipal code data and related information. This acquisition complements American Legal Publishing Corporation's core business and growth strategy and is expected to contribute to future profitability for this business segment.

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Company Outlook

Si Sokol, Chairman and Chief Executive Officer, stated, "We are making substantial progress implementing key objectives of our long-term strategy. These include significant growth in premiums earned for the Lender/Dealer program, exploration of additional niche products, and increased focus on our customers. The second quarter 2001 results reflect the near-term impact of balancing these growth initiatives with increases in quarterly profitability within the same period. We are encouraged concerning the future benefits from these efforts in terms of the Company's long-term profitability."

Mr. Sokol added, "Market trends in the automobile industry, and specifically programs offered by captive finance companies, continue to be influenced by weak market conditions. As a result, banks and finance companies, our primary customers, are experiencing lower demand for automobile loans. While we are achieving targeted growth objectives with respect to new, profitable customer relationships, the benefit of these achievements will be more fully realized as market conditions improve."

The Company anticipates that continued weakness in the national economy, and, to a lesser extent, internal infrastructure improvements will impact performance during the remainder of 2001. Therefore, earnings for this year will likely be below last year. Nonetheless, long-term growth and profitability are expected to benefit from continued implementation of the Company's business strategy and enhanced information technology capabilities.

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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BANCINSURANCE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)

	Three Months Ended		Six Months Ended	
	2001	2000	2001	2000
Income:				
Premiums written	\$ 10,647,694	\$ 5,919,345	\$ 20,649,726	\$ 13,911,157
Decrease (increase) in unearned premiums.....	<u>(18,516)</u>	<u>547,938</u>	<u>(2,915,633)</u>	<u>(1,781,747)</u>
Premiums earned	10,629,178	6,467,283	17,734,093	12,129,410
Premiums ceded	<u>(10,915)</u>	<u>(67,728)</u>	<u>(101,136)</u>	<u>(114,229)</u>
Net premiums earned	10,618,263	6,399,555	17,632,957	12,015,181
Investment income (net of expenses of \$27,373 and \$47,048 respectively).....	376,741	428,994	808,622	843,289
Net realized gain (loss) on investments.....	(22,599)	(89,284)	399,968	(116,593)
Gain on sale of property	-	-	15,848	-
Codification and subscription fees.....	590,830	599,702	1,184,704	769,963
Claims administration fees	-	121,831	-	322,904
Title and appraisal fees.....	-	-	-	115,724
Management fees.....	321,839	71,885	436,417	446,556
Commission fees	3,732	41,854	67,192	107,101
Other income.....	<u>21,426</u>	<u>901,969</u>	<u>48,638</u>	<u>941,052</u>
Total revenue.....	<u>11,910,232</u>	<u>8,476,506</u>	<u>20,594,346</u>	<u>15,445,177</u>
Losses and operating expenses:				
Losses and loss adjustment expenses.....	4,635,553	3,352,395	9,835,346	7,025,687
Reinsurance recoveries	(12,101)	(28,926)	(73,377)	(45,967)
Experience rating adjustment.....	2,691,380	428,915	2,829,287	440,939
Commission expense	1,716,386	906,001	2,719,454	1,511,675
Other insurance operating expenses	960,894	882,084	1,805,645	1,664,324
General and administrative expenses.....	727,931	944,291	1,387,411	1,856,662
Interest expense	<u>8,246</u>	<u>85,467</u>	<u>15,033</u>	<u>179,994</u>
Total expenses.....	<u>10,728,289</u>	<u>6,570,227</u>	<u>18,518,799</u>	<u>12,633,314</u>
Income before federal income taxes.....	1,181,943	1,906,279	2,075,547	2,811,863
Federal income tax expense	<u>335,685</u>	<u>593,217</u>	<u>575,226</u>	<u>844,932</u>
Net income.....	<u>\$ 846,258</u>	<u>\$ 1,313,062</u>	<u>\$ 1,500,321</u>	<u>\$ 1,966,931</u>
Basic and diluted earnings per share.....	<u>\$.15</u>	<u>\$.22</u>	<u>\$.26</u>	<u>\$.33</u>

	June 30, 2001 (Unaudited)	December 31, 2000
Total assets	\$ 55,765,756	\$ 45,900,984
Total shareholders' equity	\$ 29,526,326	\$ 28,535,359

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