

Edgar Filing: AMERICAN MEDICAL SECURITY GROUP INC - Form 8-K

AMERICAN MEDICAL SECURITY GROUP INC  
Form 8-K  
February 06, 2002

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 5, 2002

AMERICAN MEDICAL SECURITY GROUP, INC.  
(Exact name of Registrant as specified in its charter)

Wisconsin (State of Incorporation)	1-13154 (Commission File Number)	39-1431799 (I.R.S. Employer Identification No.)
3100 AMS Boulevard, Green Bay, Wisconsin (Address of principal executive offices)		54313 (Zip Code)
	(920) 661-1111 (Registrant's telephone number, including area code)	

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Item 9. Regulation FD Disclosure.

American Medical Security Group, Inc. (the "Company") has developed an investor financial presentation that is available on its website - [www.AMSchoices.com](http://www.AMSchoices.com), and presented to a number of financial analysts, investors and potential investors. The presentation furnished herewith supercedes a presentation previously furnished pursuant to a Form 8-K dated September 10, 2001 and the presentation on the Company's website. The presentation (i) describes the Company's current businesses, strategies and financial highlights; (ii) describes projected changes in the mix of revenue contributions from the Company's major businesses anticipated by 2003; and (iii) describes discussions between the Company and Cobalt Corporation, the parent of the Company's largest shareholder. The content of the presentation will form the base of future presentations the Company expects to make at financial forums, including health care conferences sponsored by various financial institutions. The presentation is prepared in summary fashion and contains information that should be read in conjunction with the Company's reports filed with the Securities and Exchange Commission from time to time.

Also included in this Form 8-K is a financial supplement containing historical data that is available on the Company's website and provided to the financial analysts, investors and potential investors.

Following is the content of the presentation and the financial

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supplement furnished herewith.

[American Medical Security Group, Inc. LOGO]

February 2002

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FORWARD-LOOKING STATEMENT

Some of the statements made during this presentation may be forward-looking statements subject to inherent risks and uncertainties that may cause actual results to differ materially from the company's expectations. Please refer to the cautionary statement contained in written materials distributed with this presentation and the various reports filed by the company with the SEC for discussions of risk factors affecting the company and its business. The company assumes no obligation to update forward-looking statements included in this presentation.

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AMS

[Map of the United States]  
AMS Markets

Alabama	Arizona-1	Arkansas
Colorado-1	Delaware	Florida-1,2
Georgia-1	Illinois-1,2	Indiana-1
Iowa	Kansas-1	Louisiana
Maryland	Michigan-2	Mississippi-2
Missouri-1	Nebraska-1	Nevada
New Mexico-2	North Carolina-2	North Dakota
Ohio-1,2	Oklahoma-1,2	Pennsylvania-1,2
South Carolina	South Dakota	Tennessee-1,2
Texas-1,2	Utah-2	Virginia-1
West Virginia	Wisconsin-1,3	Washington DC

- Specializes in providing healthcare benefit plans for small-employer groups, individuals & families

- PPO model

- 2001 Revenues: \$876.6 million

- 557,716 health members at 12/31/01

1- Regional Sales Office located in this state  
2- District Sales Office located in this state  
3- Headquarters located in Green Bay, Wisconsin

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FEBRUARY 4 EARNINGS HIGHLIGHTS

- o Net income of \$0.30 per share in 4Q 2001
  - o \$0.25 in 3Q 2001
  - o \$0.10 in 2Q 2001
  - o \$0.05 in 1Q 2001 (excluding \$0.41 non-recurring litigation charge)
- o Guidance of \$1.15 - 1.25 per share for full-year 2002
- o Health segment loss ratio improves for 5th consecutive quarter
  - o Lowest point in more than 2 years

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- o New product lines reaching markets

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AMS OVERVIEW

- o Strategies
  - o Grow individual MedOne business
  - o Continue to improve small group business performance
  - o Rollout new product lines
  - o Grow dental business

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BUSINESSES

Revenue Contribution Changes (% of all AMS revenues)

[Bar Chart]]

2000	2001	2003 (projected)
63% Small Group	54% Small Group	46% Small Group
25% MedOne	36% MedOne	44% MedOne
9% Specialty	10% Specialty	10% Specialty

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[AMS Logo]

Small Group

Small Group Medical, Dental, Life and STD  
associated with group members

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[AMS Logo]

SMALL GROUP COMPONENT

- o Small-employer groups, ranging in size from 2 to 50 employees
- o Average group size is 6 employees
- o Distribution through 25,000 independent agents

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[AMS Logo]

SMALL GROUP COMPONENT

- o Improving performance of small group business
  - o Several quarters of aggressive rate action
  - o Premiums increasing faster than claim costs
- o Industry finally overcomes impact of Health Insurance Portability & Accountability Act (HIPAA)

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- o Double-digit health care inflation compounds HIPAA
- o Medicare cost-shifting makes matters worse

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SMALL GROUP COMPONENT

- o New group product rollout
  - o Extremely strong agent reception
  - o Employers can tailor coverage to meet their needs
- o Aggressive efforts to invigorate new member growth

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SMALL GROUP COMPONENT

- o Increase small group profitability by:
  - o Focusing on core markets
  - o Introducing new products
    - o Higher deductibles, copays, etc.

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MedOne

MedOne Medical, and Life  
associated with MedOne members

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MEDONE COMPONENT

- o Product for individuals and their families
  - o No employer coverage
  - o Self-employed
  - o Temporary coverage
- o Sold through independent agents
- o Higher profit potential than small group
  - o More flexibility in underwriting and pricing
  - o Better risk selection

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[AMS Logo]

MEDONE COMPONENT

- o Well-positioned in softening economy
  - o Layoffs
  - o Small employers dropping coverage
- o New MedOne product rollout
  - o Individuals have a greater stake in health care costs

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- o Elect higher deductibles and co-pays
  - o Builds on success of Affordable One
  
  - o Improving competitive environment
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[AMS Logo] MEDONE COMPONENT

- o MedOne Revenues
    - o Up 24% in 2001 from 2000
  
  - o MedOne Membership
    - o 45% of total 2001 membership vs. 34% in 2000
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[AMS Logo] MEDONE COMPONENT

- o Increase revenues & profitability:
    - o Expand number of agents
    - o Introduce new product
    - o Create additional regional/national distribution relationships
    - o Provide agents with power of Internet
      - o eAMS.com secured agent site
      - o Electronic quoting and enrollment
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[AMS Logo]

### Specialty Business

#### Stand-Alone Dental and Self-Funded

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[AMS Logo] SPECIALTY BUSINESS

- o Consists of:
    - o Dental business
      - o 167,000 stand-alone dental members
      - o 79,000 additional members bundled to group plans
    - o Self-funded business
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[AMS Logo] SPECIALTY BUSINESS

- o Increase Profitability by:

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- o Expanding dental business
  - o Increase sales & marketing activity
  - o New product
- o Selectively developing self-funded business

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### FINANCIAL HIGHLIGHTS

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### EARNINGS PER SHARE (\*excluding non-recurring charge)

[Line Graph]

Quarter 3 2000	\$ (0.09)
Quarter 4 2000	\$ 0.01
Quarter 1 2001	\$ 0.05*
Quarter 2 2001	\$ 0.10
Quarter 3 2001	\$ 0.25
Quarter 4 2001	\$ 0.30

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### ANNUAL EARNINGS PER SHARE (\*excluding non-recurring charge)

[Bar Chart]

2000 Actual	2001 Actual	2002 Company guidance as of 2/4/02
\$0.18	\$0.70*	\$1.15 - \$1.25

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### OTHER FINANCIAL DATA

	12/31/99	As Of 12/31/00	12/31/01
Book Value per Share	\$14.86	\$15.77	\$16.30
Tangible Book Value per Share	\$7.69	\$8.24	\$8.85
Debt to Total Capital Ratio	16.2%	15.7%	14.9%
Cash Flow from Operations	\$26.4	\$(3.2)	\$17.6
Capital Adequacy (RBC)	339%	389%	486% est.

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### FINANCIAL HIGHLIGHTS

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### SMALL CAP VALUE

- o Investment Considerations
  - o Growing MedOne business
  - o Small group market turnaround
  - o Profitable dental business
  - o Strong systems and back office
  - o Low debt to total capital ratio - 14.9%
  - o Book value of \$16.30 per share on 12/31/2001
    - o Tangible book value of \$8.85 per share on 12/31/2001
    - o Closing price of \$11.48 on 2/1/2002

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COBALT CORPORATION

- o 45% Shareholder
- o January 18: Files Schedule 13D with SEC
  - o Discussions with AMS regarding the repurchase of a portion of its shares at market prices
  - o Investment no longer "strategic asset"
  - o July 2001: Hired investment banker to respond to inquiries from purchasers
  - o AMS in discussions with Cobalt to resolve these issues favorably for shareholders

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PROXY SOLICITATION

The directors and executive officers of American Medical Security Group, Inc. ("AMS") and certain other persons may be deemed to be participants in solicitation by AMS of proxies from its shareholders in connection with AMS' 2002 Annual Meeting of Shareholders. Information concerning such participants was filed by AMS with the Securities and Exchange Commission (the "SEC") on January 22, 2002.

SHAREHOLDERS OF AMS ARE ADVISED TO READ AMS' PROXY STATEMENT IN CONNECTION WITH ITS SOLICITATION OF PROXIES FROM ITS SHAREHOLDERS WHEN IT BECOMES AVAILABLE, BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Shareholders of AMS and other interested parties may obtain, free of charge, copies of AMS' proxy statement, and any other documents filed by AMS with the SEC, at the SEC's Internet web site at [www.sec.gov](http://www.sec.gov). When available, definitive proxy statements and other documents may also be obtained by contacting AMS: Cliff Bowers, American Medical Security, P.O. Box 19032, Green Bay, WI 54307-9032. (920) 661-2766

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CAUTIONARY STATEMENT

This presentation contains certain "forward-looking" statements (within the meaning of the safe harbor provisions of the Private Securities Litigation

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Reform Act of 1995) with respect to strategic business plans, earnings and changes in business mix. Such statements are subject to inherent risks and uncertainties that may cause actual results to differ materially from those contemplated. Risk factors that may affect actual results include:

- o Inability to successfully implement the Company's business plan, attain new business sales goals, retain existing customers and maintain acceptable profit margins
- o Unexpected increases in medical costs and increased utilization of medical services and prescription drugs resulting from bioterrorism concerns or otherwise
- o Competitive practice and demand for the Company's products
- o Changes in the Company's relationship with key sales agents and the ability of the Company to expand its distribution network
- o Developments in health care reform and changes in insurance and health care regulations and other regulatory issues
- o General economic conditions affecting consumer spending and the Company's investment performance
- o Outcome of commercial and other litigation
- o Other factors referred to in the Company's reports filed with the Securities and Exchange Commission from time to time

This presentation reflects expectations of the Company as of February 4, 2002. The Company undertakes no obligation to update this information as a result of new information or future events.

Information in this presentation related to the Company's major business products is provided in addition to previously disclosed information. In this presentation, historical and forward-looking data reflecting the Company's health and life insurance segment businesses have been allocated to major business products based on the underlying customer base.

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[American Medical Security Group, Inc. Logo]

### FINANCIAL SUPPLEMENT

#### AMERICAN MEDICAL SECURITY GROUP, INC. AND SUBSIDIARIES

#### INCOME DATA

(in thousands, except earnings per share)

	2000				2001		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd
REVENUES							
Premiums	\$247,905	\$240,537	\$231,963	\$230,666	\$222,470	\$213,645	\$204,000
Investment income	4,883	4,886	4,620	4,618	4,514	4,405	4,405
Realized investment gain (loss)	-	(112)	(90)	(123)	(27)	(152)	(152)
Fees & other	4,889	5,015	5,263	4,945	5,301	5,408	5,408
Total revenues	257,677	250,326	241,756	240,106	232,258	223,306	213,306



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OPERATING COSTS							
Benefits	188,063	182,012	180,141	174,397	166,580	156,174	144,000
General and administrative	35,458	32,991	32,215	32,742	33,080	33,723	33,000
Commissions and selling	28,412	28,459	27,650	29,184	28,146	27,794	26,000
	-----	-----	-----	-----	-----	-----	-----
Total operating costs	251,933	243,462	240,006	236,323	227,806	217,691	204,000
	-----	-----	-----	-----	-----	-----	-----
EBITDA	5,744	6,864	1,750	3,783	4,452	5,615	9,000
Depreciation and amortization	2,014	2,181	2,141	2,105	2,092	2,263	2,000
Interest expense	896	883	890	915	876	744	2,000
	-----	-----	-----	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	2,834	3,800	(1,281)	763	1,484	2,608	6,000
Income taxes	1,175	1,540	95	637	774	1,142	2,000
	-----	-----	-----	-----	-----	-----	-----
INCOME BEFORE NON-RECURRING ITEMS	1,659	2,260	(1,376)	126	710	1,466	3,000
Non-recurring items, net of tax	-	-	-	-	5,850	-	2,000
	-----	-----	-----	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 1,659	\$ 2,260	\$ (1,376)	\$ 126	\$ (5,140)	\$ 1,466	\$ 3,000
	=====	=====	=====	=====	=====	=====	=====
PER SHARE DATA							
EBITDA - basic	\$ 0.37	\$ 0.45	\$ 0.12	\$ 0.26	\$ 0.31	\$ 0.40	\$ 0.60
Income before non-recurring items - diluted	\$ 0.11	\$ 0.15	\$ (0.09)	\$ 0.01	\$ 0.05	\$ 0.10	\$ 0.20
Net income (loss) - basic	\$ 0.11	\$ 0.15	\$ (0.09)	\$ 0.01	\$ (0.36)	\$ 0.10	\$ 0.20
Net income (loss) - diluted	\$ 0.11	\$ 0.15	\$ (0.09)	\$ 0.01	\$ (0.36)	\$ 0.10	\$ 0.20
Weighted average common shares - basic	15,505	15,102	14,562	14,436	14,211	14,042	13,000
Weighted average common shares - diluted	15,573	15,156	14,562	14,453	14,211	14,094	14,000
MARGIN ANALYSIS							
EBITDA	2.2%	2.7%	0.7%	1.6%	1.9%	2.5%	3.0%
Income before income taxes	1.1%	1.5%	(0.5%)	0.3%	0.6%	1.2%	1.5%
Net income (loss)	0.6%	0.9%	(0.6%)	0.1%	(2.2%)	0.7%	1.0%

AMERICAN MEDICAL SECURITY GROUP, INC. AND SUBSIDIARIES

FINANCIAL DATA

(in thousands, except membership)

	2000				2001		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr
REVENUE MIX							
Premiums:							
Health	\$232,954	\$228,437	\$222,635	\$223,696	\$216,974	\$209,124	\$200,000
Life	6,072	5,774	5,460	5,272	4,963	4,483	4,000
HMO and other	8,879	6,326	3,868	1,698	533	38	2,000

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Investment income	4,883	4,774	4,530	4,495	4,487	4,253	3
Self funded admin fees	1,354	1,341	1,376	1,385	1,403	1,345	1
Other	3,535	3,674	3,887	3,560	3,898	4,063	4
	-----	-----	-----	-----	-----	-----	-----
Total revenues	\$257,677	\$250,326	\$241,756	\$240,106	\$232,258	\$223,306	\$213
	=====	=====	=====	=====	=====	=====	=====

FINANCIAL STATISTICS

Shareholders' equity, excluding FAS 115	\$231,706	\$228,088	\$226,341	\$225,125	\$218,850	\$219,804	\$223
Goodwill and other intangibles, net	\$110,401	\$109,455	\$108,508	\$107,562	\$106,655	\$105,748	\$104
Debt	\$ 42,158	\$ 41,858	\$ 41,558	\$ 41,258	\$ 40,958	\$ 40,658	\$ 40
Book value per share	\$ 15.01	\$ 15.64	\$ 15.58	\$ 15.77	\$ 15.54	\$ 15.70	\$ 1
Tangible book value per share	\$ 7.86	\$ 8.14	\$ 8.11	\$ 8.24	\$ 7.97	\$ 8.15	\$
Debt to total capital	16.0%	16.1%	16.0%	15.7%	15.8%	15.7%	1
Common shares outstanding, net of treasury	15,432	14,579	14,530	14,271	14,085	13,997	13

MEMBERSHIP ANALYSIS

Health:

Fully insured medical	520,710	498,415	475,706	462,902	424,632	394,387	363
Self funded & HMO medical	67,364	62,160	61,958	53,954	49,768	45,490	45
Stand-alone dental	188,565	179,760	176,727	171,007	178,283	186,990	171
	-----	-----	-----	-----	-----	-----	-----
Health	776,639	740,335	714,391	687,863	652,683	626,867	580
Life/AD&D	280,893	270,600	259,000	251,779	230,426	211,547	196

AMERICAN MEDICAL SECURITY GROUP, INC. AND SUBSIDIARIES

BALANCE SHEETS

(in thousands)

	2000				
	3/31	6/30	9/30	12/31	3/3
	-----	-----	-----	-----	-----
ASSETS					
Investments:					
Securities available for sale, at fair value:					
Fixed maturities	\$281,044	\$272,192	\$269,950	\$262,428	\$261
Equity securities - preferred	2,027	2,180	2,315	2,368	2
Fixed maturity securities held to maturity,					

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at amortized cost	3,829	4,337	4,328	4,320	4
Trading securities, at fair value	-	49	127	260	
	-----	-----	-----	-----	-----
Total investments	286,900	278,758	276,720	269,376	267
Cash and cash equivalents	(2,335)	(3,531)	(6)	15,606	10
Other assets:					
Property and equipment, net	34,089	33,175	32,607	32,451	33
Goodwill and other intangibles, net	110,401	109,455	108,508	107,562	106
Other assets	54,772	47,150	47,016	46,928	46
	-----	-----	-----	-----	-----
Total other assets	199,262	189,780	188,131	186,941	186
	-----	-----	-----	-----	-----
TOTAL ASSETS	\$483,827	\$465,007	\$464,845	\$471,923	\$464
	=====	=====	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:					
Medical and other benefits payable	\$150,512	\$140,173	\$137,019	\$145,310	\$133
Advance premiums	22,835	21,449	20,780	17,568	18
Payables and accrued expenses	25,246	23,581	27,559	25,902	34
Notes payable	42,158	41,858	41,558	41,258	40
Other liabilities	21,516	20,204	19,300	20,708	19
	-----	-----	-----	-----	-----
Total liabilities	262,267	247,265	246,216	250,746	246
Shareholders' equity:					
Common stock	16,654	16,654	16,654	16,654	16
Paid-in capital	187,956	187,956	187,956	187,956	187
Retained earnings	35,286	37,546	36,169	36,295	31
Unrealized gain (loss) on investments	(10,146)	(10,346)	(7,712)	(3,948)	
Treasury stock	(8,190)	(14,068)	(14,438)	(15,780)	(16)
	-----	-----	-----	-----	-----
Total shareholders' equity	221,560	217,742	218,629	221,177	218
	-----	-----	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$483,827	\$465,007	\$464,845	\$471,923	\$464
	=====	=====	=====	=====	=====

AMERICAN MEDICAL SECURITY GROUP, INC. AND SUBSIDIARIES

SEGMENT DATA - HEALTH

(in thousands, except financial statistics)

	2000				2001		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd
OPERATING RESULTS							
Revenues:							
Premiums	\$232,954	\$228,437	\$222,635	\$223,696	\$216,974	\$209,124	\$200
Investment income	2,545	2,353	2,243	2,372	2,450	2,265	2
Other revenue	3,963	4,020	4,220	3,912	4,230	4,357	4
	-----	-----	-----	-----	-----	-----	-----
Total revenues	239,462	234,810	229,098	229,980	223,654	215,746	206

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Benefits and expenses:							
Benefits	178,505	175,569	175,529	170,908	164,197	154,981	142,500
General and administrative	33,765	31,876	31,215	31,649	31,752	32,469	32,469
Commissions and selling	26,476	26,817	26,310	27,541	27,211	26,975	25,566
Total benefits and expenses	238,746	234,262	233,054	230,098	223,160	214,425	200,535
Income (loss) before income taxes	\$ 716	\$ 548	\$ (3,956)	\$ (118)	\$ 494	\$ 1,321	\$ 5,000

