



# QUARTERLY STATEMENT

As of June 30, 2002  
of the Condition and Affairs of the

## PROGRESSIVE SPECIALTY INSURANCE COMPANY

NAIC Group Code..... 155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 32786	Employer's ID Number..... 34-1172685
Organized under the Laws of OHIO Incorporated..... August 4, 1975	State of Domicile or Port of Entry OHIO	Country of Domicile US Commenced Business..... May 26, 1976
Statutory Home Office	6300 WILSON MILLS ROAD, W33 ..... MAYFIELD VILLAGE ..... OH ..... 44143-2182 <i>(Street and Number) (City or Town, State and Zip Code)</i>	
Main Administrative Office	6300 WILSON MILLS ROAD, W33 ..... MAYFIELD VILLAGE ..... OH ..... 44143-2182 440-461-5000 <i>(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)</i>	
Mail Address	6300 WILSON MILLS ROAD, W33 ..... MAYFIELD VILLAGE ..... OH ..... 44143-2182 <i>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</i>	
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33 ..... MAYFIELD VILLAGE ..... OH ..... 44143-2182 440-461-5000 <i>(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)</i>	
Internet Website Address	PROGRESSIVE.COM	
Statement Contact	ROBERT WILLIAM HEIN <i>(Name)</i> Financial_Reporting@Progressive.com <i>(E-Mail Address)</i>	440-395-4460 <i>(Area Code) (Telephone Number) (Extension)</i> 440-446-7168 <i>(Fax Number)</i>
Policyowner Relations Contact	6300 WILSON MILLS ROAD, E61 ..... MAYFIELD VILLAGE ..... OH ..... 44143-2182 <i>(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)</i>	

### POLICYHOLDER SERVICES AND CLAIMS REPORTING -- 1-800-PROGRESSIVE (1-800-776-4737)

#### OFFICERS

President ..... GLENN MORRIS RENWICK      Treasurer ..... STEPHEN DAVID PETERSON      Secretary ..... DANE ALLEN SHRALLOW

#### VICE PRESIDENTS

JEFFREY WAYNE BASCH (VICE PRESIDENT)	KATHLEEN MARY CERNY (ASST.SECRETARY)
WILLIAM THOMAS FORRESTER, II (VICE PRESIDENT)	CHARLES ELWOOD JARRETT (VICE PRESIDENT)
TIMOTHY FRANCIS KASELONIS (ASST.VICE PRESIDENT)	THOMAS ALFRED KING (VICE PRESIDENT)
JAMES LEE KUSMER (VP/ASST.TREASURER)	DANE ALLEN SHRALLOW (VICE PRESIDENT)

#### DIRECTORS OR TRUSTEES

JEFFREY WAYNE BASCH	WILLIAM THOMAS FORRESTER, II	CHARLES ELWOOD JARRETT	THOMAS ALFRED KING
MOIRA GAMBRILL LARDAKIS	GLENN MORRIS RENWICK	MICHAEL ROBERT UTH	RICHARD HENRY WATTS
ROBERT THOMAS WILLIAMS, JR.			

State of.....OHIO  
County of.....CUYAHOGA

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions and Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

_____ (Signature) GLENN MORRIS RENWICK _____ (Printed Name) President	_____ (Signature) KATHLEEN MARY CERNY _____ (Printed Name) Assistant Secretary	_____ (Signature) JAMES LEE KUSMER _____ (Printed Name) VP/Assistant Treasurer
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Subscribed and sworn to before me this  
.....day of August, 2002

## ASSETS

	Current Statement Date			4 December 31, Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	365,364,102		365,364,102	321,652,771
2. Stocks:				
2.1 Preferred stocks.....	27,077,002		27,077,002	33,523,271
2.2 Common stocks.....	55,843,082		55,843,082	45,151,759
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....1,103,545) and short-term investments (\$.....641,117).....	1,744,662		1,744,662	382,414
6. Other invested assets.....			0	
7. Receivable for securities.....			0	
8. Aggregate write-ins for invested assets.....	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	450,028,848	0	450,028,848	400,710,215
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	6,339,518	2,275,431	4,064,087	4,646,055
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	120,967,007		120,967,007	125,839,571
10.3 Accrued retrospective premiums.....			0	
11. Funds held by or deposited with reinsured companies.....			0	
12. Bills receivable, taken for premiums.....			0	
13. Amounts receivable under high deductible policies.....			0	
14. Reinsurance recoverables on loss and loss adjustment expense payments.....	63,074		63,074	52,330
15. Federal and foreign income tax recoverable and interest thereon (including \$.....27,443,294 net deferred tax asset).....	31,897,763	4,454,469	27,443,294	23,720,181
16. Guaranty funds receivable or on deposit.....			0	
17. Electronic data processing equipment and software.....			0	
18. Interest, dividends and real estate income due and accrued.....	4,114,509		4,114,509	4,137,342
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....	47,064,859		47,064,859	21,340,031
21. Amounts due from/to protected cells.....			0	
22. Equities and deposits in pools and associations.....	1,173,266		1,173,266	1,047,038
23. Amounts receivable relating to uninsured accident and health plans.....			0	
24. Other assets nonadmitted.....			0	
25. Aggregate write-ins for other than invested assets.....	15,825	15,825	0	1,715
26. Total assets excluding protected cell assets (Lines 9 through 25).....	661,664,669	6,745,725	654,918,944	581,494,478
27. Protected cell assets.....			0	
28. TOTALS (Lines 26 and 27).....	661,664,669	6,745,725	654,918,944	581,494,478

### DETAILS OF WRITE-INS

0801. ....			0	
0802. ....			0	
0803. ....			0	
0898. Summary of remaining write-ins for Line 8 from overflow page.....	0	0	0	0
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above).....	0	0	0	0
2501. PREPAID EXPENSES.....	10,481	10,481	0	
2502. MISCELLANEOUS OTHER ASSETS.....	5,344	5,344	0	1,715
2503. ....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	15,825	15,825	0	1,715

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$....64,663,438).....	172,744,025	162,857,047
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	39,422,042	36,655,085
4. Commissions payable, contingent commissions and other similar charges.....	637,959	845,437
5. Other expenses (excluding taxes, licenses and fees).....	16,974,549	11,816,191
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	2,852,333	3,458,962
7. Federal and foreign income taxes (including \$.....0 on realized capital gains (losses) (including \$.....0 net deferred tax liability).....)		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$...209,682,201 and including warranty reserves of \$.....0).....	201,549,846	172,614,133
10. Advance premium.....	6,508,183	5,189,008
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	53,076	68,947
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....	6,256	3,344
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....	56,926	115,200
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	25,970,886	25,827,300
19. Payable to parent, subsidiaries and affiliates.....	13,663,528	
20. Payable for securities.....		
21. Liability for amounts held under uninsured accident and health plans.....		
22. Capital notes \$.... and interest thereon \$.....		
23. Aggregate write-ins for liabilities.....	374,570	609,701
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	480,814,179	420,060,355
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	480,814,179	420,060,355
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,500,000	3,500,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	52,633,331	52,633,331
33. Unassigned funds (surplus).....	117,971,434	105,300,792
34. Less treasury stock, at cost:		
34.1 .....0.000 shares common (value included in Line 28 \$.....0).....		
34.2 .....0.000 shares preferred (value included in Line 29 \$.....0).....		
35. Surplus as regards policyholders (Lines 27 to 33, less 34).....	174,104,765	161,434,123
36. TOTALS.....	654,918,944	581,494,478

