



**BANCINSURANCE
CORPORATION**

FOR IMMEDIATE RELEASE

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**BANCINSURANCE CORPORATION
REPORTS FIRST QUARTER RESULTS**

COLUMBUS, Ohio (April 26, 2002) Bancinsurance Corporation (NASDAQ: BCIS), a specialty insurance holding company today reported strong growth in premiums earned and income before cumulative effect of change in accounting principle for the three months ended March 31, 2002.

As previously announced, the company implemented Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142") in first quarter 2002. A non-cash after-tax charge of \$1,481,858, or \$0.25 per diluted share, of goodwill associated with the August 1999 acquisition of Paul Boardway & Associates, Inc. was recorded during the most recent quarter. This charge was based on an impairment test in accordance with SFAS 142.

Income before cumulative effect of change in accounting principle increased 56.0% to \$1,020,484 for first quarter 2002 from \$654,063 the prior year. Net income per diluted share before cumulative effect of change in accounting principle was \$0.17 for the most recent quarter versus \$0.11 for first quarter 2001. As a result of implementation of SFAS 142, the company had a net loss of \$461,374, or \$0.08 per diluted share, for the three months ended March 31, 2002 compared with net income of \$654,063, or \$0.11 per diluted share, for the same period last year.

Si Sokol, Chairman and Chief Executive Officer, stated, "Our first quarter operating results particularly reflect positive contributions from several large financial institutions we added to our Lender/Dealer program in 2001. The quarterly comparisons may become more challenging later this year depending on the extent of a sustained recovery in the national economy. While some of the initial signs are encouraging, we continue to experience margin pressure. Therefore, we are cautiously optimistic regarding our performance expectations for the remainder of this year."

First Quarter Results

Net premiums earned improved 28.1% to \$8,987,460 for the three months ended March 31, 2002 from \$7,014,694 last year. This increase was principally due to Lender/Dealer policies added during the year 2001 combined with higher volume from existing customers. The company also benefited from premium growth through agency relationships to regional and community financial institutions during first quarter 2002. Net premiums earned for Guaranteed Auto Protection ("GAP") policies rose to \$423,624 for first quarter 2002 from \$101,440 a year ago, principally due to a book of business that was added during third quarter 2001. Premiums written for the Unemployment Insurance Protection business declined to \$3,094,418 for first quarter 2002 from \$3,650,444 the prior year due to timing differences on billing issuance related to Mandated Surety Bonds.

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Other revenue totaled \$1,436,848 for the three months ended March 31, 2002, and was 13.9% below the same period a year ago. The most significant factor contributing to this quarter-over-quarter decline was the effect of a \$93,719 capital loss on investments realized during the quarter versus realized gains of \$422,567 a year ago. Partially offsetting this difference was a \$206,935 increase in management fees related to the Bonded Service program. These fees fluctuate in response to changes in unemployment levels and claims experience. Codification and subscription fees rose 26.0% to \$748,361 for first quarter 2002, primarily due to American Legal Publishing Corporation's acquisition of Justinian Publishing in second quarter 2001. Additionally, other income benefited from the release of a \$100,000 reserve during first quarter 2002 related to dismissal of a dispute with an unaffiliated party.

Losses and loss adjustment expenses rose 24.2% to \$6,380,940 for first quarter 2002 compared with \$5,138,517 a year ago. These expenses grew in response to strong growth in Lender/Dealer premiums combined with continuation of increased claims attributable to weak economic conditions that persisted nationally during first quarter 2002. Lower claims experience for the Unemployment Insurance Protection business resulted in a \$85,142 decrease in losses and loss adjustment expenses for first quarter 2002 compared to the prior year.

Operating expenses declined to \$2,603,696 for first quarter 2002 from \$2,651,993 last year. The experience rating adjustment, which fluctuates in response to policy experience adjustment and premium growth, was \$502,141 below the same quarter a year ago. This change more than offset a \$454,992 increase in commission expense for first quarter 2002 that was directly related to overall premium growth. Other operating expenses were relatively stable compared to first quarter 2001.