FINANCIAL STATISTICS

Loss ratio	76.6%	76.9%	78.8%	76.4%	75.7%	74.1%	73.1%
Expense ratio:							
General and administrative	12.8%	12.2%	12.1%	12.4%	12.7%	13.4%	13.4%
Commissions and selling	11.4%	11.7%	11.8%	12.3%	12.5%	12.9%	12.9%
Total expense ratio	24.2%	23.9%	23.9%	24.7%	25.2%	26.3%	26.3%
Combined ratio	100.8%	100.8%	102.8%	101.1%	100.9%	100.4%	99.4%

Premiums per member per month:

Fully insured medical	\$ 131	\$ 134	\$ 137	\$ 143	\$ 146	\$ 153	\$ 153
Self funded	46	44	42	42	48	49	49
Dental	18	19	19	19	20	20	20
Short-term disability	21	17	17	16	21	21	21

Benefits cost per member per month:

Fully insured medical	\$ 101	\$ 103	\$ 109	\$ 110	\$ 112	\$ 113	\$ 113
Self funded	39	41	40	35	36	42	42
Dental	13	13	12	13	13	14	14
Short-term disability	11	10	16	21	13	11	11

\* First quarter and full-year 2001 health segment general and administrative expense excludes the pre-tax litigation charge.

AMERICAN MEDICAL SECURITY GROUP, INC. AND SUBSIDIARIES

SEGMENT DATA - LIFE

(in thousands, except financial statistics)

	2000				2001		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr
OPERATING RESULTS							
Revenues:							
Premiums	\$ 6,072	\$ 5,774	\$ 5,460	\$ 5,272	\$ 4,963	\$ 4,483	\$ 4,483
Investment income	159	157	157	165	174	162	162
Other revenue	56	58	57	46	42	40	40

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Total revenues	6,287	5,989	5,674	5,483	5,179	4,685	4
Benefits and expenses:							
Benefits	2,290	1,547	2,102	1,842	1,992	1,690	1
General and administrative	650	582	571	649	531	561	
Commissions and selling	1,107	1,070	995	957	906	836	
Total benefits and expenses	4,047	3,199	3,668	3,448	3,429	3,087	2
Income before income taxes	\$ 2,240	\$ 2,790	\$ 2,006	\$ 2,035	\$ 1,750	\$ 1,598	\$ 1

FINANCIAL STATISTICS

Loss ratio	37.7%	26.8%	38.5%	34.9%	40.1%	37.7%	3
Expense ratio:							
General and administrative	9.8%	9.1%	9.4%	11.4%	9.8%	11.7%	1
Commissions and selling	18.2%	18.5%	18.2%	18.2%	18.3%	18.6%	1
Total expense ratio	28.0%	27.6%	27.6%	29.6%	28.1%	30.3%	3
Combined ratio	65.7%	54.4%	66.1%	64.5%	68.2%	68.0%	6

AMERICAN MEDICAL SECURITY GROUP, INC. AND SUBSIDIARIES

CORPORATE AND OTHER

(in thousands)

	2000				2001		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd
OPERATING RESULTS							
Revenues:							
Premiums	\$ 8,879	\$ 6,326	\$ 3,868	\$ 1,698	\$ 533	\$ 38	\$
Investment income	2,179	2,376	2,220	2,081	1,890	1,978	1
Realized investment gain (loss)	-	(112)	(90)	(123)	(27)	(152)	
Other revenue	870	937	986	987	1,029	1,011	
Total revenues	11,928	9,527	6,984	4,643	3,425	2,875	2
Benefits and expenses:							
Benefits	7,268	4,896	2,510	1,647	391	(497)	
General and administrative	2,111	1,767	1,624	1,603	1,982	2,049	1
Commissions and selling	829	572	345	686	29	(17)	
Interest expense	896	883	890	915	876	744	
Amortization of intangibles	946	947	946	946	907	907	
Total benefits and expenses	12,050	9,065	6,315	5,797	4,185	3,186	3
Income (loss) before income taxes	\$ (122)	\$ 462	\$ 669	\$ (1,154)	\$ (760)	\$ (311)	\$ (1

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN MEDICAL SECURITY  
GROUP, INC.

Dated: February 5, 2002

/s/ Gary D. Guengerich  
Gary D. Guengerich  
Executive Vice President & Chief  
Financial Officer