### DETAILS OF WRITE-INS

2301. UNEARNED FEE RESERVE.....	184,530	149,893
2302. ESCHEATABLE PROPERTY.....	141,419	272,942
2303. OTHER LIABILITIES.....	48,621	186,866
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	374,570	609,701
2701. ....		
2702. ....		
2703. ....		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001. ....		
3002. ....		
3003. ....		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

**STATEMENT OF INCOME**

	1 Current Year to Date	2 Previous Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct..... (written \$.....297,944,760).....	294,924,850	252,380,377	529,574,080
1.2 Assumed..... (written \$.....295,871,001).....	266,936,121	223,939,328	466,582,485
1.3 Ceded..... (written \$.....297,944,760).....	294,924,850	252,380,377	529,574,080
1.4 Net..... (written \$.....295,871,001).....	266,936,121	223,939,328	466,582,485
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....149,187,598):			
2.1 Direct.....	171,427,835	152,109,463	316,017,420
2.2 Assumed.....	151,218,968	136,577,292	277,032,352
2.3 Ceded.....	171,427,835	152,109,463	316,017,420
2.4 Net.....	151,218,968	136,577,292	277,032,352
3. Loss expenses incurred.....	35,583,668	33,275,470	66,562,379
4. Other underwriting expenses incurred.....	64,365,454	50,893,455	106,558,485
5. Aggregate write-ins for underwriting deductions.....	11,073	0	0
6. Total underwriting deductions (Lines 2 through 5).....	251,179,163	220,746,217	450,153,216
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	15,756,958	3,193,111	16,429,269
<b>INVESTMENT INCOME</b>			
9. Net investment income earned.....	12,037,655	11,773,736	24,246,908
10. Net realized capital gains (losses).....	(1,201,533)	6,383,744	6,899,600
11. Net investment gain (loss) (Lines 9 + 10).....	10,836,122	18,157,480	31,146,508
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....210,974 amount charged off \$.....2,999,216).....	(2,788,242)	(2,980,950)	(5,937,646)
13. Finance and service charges not included in premiums.....	7,232,950	7,548,039	14,947,807
14. Aggregate write-ins for miscellaneous income.....	618,834	708,217	1,307,045
15. Total other income (Lines 12 through 14).....	5,063,542	5,275,306	10,317,206
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	31,656,622	26,625,897	57,892,983
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	31,656,622	26,625,897	57,892,983
19. Federal and foreign income taxes incurred.....	14,349,537	9,837,980	19,662,526
20. Net income (Line 18 minus Line 19) (to Line 22).....	17,307,085	16,787,917	38,230,457
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 previous year.....	161,434,123	160,198,039	160,198,039
<b>GAINS AND (LOSSES) IN SURPLUS</b>			
22. Net income (from Line 20).....	17,307,085	16,787,917	38,230,457
23. Net unrealized capital gains or losses.....	(5,693,464)	55,645	1,882,763
24. Change in net unrealized foreign exchange capital gain (loss).....			
25. Change in net deferred income taxes.....	4,729,557	2,073,777	(455,262)
26. Change in nonadmitted assets.....	(3,730,810)	(330,857)	1,373,036
27. Change in provision for reinsurance.....	58,274	42,981	146,800
28. Change in surplus notes.....			
29. Surplus (contributed to) withdrawn from protected cells.....			
30. Cumulative effect of changes in accounting principles.....		23,058,290	23,058,290
31. Capital changes:			
31.1 Paid in.....			
31.2 Transferred from surplus (Stock Dividend).....			
31.3 Transferred to surplus.....			
32. Surplus adjustments:			
32.1 Paid in.....			
32.2 Transferred to capital (Stock Dividend).....			
32.3 Transferred from capital.....			
33. Net remittances from or (to) Home Office.....			
34. Dividends to stockholders.....			(63,000,000)
35. Change in treasury stock.....			
36. Aggregate write-ins for gains and losses in surplus.....	0	0	0
37. Change in surplus as regards policyholders (Lines 22 through 36).....	12,670,642	41,687,753	1,236,084
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37).....	174,104,765	201,885,792	161,434,123

**DETAILS OF WRITE-INS**

0501. 2002 PRIVATE PASSENGER AUTO ESCROW.....	11,073		
0502. ....			
0503. ....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	11,073	0	0
1401. INTEREST INCOME ON INTERCOMPANY BALANCES.....	280,415	531,850	894,914
1402. SERVICE BUSINESS REVENUE.....	234,172	141,056	323,791
1403. MISCELLANEOUS INCOME.....	104,247	35,311	88,340
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	618,834	708,217	1,307,045
3601. ....			
3602. ....			
3603. ....			
3698. Summary of remaining write-ins for Line 36 from overflow page.....	0	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above).....	0	0	0

**CASH FLOW**

	1 Current Year to Date	2 Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	301,829,468	472,802,917
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	174,015,859	319,146,512
3. Underwriting expenses paid.....	60,021,203	103,206,850
4. Other underwriting income (expenses).....	(11,073)	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	67,781,333	50,449,555
6. Net investment income.....	14,673,922	29,369,533
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(3,006,953)	(6,025,622)
7.2 Net funds held under reinsurance treaties.....		
7.3 Net amount withheld or retained for account of others.....	2,912	1,695
7.4 Aggregate write-ins for miscellaneous items.....	7,725,556	16,199,995
7.5 Total other income (Lines 7.1 to 7.4).....	4,721,515	10,176,068
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....	(14,349,537)	(19,662,526)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	72,827,233	70,332,630
<b>CASH FROM INVESTMENTS</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	137,931,895	279,698,052
11.2 Stocks.....	7,154,362	75,043,342
11.3 Mortgage loans.....		
11.4 Real estate.....		
11.5 Other invested assets.....		
11.6 Net gains or (losses) on cash and short-term investments.....		
11.7 Miscellaneous proceeds.....		241,767
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	145,086,257	354,983,161
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	185,393,393	301,576,480
12.2 Stocks.....	20,223,391	49,901,819
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Miscellaneous applications.....		
12.7 Total investments acquired (Lines 12.1 to 12.6).....	205,616,784	351,478,299
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(60,530,527)	3,504,862
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....		
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....	13,663,528	
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	1,361,975	1,700,782
14.6 Total (Lines 14.1 to 14.5).....	15,025,503	1,700,782
15. Cash applied:		
15.1 Dividends to stockholders paid.....		63,000,000
15.2 Net transfers to affiliates.....	25,724,828	12,719,643
15.3 Borrowed funds repaid.....		
15.4 Other applications.....	235,133	40,334
15.5 Total (Lines 15.1 to 15.4).....	25,959,961	75,759,977
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	(10,934,458)	(74,059,195)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16).....	1,362,248	(221,703)
18. Cash and short-term investments:		
18.1 Beginning of year.....	382,414	604,117
18.2 End of period (Line 17 plus Line 18.1).....	1,744,662	382,414
<b>DETAILS OF WRITE-INS</b>		
07.401 FINANCE & SERVICE CHARGES NOT INCLUDED IN PREMIUMS.....	7,232,950	14,947,807
07.402 INTEREST INCOME ON INTERCOMPANY BALANCES.....	280,415	894,914
07.403 SERVICE BUSINESS REVENUE.....	234,172	323,791
07.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	(21,981)	33,483
07.499 Total (Lines 7.401 to 7.403 plus 7.498) (Line 7.4 above).....	7,725,556	16,199,995

# PROGRESSIVE SPECIALTY INSURANCE COMPANY

## NOTES TO FINANCIAL STATEMENTS

## 9. Income Taxes

## A. Current Tax

The significant components of the provision for Federal income tax are as follows:

Description	2002	2001
Current income tax expense	\$ 14,349,537	\$ 20,530,896
Audit adjustment : 1997-98 IRS examination	--	(174,656)
Prior year underaccrual (overaccrual)	--	(693,714)
Current income taxes incurred	\$ 14,349,537	\$ 19,662,526

## B. Operating Loss and Tax Credit Carryforwards

- 1) The Company has no operating loss or tax credit carryforwards available.
- 2) The amount of Federal income taxes incurred and available for recoupment by the Company in the event of future net losses is equal to approximately \$14,349,537 for the current tax year and \$18,659,451 for the first preceding year. The amounts that can be recouped may be subject to the alternative minimum tax rules, and therefore may be limited.

## C. Consolidated Federal Income Tax Return

- 1) The Company's Federal income tax return is consolidated with The Progressive Corporation ("TPC"), a publicly traded holding company incorporated in Ohio, and all of its wholly-owned United States subsidiaries (the "Group") as detailed in Schedule Y, Part 1.
- 2) The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and the Company. The allocation is based upon separate tax return calculations with current credit for net losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled monthly.

## 17. Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

## A. Transfers of Receivables Reported as Sales

Not applicable

## B. Transfer and Servicing of Financial Assets

Not applicable

## C. Wash Sales

The Company had no wash sales of securities with a NAIC rating of 3 or below during the year.

## 32. Agents' Balances Certification, Florida Statute 625.012(5):

The Company reported net admitted premiums and agents' balances in course of collection of \$4,064,087 at June 30, 2002. Of this amount there were no premiums due from a controlled or controlling person.

## GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [ ] No [X]

1.2 If yes, explain:..... \_\_\_\_\_

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

2.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

3.2 If yes, date of change: .....  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]  
If yes, attach an organizational chart.

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [ ] No [X] N/A [ ]

If yes, attach an explanation.  
\_\_\_\_\_  
\_\_\_\_\_

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .....12/31/1997.....

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .....12/31/1997.....

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .....01/06/2000.....

7.4 By what department or departments?..... OHIO

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [ ] No [X]

8.2 If yes, give full information:  
\_\_\_\_\_

## GENERAL INTERROGATORIES (continued)

### INVESTMENT

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

9.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [ ] No [X]

9.2 If yes, explain:..... \_\_\_\_\_

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [X]

10.2 If yes, give full and complete information relating thereto:

11. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....

12. Amount of real estate and mortgages held in short-term investments: \$.....

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [X]

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds.....	\$.....0	\$.....0
13.22 Preferred Stock.....	\$.....0	\$.....0
13.23 Common Stock.....	\$.....0	\$.....0
13.24 Short-Term Investments.....	\$.....0	\$.....0
13.25 Mortgages, Loans or Real Estate.....	\$.....0	\$.....0
13.26 All Other.....	\$.....0	\$.....0
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26).....	\$.....0	\$.....0
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above .....	\$.....0	\$.....0
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above.....	\$.....0	\$.....0

14.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]  
If no, attach a description with this statement.

15. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

15.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
STATE STREET	801 PENNSYLVANIA AVENUE KANSAS CITY, MO 64105

15.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

15.3 Have there been any changes, including name changes, in the custodian(s) identified in 15.1 during the current year? Yes [ ] No [X]

15.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

15.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
30107	STATE STREET GLOBAL MARKETS, LLC	225 FRANKLIN STREET BOSTON, MA 02110

**PROGRESSIVE SPECIALTY INSURANCE COMPANY**  
**GENERAL INTERROGATORIES (continued)**  
**PART 2**  
**PROPERTY & CASUALTY INTERROGATORIES**

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [ ] No [X] N/A [ ]  
 If yes, attach an explanation.

---

2. Has the reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [ ] No [X]  
 If yes, attach an explanation.

---

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [X]

3.2 If yes, give full and complete information thereto:

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4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see annual statement instructions pertaining to disclosure of discounting for definition of "tabular reserves") discounted at a rate of interest greater than zero? Yes [ ] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Disc. Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total
.....	.....	.....	.....	.....	.....	.....0	.....	.....	.....	.....0
Total.....	.....XXX.....	.....XXX.....	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

Statement as of June 30, 2002 of the **PROGRESSIVE SPECIALTY INSURANCE COMPANY**  
**SCHEDULE A - VERIFICATION**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period.....	.....0	.....0	.....0	.....
2. Increase (decrease) by adjustment.....				
3. Cost of acquired.....				
4. Cost of additions to and permanent improvements.....				
5. Total profit (loss) on sales.....				
6. Increase (decrease) by foreign exchange adjustment.....				
7. Amount received on sales.....				
8. Book/adjusted carrying value at end of current period.....	.....0	.....0	.....0	.....0
9. Total valuation allowance.....				
10. Subtotal (Lines 8 plus 9).....	.....0	.....0	.....0	.....0
11. Total nonadmitted amounts.....				
12. Statement value, current period (Page 2, real estate lines, current period).....	.....0	.....0	.....0	.....0

**NONE**

**SCHEDULE B - VERIFICATION**

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period.....	.....0	.....0	.....0	.....
2. Amount loaned during period:				
2.1 Actual cost at time of acquisitions.....				
2.2 Additional investment made after acquisitions.....				
3. Accrual of discount and mortgage interest points and commitment fees.....				
4. Increase (decrease) by adjustment.....				
5. Total profit (loss) on sale.....				
6. Amounts paid on account or in full during the period.....				
7. Amortization of premium.....				
8. Increase (decrease) by foreign exchange adjustment.....				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period.....	.....0	.....0	.....0	.....0
10. Total valuation allowance.....				
11. Subtotal (Lines 9 plus 10).....	.....0	.....0	.....0	.....0
12. Total nonadmitted amounts.....				
13. Statement value of mortgages owned at end of current period.....	.....0	.....0	.....0	.....0

**NONE**

**SCHEDULE BA - VERIFICATION**  
Other Invested Assets Included in Schedule BA

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period.....	.....0	.....0	.....0	.....
2. Cost of acquisitions during period:				
2.1 Actual cost at time of acquisitions.....				
2.2 Additional investment made after acquisitions.....				
3. Accrual of discount.....				
4. Increase (decrease) by adjustment.....				
5. Total profit (loss) on sale.....				
6. Amounts paid on account or in full during the period.....				
7. Amortization of premium.....				
8. Increase (decrease) by foreign exchange adjustment.....				
9. Book/adjusted carrying value of long-term invested assets at end of current period.....	.....0	.....0	.....0	.....0
10. Total valuation allowance.....				
11. Subtotal (Lines 9 plus 10).....	.....0	.....0	.....0	.....0
12. Total nonadmitted amounts.....				
13. Statement value of long-term invested assets at end of current period.....	.....0	.....0	.....0	.....0

**NONE**

## SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Statement Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Statement Value End of First Quarter	Statement Value End of Second Quarter	Statement Value End of Third Quarter	Statement Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1.....	271,950,189	127,977,364	107,629,704	(395,731)	271,950,189	291,902,118		240,833,690
2. Class 2.....	73,602,035	12,849,895	12,293,111	(7,627,073)	73,602,035	66,531,746		81,097,950
3. Class 3.....				7,571,355		7,571,355		
4. Class 4.....								
5. Class 5.....								
6. Class 6.....								
7. Total Bonds.....	345,552,224	140,827,259	119,922,815	(451,449)	345,552,224	366,005,219	0	321,931,640
<b>PREFERRED STOCK</b>								
8. Class 1.....	23,151,884		6,551,615	(152,394)	23,151,884	16,447,875		23,120,880
9. Class 2.....	10,454,122			175,005	10,454,122	10,629,127		10,402,391
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	33,606,006	0	6,551,615	22,611	33,606,006	27,077,002	0	33,523,271
15. Total Bonds and Preferred Stock.....	379,158,230	140,827,259	126,474,430	(428,838)	379,158,230	393,082,221	0	355,454,911

## SCHEDULE DA - PART 1

### Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999. Totals.....	641,117	XXX	641,117		

## SCHEDULE DA - PART 2 - Verification

### Short-Term Investments Owned

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period.....	278,869	99,387	0	
2. Cost of short-term investments acquired.....	87,214	20,121,317		1,440,947
3. Increase (decrease) by adjustment.....				
4. Increase (decrease) by foreign exchange adjustment.....				
5. Total profit (loss) on disposal of short-term investments.....				
6. Consideration received on disposal of short-term investments.....	266,696	19,579,587		1,162,078
7. Book/adjusted carrying value, current period.....	99,387	641,117	0	278,869
8. Total valuation allowance.....				
9. Subtotal (Lines 7 plus 8).....	99,387	641,117	0	278,869
10. Total nonadmitted amounts.....				
11. Statement value (Lines 9 minus 10).....	99,387	641,117	0	278,869
12. Income collected during period.....	2,311	2,066		51,107
13. Income earned during period.....	1,879	2,066		50,673

**Sch. DB-Part F-Section 1  
NONE**

**Sch. DB-Part F-Section 2  
NONE**

**Sch. F  
NONE**

## SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

	1 Is Insurer Licensed? (Yes or No)	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	YES	96,404,218	90,337,886	46,960,302	47,926,385	45,986,768	39,169,120
2. Alaska.....AK	YES	4,077,814	4,403,686	3,084,401	2,975,763	6,103,804	8,042,486
3. Arizona.....AZ	YES		(258)	(5,359)	21,367	27,560	120,350
4. Arkansas.....AR	YES	967,482	1,371,628	843,091	1,329,541	644,759	762,682
5. California.....CA	YES	(1,037)	36	(3,084)	1,584		(39)
6. Colorado.....CO	YES	22,000,020	20,045,518	14,297,859	17,728,437	20,640,941	18,042,900
7. Connecticut.....CT	YES						
8. Delaware.....DE	YES						
9. District of Columbia.....DC	YES	423,861		51,141		93,539	
10. Florida.....FL	YES	33	405	146,706	618,977	602,563	875,160
11. Georgia.....GA	YES	(760)	34,601	11,726		992	12,117
12. Hawaii.....HI	YES	1,857,656	1,109,148	533,249	291,327	742,176	372,491
13. Idaho.....ID	YES						2
14. Illinois.....IL	YES	10,877,176	2,139,975	3,812,095	835,581	2,725,526	723,027
15. Indiana.....IN	YES	24,899,587	42,202,641	19,729,597	17,998,211	18,655,187	11,356,200
16. Iowa.....IA	YES	2,109,068	1,019,923	1,023,970	221,321	628,654	110,838
17. Kansas.....KS	YES	195	310	(169)	(185)	43	797
18. Kentucky.....KY	YES	5,123,169	6,987,533	3,784,254	3,302,351	5,583,666	3,990,152
19. Louisiana.....LA	NO			9,650	27,748		12,206
20. Maine.....ME	YES						
21. Maryland.....MD	YES						
22. Massachusetts.....MA	NO						
23. Michigan.....MI	YES	10,327	12,608			5,262	1,082
24. Minnesota.....MN	YES	30,484,970	22,378,847	12,406,592	11,864,516	13,498,144	12,461,356
25. Mississippi.....MS	YES						
26. Missouri.....MO	YES	7,014,797	7,518,031	3,787,975	5,751,852	3,413,229	3,489,093
27. Montana.....MT	YES	2,918,858	1,977,711	1,117,172	1,240,344	1,396,088	691,665
28. Nebraska.....NE	YES						
29. Nevada.....NV	YES	10,541,727	12,368,451	7,127,421	7,415,476	8,066,492	10,984,976
30. New Hampshire.....NH	NO						
31. New Jersey.....NJ	YES						
32. New Mexico.....NM	YES	5,013,836	5,089,668	3,130,852	3,933,501	3,214,544	3,413,792
33. New York.....NY	YES	1,243,444	1,084,606	338,845	649,192	1,470,382	2,130,407
34. North Carolina.....NC	NO						
35. North Dakota.....ND	YES						
36. Ohio.....OH	YES	19,726,286	1,404,790	5,577,230	54,792	4,610,694	467,722
37. Oklahoma.....OK	YES	8,234,733	1,489,187	3,759,623	487,500	2,204,293	345,638
38. Oregon.....OR	YES	545,506	762,309	394,777	755,940	710,871	436,686
39. Pennsylvania.....PA	YES						
40. Rhode Island.....RI	YES						
41. South Carolina.....SC	YES	6,003,014	7,217,752	3,699,278	2,977,595	4,077,989	3,723,165
42. South Dakota.....SD	YES	3,218,599	2,248,507	1,395,722	1,161,622	1,900,746	1,312,319
43. Tennessee.....TN	YES	1,238	(83,070)	160,990	829,560	585,819	1,141,103
44. Texas.....TX	YES						
45. Utah.....UT	YES	2,884,709	3,375,695	1,609,626	1,774,749	2,235,754	2,010,191
46. Vermont.....VT	YES	7,708,175	6,936,992	3,672,711	3,575,875	6,614,170	5,369,137
47. Virginia.....VA	YES	19,166,303	14,459,674	10,026,710	6,477,034	8,560,711	6,379,874
48. Washington.....WA	YES	4,489,756	4,514,586	4,114,695	3,796,758	4,678,376	5,411,292
49. West Virginia.....WV	YES						
50. Wisconsin.....WI	YES						
51. Wyoming.....WY	NO						
52. American Samoa.....AS	NO						
53. Guam.....GU	NO						
54. Puerto Rico.....PR	NO						
55. US Virgin Islands.....VI	NO						
56. Canada.....CN	NO						
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0
58. Totals.....	(a) 46	297,944,760	262,409,376	156,599,648	146,024,714	169,679,742	143,359,987

**DETAILS OF WRITE-INS**

5701.....	XXX						
5702.....	XXX						
5703.....	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page...	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above).....	XXX	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

