



**BANCINSURANCE
CORPORATION**

FOR IMMEDIATE RELEASE

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**BANCINSURANCE CORPORATION ANNOUNCES
IMPROVED FOURTH QUARTER RESULTS**

COLUMBUS, Ohio (March 6, 2002) Bancinsurance Corporation (NASDAQ: BCIS), a specialty insurance holding company today reported net income for the three months ended December 31, 2001 increased 18.8% to \$845,473, or \$0.14 per diluted share, versus \$711,693, or \$0.12 per diluted share, for the same period last year.

Net income for the twelve months ended December 31, 2001 was \$3,075,190 or 21.5% below the \$3,918,357 achieved the previous year. Net income per diluted share was \$0.53 for the Year 2001 compared with \$0.66 for the Year 2000.

Year 2001 Results

Net premiums earned rose 54.2% to \$38,308,738 for the Year 2001 primarily due to the growth in the amount of premium produced in 2001 compared with 2000. Increased automobile lending and premium rate increases also contributed to overall premium growth, but to a lesser degree than volume increases, which included the addition of four large Lender/Dealer accounts. In addition, Guaranteed Auto Protection ("GAP") premiums grew from \$293,000 for the Year 2000 to \$1,646,279, principally due to the transfer of an agent's book of GAP business. Growth in mandated surety bond premiums on existing Excess of Loss business resulted in a \$400,816 increase in premiums earned for the Unemployment Insurance Protection business for the Year 2001.

Other revenue declined 6.5% to \$5,179,384 for the twelve months ended December 31, 2001. The most significant factors affecting the year-over-year comparisons were a \$900,000 one-time payment received in second quarter 2000 in settlement of a dispute with an unaffiliated party, and the sale of two businesses in 2000 that accounted for \$542,760 in fee income the prior year. Codification and subscription fees generated by American Legal Publishing, a wholly owned subsidiary, rose \$768,164 to \$2,652,231 for the Year 2001 and benefited from the acquisition of Justinian Publishing Company in the second quarter as well as revenue growth in subscriptions and state league programs. Management fees and net realized gain on investments increased \$186,517 and \$343,284, respectively, compared to the Year 2000.

Losses and loss adjustment expenses increased to \$21,658,744 for the Year 2001 from \$15,068,630 the prior year. Higher dollar losses were expected due to the growth in premiums written. The GAP business incurred loss and loss adjustment expenses of \$294,076 in 2001 versus \$25,362 in 2000.

Operating expenses were \$17,562,821 for the Year 2001 versus \$9,691,433 last year. The single largest increase was the experience rating adjustment, which rose to \$5,155,850 from \$(233,026) in 2000. This amount fluctuates from quarter to quarter based on policy experience to date and premium growth. Commission expense increased 62.6% to \$5,918,461 for the Year 2001, which was in line with overall premium growth. Other operating expenses grew at a much slower rate than premiums earned for the Year 2001 versus last year.

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Combined Ratio

Ohio Indemnity's combined ratio was 92.0% of net premiums earned for the Year 2001 compared to 88.1% the prior year. The 3.9 percentage point increase is primarily attributable to the higher expense ratio. The Company's combined ratio remains below recent results for the property/casualty industry. Expressed as a percentage of premiums earned, the loss ratio declined to 56.5% for the Year 2001 from 60.7% a year ago. The expense ratio rose to 35.5% for the Year 2001 from 27.4% the prior year, principally due to a reclassification of experience rating adjustment expenses during fourth quarter 2000.

Investment Portfolio

The Company's investment portfolio totaled \$31,211,753 at December 31, 2001, consisting primarily of investment-grade fixed income securities. Cash and short-term investments represented \$25,023,272 or 49.3% of total cash and invested assets.

Investment income declined 8.1% to \$1,496,621 for the Year 2001 from \$1,628,306 the previous year in response to a decrease in the average portfolio yield. During fourth quarter 2001, the Company recognized a net realized loss on equity investments of \$383,461, which is consistent with the Company's ongoing evaluation of current market conditions and tax considerations.

Shareholders' Equity

Shareholders' equity rose 10.0% to \$31,391,909 at December 31, 2001 versus \$28,535,359 at year-end 2000. Book value per diluted share was \$5.44 at December 31, 2001 compared with \$4.95 on the same date a year ago.

Fourth Quarter Results

Net premiums earned increased to \$10,577,543 for fourth quarter 2001 from \$6,145,683 for the same period last year. Significant growth in the Company's Lender/Dealer Insurance business combined with additional surety bond policies and higher fees for the Unemployment Insurance Protection business contributed to the 72.1% improvement in net premiums earned for the quarter. The growth in net premiums earned benefited to a lesser extent from increases in the GAP program.