Combined Ratio

Ohio Indemnity's combined ratio rose slightly to 94.5% for the three months ended March 31, 2002 compared with 94.3% a year ago. The loss ratio declined 2.3 percentage points to 71.0% from the same period last year, while the expense ratio rose to 23.5% from 21.0% the prior year. The Company's combined ratio remains below recent results for the property/casualty industry.

Investment Portfolio

The Company's investments totaled \$31,960,732 at March 31, 2002 compared with \$31,211,753 at December 31, 2001. The portfolio consists primarily of investment grade fixed income securities. Cash and short-term investments investment represented 45.6% of cash and invested assets at the end of first quarter 2002.

First quarter 2002 net investment income was \$221,179 or 74.1% below the prior year. This was primarily due to realized losses on certain securities in the investment portfolio, and, to a lesser extent, lower investment yields that resulted from the significant decline in interest rates during the past year. Management regularly monitors current market conditions and tax considerations consistent with its investment strategy.

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Shareholders' Equity

Shareholders' equity was \$31,053,846 at March 31, 2002 versus \$31,391,909 at December 31, 2001. The first quarter 2002 net loss resulting from the adoption of SFAS 142 was partially offset by an increase in accumulated other comprehensive income. Book value per diluted share was \$5.38 at March 31, 2002 versus \$5.44 at year-end 2001.

Share Repurchase Program

On April 25, 2002, the Board of Directors authorized the repurchase of up to 600,000 Common Shares of the company's common stock, representing 10.4% of outstanding shares as of March 31, 2002. Shares will be repurchased, at times and amounts to be determined by management, as market conditions warrant in the open market or through negotiated off-market transactions. Repurchased shares will be placed in treasury and may subsequently be reissued in connection with acquisitions and/or the Company's stock option plans. This repurchase program expires on December 31, 2003.

Bancinsurance Corporation

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, economic trends, and short-term programs offered by captive automobile finance companies. 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, 2001. 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

	Three Months Ended March 31,	
	<u>2002</u>	<u>2001</u>
	(Unaudited)	(Unaudited)
Income:		
Premiums written	\$ 12,030,360	\$ 10,002,032
Increase in unearned premiums	<u>(2,961,741)</u>	<u>(2,897,117)</u>
Premiums earned	9,068,619	7,104,915
Premiums ceded	<u>(81,159)</u>	<u>(90,221)</u>
Net premiums earned	8,987,460	7,014,694
Investment income	314,898	431,881
Net realized gain (loss) on investments	(93,719)	422,567
Other revenue	<u>1,215,669</u>	<u>814,972</u>
Total revenue	10,424,308	8,684,114
Losses and operating expenses:		
Losses and loss adjustment expenses	6,420,906	5,199,793
Reinsurance recoveries	(39,966)	(61,276)
Operating expenses	<u>2,603,696</u>	<u>2,651,993</u>
Total expenses	8,984,636	7,790,510
Income before federal income taxes and cumulative effect of change in accounting principle	1,439,672	893,604
Federal income tax expense	<u>419,188</u>	<u>239,541</u>
Income before cumulative effect of change in accounting principle	1,020,484	654,063
Cumulative effect of change in accounting principle	<u>(1,481,858)</u>	<u>-</u>
Net income (loss)	<u><u>\$ (461,374)</u></u>	<u><u>\$ 654,063</u></u>
Basic net income (loss) per share:		
Before cumulative effect of change in accounting principle	\$.18	\$.11
Cumulative effect of change in accounting principle	<u>(.26)</u>	<u>-</u>
Basic net income (loss) per share	<u><u>\$ (.08)</u></u>	<u><u>\$.11</u></u>
Dilutive net income (loss) per share:		
Before cumulative effect of change in accounting principle	\$.17	\$.11
Cumulative effect of change in accounting principle	<u>(.25)</u>	<u>-</u>
Diluted net income (loss) per share	<u><u>\$ (.08)</u></u>	<u><u>\$.11</u></u>
	<u>March 31, 2002</u>	<u>December 31, 2001</u>
	(Unaudited)	
Total assets	\$ 61,402,291	\$ 64,670,677
Total shareholders' equity	\$ 31,053,846	\$ 31,391,909

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