PART 1 – ORGANIZATIONAL CHART

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**NONE**

**PART 1 - LOSS EXPERIENCE**

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.0	
2. Allied lines.....			0.0	
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....			0.0	
5. Commercial multiple peril.....			0.0	
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....	1,650,733	723,168	43.8	52.2
10. Financial guaranty.....			0.0	
11.1. Medical malpractice-occurrence.....			0.0	
11.2. Medical malpractice-claims made.....			0.0	
12. Earthquake.....			0.0	
13. Group accident and health.....			0.0	
14. Credit accident and health.....			0.0	
15. Other accident and health.....			0.0	
16. Workers' compensation.....			0.0	
17.1. Other liability-occurrence.....	792,264	100,145	12.6	7.4
17.2. Other liability-claims made.....			0.0	
18.1. Products liability-occurrence.....			0.0	
18.2. Products liability-claims made.....			0.0	
19.1, 19.2 Private passenger auto liability.....	165,289,321	101,341,547	61.3	61.0
19.3, 19.4 Commercial auto liability.....	11,335,538	6,917,859	61.0	71.6
21. Auto physical damage.....	115,856,994	62,345,116	53.8	58.9
22. Aircraft (all perils).....			0.0	
23. Fidelity.....			0.0	
24. Surety.....			0.0	
26. Burglary and theft.....			0.0	
27. Boiler and machinery.....			0.0	
28. Credit.....			0.0	
29. International.....			0.0	
30. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
31. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business.....	0	0	0.0	0.0
34. Totals.....	294,924,850	171,427,835	58.1	60.3
<b>DETAILS OF WRITE-INS</b>				
3301.....			0.0	
3302.....			0.0	
3303.....			0.0	
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0.0	0.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	0	0	0.0	0.0

**PART 2 - DIRECT PREMIUMS WRITTEN**

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....	1,743,974	2,372,042	1,857,002
10. Financial guaranty.....			
11.1. Medical malpractice-occurrence.....			
11.2. Medical malpractice-claims made.....			
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1. Other liability-occurrence.....	861,871	1,126,136	848,927
17.2. Other liability-claims made.....			
18.1. Products liability-occurrence.....			
18.2. Products liability-claims made.....			
19.1, 19.2 Private passenger auto liability.....	82,814,868	165,713,177	148,128,131
19.3, 19.4 Commercial auto liability.....	7,246,270	13,437,914	9,037,800
21. Auto physical damage.....	56,905,224	115,295,492	102,537,516
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
31. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
33. Aggregate write-ins for other lines of business.....	0	0	0
34. Totals.....	149,572,207	297,944,761	262,409,376
<b>DETAILS OF WRITE-INS</b>			
3301.....			
3302.....			
3303.....			
3398. Sum. of remaining write-ins for Line 33 from overflow page.....	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33).....	0	0	0

**PART 3 (000 omitted)**

**LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE**

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (a) (Cols. 1 + 2)	2002 Loss and LAE Payments on Claims Reported as of Prior Year-End	2002 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2002 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (b) (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserves Developed (Savings)/Deficiency (c) (Cols. 11 + 12)
1. 1999 + Prior	28,208	6,401	34,609	9,857	939	10,796	18,217	1,996	4,215	24,428	(134)	749	615
2. 2000	38,851	9,176	48,027	13,525	490	14,015	26,266	3,306	5,803	35,375	940	423	1,363
3. Subtotals 2000 + Prior	67,059	15,577	82,636	23,382	1,429	24,811	44,483	5,302	10,018	59,803	806	1,172	1,978
4. 2001	88,269	28,608	116,877	35,832	6,769	42,601	47,265	9,641	15,603	72,509	(5,172)	3,405	(1,767)
5. Subtotals 2001 + Prior	155,328	44,185	199,513	59,214	8,198	67,412	91,748	14,943	25,621	132,312	(4,366)	4,577	211
6. 2002	XXX	XXX	XXX	XXX	106,736	106,736	XXX	57,667	22,187	79,854	XXX	XXX	XXX
7. Totals	155,328	44,185	199,513	59,214	114,934	174,148	91,748	72,610	47,808	212,166	(4,366)	4,577	211
8. Prior Year-End's Surplus As Regards Policyholders	161,434										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. (2.8)%	2. 10.4 %	3. 0.1 %
													Col. 13, Line 7 Line 8
													4. 0.1 %

19

(a) Should equal prior year-end Annual Statement; Page 3, Col. 1, Lines 1 + 3.  
 (b) Should equal Q.S. Page 3, Col.1, Lines 1 and 3.  
 (c) Should also equal Cols. 6 + 10 less Col. 3 for Lines 1 through 5 only.

# PROGRESSIVE SPECIALTY INSURANCE COMPANY SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

**RESPONSE**

1. Will the SVO Compliance Certification be filed with this statement?

YES

2. Will the Trusteed Surplus Statement be filed with the State of Domicile and the NAIC with this statement?

NO

3. Will Supplement A to Schedule T (Medical Malpractice Supplement) be filed with this statement?

NO

**EXPLANATIONS:**

**BAR CODE:**



**Overflow Page for Write-Ins**

**Additional Write-ins for Cash Flow:**

	1 Current Year to Date	2 Prior Year Ended December 31
07.404 MISCELLANEOUS INCOME.....	104,247	88,340
07.405 EQUITY IN POOLS AND ASSOCIATIONS.....	(126,228)	(54,857)
07.497 Summary of remaining write-ins for Line 7.4 from Cash Flow.....	(21,981)	33,483

**Sch. A-Part 2**  
**NONE**

**Sch. A-Part 3**  
**NONE**

**Sch. B-Part 1**  
**NONE**

**Sch. B-Part 2**  
**NONE**

**Sch. BA-Part 1**  
**NONE**

**Sch. BA-Part 2**  
**NONE**

## SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends	9 NAIC Designation (a)
<b>Bonds - U.S. Government</b>								
912827-6T-4	U.S. TREASURY NOTE 5.000 02 2011	05/17/2002	GOLDMAN SACHS		1,474,980	1,500,000	19,475	1PE
912827-7F-3	U.S. TREASURY NOTE 3.500 11 2006	04/26/2002	MERRILL LYNCH		3,371,484	3,500,000	55,836	1
0399999	Total - Bonds - U.S. Government				4,846,464	5,000,000	75,311	XXX
<b>Bonds - States, Territories and Possessions</b>								
<b>Illinois</b>								
452150-7W-9	ILLINOIS ST REF-FIRST SE 5.500 04 2012	04/10/2002	MORGAN STANLEY		5,917,346	5,495,000	20,148	1PE
	Illinois				5,917,346	5,495,000	20,148	XXX
	United States				5,917,346	5,495,000	20,148	XXX
1799999	Total - Bonds - States, Territories & Possessions				5,917,346	5,495,000	20,148	XXX
<b>Bonds - Political Subdivisions of States</b>								
<b>New York</b>								
649785A@1	STATE OF NY ACCEPTANCE C 5.273 07 2002	06/01/2002	BNY CAPITAL MARKETS		32,978	32,978		1
649785B@0	STATE OF NY ACCEPTANCE C 5.38 07 2002	06/01/2002	BNY CAPITAL MARKETS		36,218	36,218		1
	New York				69,196	69,196	0	XXX
	United States				69,196	69,196	0	XXX
2499999	Total - Bonds - Political Subdivision				69,196	69,196	0	XXX
<b>Bonds - Industrial and Miscellaneous</b>								
<b>United States</b>								
071813-AS-8	BAXTER INTL INC 5.250 05 2007	04/23/2002	DEUTSCHE BANK		9,950,800	10,000,000		1
22540V-P2-2	CS FIRST BOSTON MTG SEC 6.133203K2012	05/02/2002	CREDIT SUISSE FIRST BOSTON		7,035,000	7,000,000	22,658	1PE
22540V-G6-3	CS FIRST BOSTON MTG SEC 7.000A03 2032	04/02/2002	CREDIT SUISSE FIRST BOSTON		4,009,266	3,954,277	22,298	1PE
31392B-QU-3	FANNIE MAE FNR 2001-81 A 6.000 02 2028	04/09/2002	GOLDMAN SACHS		8,195,864	8,181,801	15,000	1PE
345397-TY-9	FORD MOTOR CREDIT 7.250 10 2011	06/26/2002	GOLDMAN SACHS		7,050,750	7,000,000	93,042	2
3133TR-SG-1	FREDDIE MAC 2297 AB 6.000 11 2028	04/09/2002	MERRILL LYNCH		8,074,803	8,026,830	14,716	1PE
36962G-YZ-1	GENERAL ELECTRIC CAP CRP 5.000 06 2007	05/31/2002	CREDIT SUISSE FIRST BOSTON		10,943,460	11,000,000		1PE
36229R-EM-7	GSR MORTGAGE LOAN TRUST 5.472 01 2032	06/19/2002	GOLDMAN SACHS		2,512,550	2,500,000	9,880	1PE
73755L-AA-5	POTASH CORP OF SASKATCHE 7.125 06 2007	04/18/2002	UNION BANK SWITZERLAND		5,799,145	5,500,000	139,333	2PE
83081X-AA-3	SKY FINANCIAL MEDICAL LO 5.398007-2018	05/09/2002	RED CAPITAL		5,000,000	5,000,000		1PE
94975C-AK-3	WELLS FARGO COMPANY 4.875 06 2007	06/06/2002	SALOMON SMITH BARNEY		9,044,308	9,100,000		1PE
	United States				77,615,946	77,262,908	316,927	XXX
4599999	Total - Bonds - Industrial & Miscellaneous				77,615,946	77,262,908	316,927	XXX
6099997	Total - Bonds - Part 3				88,448,952	87,827,104	412,386	XXX
6099998	Total - Bonds - Summary Item for Bonds Bought and Sold This Quarter				32,256,990	32,800,000	258,237	XXX
6099999	Total - Bonds				120,705,942	120,627,104	670,623	XXX
<b>Common Stocks - Public Utilities</b>								
<b>United States</b>								
25746U-10-9	DOMINION RESOURCES INC/V	06/11/2002	STATE STREET BANK	7,000,000	447,359			L
	United States				447,359	XXX	0	XXX
6699999	Total - Common Stocks - Public Utilities				447,359	XXX	0	XXX
<b>Common Stocks - Banks, Trust and Insurance Companies</b>								
<b>United States</b>								
46625H-10-0	JP MORGAN CHASE & CO	06/11/2002	STATE STREET BANK	34,100,000	1,136,403			L
570535-10-4	MARKEL CORP	06/11/2002	STATE STREET BANK	1,800,000	378,721			L
571834-10-0	MARSHALL & ILSLEY CORP	06/17/2002	STOCK SPLIT	10,000,000				L
665859-10-4	NORTHERN TRUST CORP	06/11/2002	STATE STREET BANK	6,600,000	313,695			L
792860-10-8	ST. PAUL COMPANIES	06/11/2002	STATE STREET BANK	11,700,000	466,373			L
867914-10-3	SUNTRUST BANKS INC	06/11/2002	STATE STREET BANK	17,300,000	1,161,912			L
949746-10-1	WELLS FARGO COMPANY	06/11/2002	STATE STREET BANK	33,900,000	1,692,494			L
	United States				5,149,598	XXX	0	XXX
6799999	Total - Common Stocks - Banks, Trust & Ins. Cos				5,149,598	XXX	0	XXX
<b>Common Stocks - Industrial and Miscellaneous</b>								
<b>United States</b>								

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### SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends	9 NAIC Designation (a)
191216-10-0.....	COCA-COLA COMPANY (THE).....	06/11/2002.....	STATE STREET BANK.....	45,000.000	2,430,000			L.....
30231G-10-2.....	EXXON MOBILE CORP.....	06/11/2002.....	STATE STREET BANK.....	20,000.000	791,310			L.....
31428X-10-6.....	FEDEX CORP.....	06/11/2002.....	STATE STREET BANK.....	9,500.000	535,184			L.....
589331-10-7.....	MERCK & CO INC COMMON.....	06/11/2002.....	STATE STREET BANK.....	40,000.000	2,086,104			L.....
608190-10-4.....	MOHAWK INDUSTRIES INC.....	06/11/2002.....	STATE STREET BANK.....	9,900.000	637,389			L.....
654106-10-3.....	NIKE INC.....	06/11/2002.....	STATE STREET BANK.....	11,700.000	589,680			L.....
681919-10-6.....	OMNICOM GROUP.....	06/11/2002.....	STATE STREET BANK.....	9,100.000	708,320			L.....
704379-10-6.....	PAYLESS SHOESOURCE INC.....	06/11/2002.....	STATE STREET BANK.....	8,100.000	458,954			L.....
78387G-10-3.....	SBC COMMUNICATIONS INC.....	06/11/2002.....	STATE STREET BANK.....	10,400.000	335,256			L.....
87612E-10-6.....	TARGET CORP.....	06/11/2002.....	STATE STREET BANK.....	18,300.000	726,058			L.....
879868-10-7.....	TEMPLE-INLAND INC.....	06/11/2002.....	STATE STREET BANK.....	10,400.000	589,576			L.....
89579K-10-9.....	TRIAD HOSPITALS INC.....	06/11/2002.....	STATE STREET BANK.....	7,800.000	360,020			L.....
925524-30-8.....	VIACOM INC-CL B.....	06/11/2002.....	STATE STREET BANK.....	30,000.000	1,485,300			L.....
942683-10-3.....	WATSON PHARMACEUTICALS I.....	06/11/2002.....	STATE STREET BANK.....	16,300.000	409,057			L.....
G95089-10-1.....	WEATHERFORD INTERNATIONA.....	06/11/2002.....	STATE STREET BANK.....	23,000.000	1,044,409			L.....
983024-10-0.....	WYETH.....	06/11/2002.....	STATE STREET BANK.....	22,300.000	1,173,121			L.....
	United States.....				14,359,738	XXX	0	XXX
6899999	Total - Common Stocks - Industrial & Miscellaneous.....				14,359,738	XXX	0	XXX
7099997	Total - Common Stocks - Part 3.....				19,956,695	XXX	0	XXX
7099999	Total - Common Stocks.....				19,956,695	XXX	0	XXX
7199999	Total - Preferred and Common Stocks.....				19,956,695	XXX	0	XXX
7299999	Total - Bonds, Preferred and Common Stocks.....				140,662,637	XXX	670,623	XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues:.....0.

E04.1

## SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarte

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value At Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designation (a)
<b>Bonds - U.S. Government</b>																
912827-2Y-7	U.S. TREASURY NOTE 6.250 06 2002	06/30/2002	MATURED		1,295,000	1,295,000	1,297,461	1,295,000	(298)				0			1PE
912827-7F-3	U.S. TREASURY NOTE 3.500 11 2006	06/27/2002	GOLDMAN SACHS		22,016,781	23,000,000	22,333,242	22,348,394	15,152			(331,613)	(331,613)	343,590		1
0399999	Total - Bonds - U.S. Government				23,311,781	24,295,000	23,630,703	23,643,394	14,854	0	0	(331,613)	(331,613)	343,590	0	XXX
<b>Bonds - Special Revenue and Special Assessment</b>																
<b>California</b>																
798165-AR-7	SAN JOSE MULTIFAMILY HO 6.500 04 2012	04/01/2002	CALLED AT 100		4,845,000	4,845,000	4,905,563	4,845,000					0	157,462		1PE
	California				4,845,000	4,845,000	4,905,563	4,845,000	0	0	0	0	0	157,462	0	XXX
<b>Kentucky</b>																
491308-4R-0	KENTUCKY HSG REV 4.850 07 2022	04/01/2002	CALLED AT 100		660,000	660,000	660,000	660,000					0	8,002		1PE
	Kentucky				660,000	660,000	660,000	660,000	0	0	0	0	0	8,002	0	XXX
<b>Michigan</b>																
594653-XL-6	MICHIGAN HOUSING SERIES 5.500 12 2026	06/01/2002	CALLED AT 100		430,000	430,000	430,000	430,000					0	11,825		1PE
	Michigan				430,000	430,000	430,000	430,000	0	0	0	0	0	11,825	0	XXX
<b>South Dakota</b>																
83755G-BU-0	SOUTH DAKOTA HOUSING SE 5.375 05 2019	04/01/2002	CALLED AT 100		785,000	785,000	785,000	785,000					0	17,580		1PE
	South Dakota				785,000	785,000	785,000	785,000	0	0	0	0	0	17,580	0	XXX
	United States				6,720,000	6,720,000	6,780,563	6,720,000	0	0	0	0	0	194,869	0	XXX
3199999	Total - Bonds - Special Revenue & Assessment				6,720,000	6,720,000	6,780,563	6,720,000	0	0	0	0	0	194,869	0	XXX
<b>Bonds - Industrial and Miscellaneous</b>																
<b>United States</b>																
008098-AE-5	AETNA 1995-C5 D 7.100 12 2030	06/01/2002	SCHEDULED REPAYMEN		132,574	132,574	132,508	132,574	4				0	1,573		1
161505-AA-0	CHASE 1996-1 A1 7.600 12 2005	06/01/2002	SCHEDULED REPAYMEN		470,799	470,799	494,355	470,799	(3,242)				0	3,307		1
22540V-G6-3	CS FIRST BOSTON MTG SEC 7.000 03 2032	06/01/2002	SCHEDULED REPAYMEN		110,676	110,676	110,700	110,676	(23)				0	1,031		1PE
31392B-QU-3	FANNIE MAE FNR 2001-81 6.000 02 2028	06/01/2002	SCHEDULED REPAYMEN		107,557	107,557	107,562	107,557	(5)				0	835		1PE
313921-6F-0	FANNIE MAE WHOLE LOAN 2 7.000 09 2041	06/01/2002	SCHEDULED REPAYMEN		403,808	403,808	407,185	403,808	(3,115)				0	4,824		1PE
31392C-MS-0	FANNIE MAE WHOLE LOAN 2 7.500 04 2042	06/01/2002	SCHEDULED REPAYMEN		99,592	99,592	99,716	99,592	(124)				0	1,305		1PE
31947H-AA-1	FIRST CHICAGO LENNAR TR 8.060 04 2039	05/01/2002	SCHEDULED REPAYMEN		981,507	981,507	1,000,546	981,507	(3,003)				0	13,388		1
32051D-GH-9	FIRST HORIZON ASSET SEC 6.750 08 2031	06/01/2002	SCHEDULED REPAYMEN		671,178	671,178	675,287	671,178	(3,924)				0	7,191		1PE
33736X-BN-8	FIRST UNION NATIONAL BA 1.200 09 2012	06/01/2002	SCHEDULED REPAYMEN				1,564		(550)				0	222		1PE
33736X-CR-8	FIRST UNION NATIONAL BA 0.983 01 2043	06/01/2002	SCHEDULED REPAYMEN				313		(187)				0	72		1
339083-AE-7	FLEETWOOD 97-A A 6.640 09 2012	06/01/2002	SCHEDULED REPAYMEN		94,721	94,721	94,673	94,721	9				0	995		1PE
345397-SQ-7	FORD MOTOR CREDIT 7.500 03 2005	06/26/2002	GOLDMAN SACHS		7,320,390	7,000,000	7,334,880	7,237,990	(39,890)			82,400	82,400	154,583		2
3133TR-SG-1	FREDDIE MAC 2297 AB 6.000 11 2028	06/01/2002	SCHEDULED REPAYMEN		291,484	291,484	291,641	291,484	(157)				0	2,181		1PE
393505-QX-3	GREENTREE MHSG 1996-9 A 7.200 01 2028	06/15/2002	SCHEDULED REPAYMEN		1,027,279	1,027,279	1,051,977	1,027,279	(4,548)				0	12,269		1PE
617059-CE-8	JP MORGAN MTG 1997-C4 X 1.385 12 2028	06/01/2002	SCHEDULED REPAYMEN				89,958		(10,612)				0	7,364		1
62625P-AD-1	KOCH FINL TRUST 1998-2 4.350 03 2006	06/06/2002	VARIOUS		279,692	279,692	279,692	279,692					0	1,869		1PE
52108H-BZ-6	LB-UBS COMMERCIAL MRTG 0.993 06 2020	06/11/2002	SCHEDULED REPAYMEN				1,655		(409)				0	212		1PE
597706-AJ-9	MIDLAND REALTY ACCEPT C 1.325 08 2028	06/01/2002	SCHEDULED REPAYMEN				143,964		(16,007)				0	9,048		1PE
589929-KN-7	MLMI 1995-C2 A1 7.384 06 2021	06/01/2002	SCHEDULED REPAYMEN		21,377	21,377	22,042	21,377	(45)				0	246		1
589929-MK-1	MLMI 1996-C2 IO 1.537 11 2028	06/01/2002	SCHEDULED REPAYMEN				116,812		(13,459)				0	5,519		1PE
617446-GL-7	MORGAN ST DEAN WITTER 6.100 04 2006	04/26/2002	MERRILL LYNCH		5,144,500	5,000,000	4,995,200	4,996,072	290			148,428	148,428	166,055		1
617446-GM-5	MORGAN ST DEAN WITTER 6.750 04 2011	04/25/2002	MORGAN STANLEY		5,088,100	5,000,000	4,947,000	4,950,912	1,302			137,188	137,188	182,812		1
61745M-GG-2	MORGAN STANLEY CAP 1998 6.220 06 2030	06/01/2002	SCHEDULED REPAYMEN		160,330	160,330	161,253	160,330	(94)				0	1,665		1
61746W-GM-6	MORGAN STANLEY DEAN WIT 6.269 03 2011	06/07/2002	SCHEDULED REPAYMEN		40,736	40,736	40,767	40,736	(1)				0	426		1
61746W-CX-6	MORGAN STANLEY DEAN WIT 7.180 05 2009	06/01/2002	SCHEDULED REPAYMEN		86,667	86,667	87,054	86,667					0	1,039		1PE
61745M-KF-9	MSC 1999-WF1 A1 5.910 04 2008	06/01/2002	SCHEDULED REPAYMEN		30,642	30,642	30,744	30,642	(13)				0	302		1
63252U-AB-2	NATIONAL AUTO FINANCE 1 6.350 11 2003	05/21/2002	VARIOUS		80,328	80,328	80,314	80,329	1			(1)	(1)	489		1PE
638925-AD-9	NATIONSCREDIT GRANTOR T 6.250 11 2013	06/15/2002	SCHEDULED REPAYMEN		136,081	136,081	135,974	136,081	10				0	1,444		1PE
74438U-AC-4	PRUDENTIAL MORT CAPITAL 0.469 10 2010	06/01/2002	SCHEDULED REPAYMEN				350		(74)				0	54		1PE
749930-AR-4	RMP 97-1 X2 2.074 01 2019	04/30/2002	ADJUST BANK BALANC				1,212,362	1,212,362				(1,212,362)	(1,212,362)			1PE

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## SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value At Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designation (a)
79548C-AR-7...	SALOMON BROTHERS MORT S 1.441 06 2021	06/01/2002	SCHEDULED REPAYMEN				2,146		(775)				0	301		1
84603W-AA-2...	SOVEREIGN BANK 10.200 06 2005	06/30/2002	SCHEDULED REPAYMEN		63,786	63,786	63,786	63,786					0			2
93933W-AA-4...	WASHINGTON MUTUAL 6.875 06 2011	04/08/2002	DEUTSCHE BANK		5,093,250	5,000,000	4,990,800	4,991,335	187			101,915	101,915	110,763		2PE
949746-AA-9...	WELLS FARGO COMPANY 6.625 07 2004	06/06/2002	SALOMON SMITH BARN		9,622,522	9,100,000	8,975,057	9,039,740	11,801			582,782	582,782	246,173		1PE
	United States				37,559,576	36,390,814	38,179,837	37,719,226	(86,653)	0	0	(159,650)	(159,650)	939,557	0	XXX
4599999	Total - Bonds - Industrial & Miscellaneous				37,559,576	36,390,814	38,179,837	37,719,226	(86,653)	0	0	(159,650)	(159,650)	939,557	0	XXX
6099997	Total - Bonds - Part 4				67,591,357	67,405,814	68,591,103	68,082,620	(71,799)	0	0	(491,263)	(491,263)	1,478,016	0	XXX
6099998	Total - Bonds - Summary Item for Bonds Bought and Sold This Quarter				32,411,158	32,800,000	32,256,990	32,260,606	3,616			150,553	150,553	398,705		XXX
6099999	Total - Bonds				100,002,515	100,205,814	100,848,093	100,343,226	(68,183)	0	0	(340,710)	(340,710)	1,876,721	0	XXX
<b>Preferred Stocks - Banks, Trust and Insurance Companies</b>																
<b>Foreign</b>																
06738C-AE-9...	BARCLAYS BK PLC 144A	04/05/2002	MERRILL LYNCH	60,000.000	6,746,244	1,000	6,551,700	6,551,615				194,629	194,629		163,875	P1A
	Foreign				6,746,244	1,000	6,551,700	6,551,615	0	0	0	194,629	194,629	0	163,875	XXX
6299999	Total - Preferred Stocks - Banks, Trust & Insurance Companies				6,746,244	1,000	6,551,700	6,551,615	0	0	0	194,629	194,629	0	163,875	XXX
6599997	Total - Preferred Stocks - Part 4				6,746,244	1,000	6,551,700	6,551,615	0	0	0	194,629	194,629	0	163,875	XXX
6599999	Total - Preferred Stocks				6,746,244	1,000	6,551,700	6,551,615	0	0	0	194,629	194,629	0	163,875	XXX
<b>Common Stocks - Banks, Trust and Insurance Companies</b>																
<b>United States</b>																
020002-10-1...	ALLSTATE CORP	06/11/2002	STATE STREET BANK	6,934.000	258,570		183,751	183,751				74,819	74,819		1,456	L
	United States				258,570	XXX	183,751	183,751	0	0	0	74,819	74,819	0	1,456	XXX
6799999	Total - Common Stocks - Banks, Trust & Insurance Companies				258,570	XXX	183,751	183,751	0	0	0	74,819	74,819	0	1,456	XXX
<b>Common Stocks - Industrial and Miscellaneous</b>																
<b>United States</b>																
26816Q-10-1...	DYNEGY INC	06/11/2002	STATE STREET BANK	3,000.000	23,550		140,445	140,445				(116,895)	(116,895)		225	L
28336L-10-9...	EL PASO CORPORATION	06/11/2002	STATE STREET BANK	3,000.000	63,207		155,143	155,143				(91,936)	(91,936)		652	L
406216-10-1...	HALLIBURTON	06/30/2002	WRITE DOWN				97,385	97,385	(97,385)			(97,385)	(97,385)			L
615369-10-5...	MOODYS CORP	06/11/2002	STATE STREET BANK	1,300.000	62,791		41,952	41,952				20,839	20,839		58	L
	United States				149,548	XXX	434,925	434,925	(97,385)	0	0	(285,377)	(285,377)	0	935	XXX
6899999	Total - Common Stocks - Industrial & Miscellaneous				149,548	XXX	434,925	434,925	(97,385)	0	0	(285,377)	(285,377)	0	935	XXX
7099997	Total - Common Stocks - Part 4				408,118	XXX	618,676	618,676	(97,385)	0	0	(210,558)	(210,558)	0	2,391	XXX
7099999	Total - Common Stocks				408,118	XXX	618,676	618,676	(97,385)	0	0	(210,558)	(210,558)	0	2,391	XXX
7199999	Total - Preferred and Common Stocks				7,154,362	XXX	7,170,376	7,170,291	(97,385)	0	0	(15,929)	(15,929)	0	166,266	XXX
7299999	Total - Bonds, Preferred and Common Stocks				107,156,877	XXX	108,018,469	107,513,517	(165,568)	0	0	(356,639)	(356,639)	1,876,721	166,266	XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues:.....0.

E05.1

**Sch. DB-Part A-Section 1**  
**NONE**

**Sch. DB-Part B-Section 1**  
**NONE**

**Sch. DB-Part C-Section 1**  
**NONE**

**Sch. DB-Part D-Section 1**  
**NONE**

## SCHEDULE E - PART 1 - CASH

### Month End Depository Balances

1 Depository	2 Rate of Interest	3 Amount of Interest Received During Current Quarter	4 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			8 *
				5 First Month	6 Second Month	7 Third Month	
<b>Open Depositories</b>							
BRANCH BANK AND TRUST..... WILSON, NC.....				99,000	99,000	99,000	
CASH EQUIVALENTS:.....							
ABN AMRO CHICAGO..... CHICAGO, IL.....	VARIOUS..	534					
BANQ NATIONAL PARIBAS..... NEW YORK, NY.....	VARIOUS..	11,132					
MELLON BANK..... TORONTO, ONTARIO CANADA.....	VARIOUS..	3,200					
SUNTRUST BANK..... ATLANTA, GA.....	VARIOUS..	1,038					
GENERAL ELECTRIC CAPITAL CORP..... NEW YORK, NY.....	1.780		156			1,000,000	
0199998. Deposits in.....1 depositories that do not exceed the allowable limit in any one depository (see Instructions) - Open Depositories.....	XXX			4,545	4,545	4,545	
0199999. Total Open Depositories.....	XXX	15,904	156	103,545	103,545	1,103,545	XXX
0399999. Total Cash on Deposit.....	XXX	15,904	156	103,545	103,545	1,103,545	XXX
0599999. Total Cash.....	XXX	15,904	156	103,545	103,545	1,103,545	XXX



**Overflow Page for Write-Ins**