Other revenue declined 9.0% to \$897,702 for fourth quarter 2001 from \$986,280 for the same period last year. The largest single difference was the net realized loss on investments. On a positive note, codification and subscription fees increased \$210,474 or 38.3% versus the same period last year.

Losses and loss adjustment expenses were \$6,070,009 for fourth quarter 2001 compared with \$4,985,605 for the prior year. This increase was particularly attributable to growth in the Lender/Dealer business and to a lesser extent the Company's other insurance businesses.

Operating expenses increased \$3,026,004 to \$4,222,506 for the three months ended December 31, 2001. General and administrative expenses more than doubled to \$1,302,075 for fourth quarter 2001 versus last year due to higher expenses for American Legal Publishing, particularly due to the second quarter 2001 acquisition and a reclassification of certain compensation from Ohio Indemnity to Bancinsurance Corporation pursuant to a cost sharing agreement.

Financial Accounting Standards No. 142

The Company plans to implement Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" during first quarter 2002. Based on an impairment test, it has been determined that approximately \$1.5 million of goodwill associated with the August 1999 acquisition of Paul Boardway & Associates, Inc. will be recorded as a non-cash charge to income in first quarter 2002.

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Company Outlook

Si Sokol, Chairman and Chief Executive Officer, stated, "We are pleased with the substantial growth in net premiums earned for the Year 2001. It reflects the progress the Company is achieving in adding additional large customer accounts as well as benefits from increased marketing. We experienced a 38% increase in policy additions during 2001."

Mr. Sokol added, "In the Year 2002 we plan to continue pursuing profitable growth opportunities, especially in our Lender/Dealer business. In conjunction with these efforts, we anticipate adding additional staff to further strengthen our capabilities. Following an exceptional year of automobile sales, we expect a reduction in new car sales which may impact our year-over-year growth. Additionally, increased competition from other financial services companies will continue to influence margins, especially as we move beyond our traditional niche to compete with much larger companies."

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, 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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	Three Months Ended		Year Ended	
	December 31, 2001 (Unaudited)	December 31, 2000 (Unaudited)	December 31, 2001	December 31, 2000
Income:				
Premiums written	\$ 10,613,844	\$ 6,291,481	\$ 41,853,030	\$ 25,403,832
(Increase) decrease in unearned premiums	59,432	(102,088)	(3,289,854)	(344,940)
Premiums earned	10,673,276	6,189,393	38,563,176	25,058,892
Premiums ceded	(95,733)	(43,710)	(254,438)	(217,077)
Net premiums earned	10,577,543	6,145,683	38,308,738	24,841,815
Investment income	368,671	377,774	1,496,621	1,628,306
Net realized gain (loss) on investments	(383,461)	(143,750)	22,542	(320,742)
Gain on sale of property	-	-	15,848	-
Codification and subscription fees	759,359	548,885	2,652,231	1,884,067
Claims administration fees	-	-	-	427,036
Title and appraisal fees	-	-	-	115,724
Management fees	175,140	138,226	846,446	659,929
Commission fees	132	26,579	67,065	155,942
Other income	(22,139)	38,566	78,631	988,919
Total revenue	11,475,245	7,131,963	43,488,122	30,380,996
Losses and operating expenses				
Losses and loss adjustment expenses	6,098,544	5,105,807	21,823,538	15,230,041
Reinsurance recoveries	(28,535)	(120,202)	(164,794)	(161,411)
Experience rating adjustments	1,122,796	(1,201,023)	5,155,850	(233,026)
Commission expense	1,333,247	1,216,433	5,918,461	3,639,642
Other insurance operating expenses	461,824	567,123	3,126,234	2,936,666
General and administrative expenses	1,302,075	588,533	3,334,200	3,090,167
Interest expense	2,564	25,436	28,076	257,984
Total expenses	10,292,515	6,182,107	39,221,565	24,760,063
Income before federal income taxes	1,182,730	949,856	4,266,557	5,620,933
Federal income tax expense	337,257	238,163	1,191,367	1,702,576
Net income	\$ 845,473	\$ 711,693	\$ 3,075,190	\$ 3,918,357
Basic and diluted earnings per share	\$ 0.14	\$ 0.12	\$ 0.53	\$ 0.66

	December 31, 2001	December 31, 2000
Total assets	\$ 64,670,677	\$ 45,900,984
Total shareholders' equity	\$ 31,391,909	\$ 28,535,359

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BANCINSURANCE CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME