



QUARTERLY STATEMENT

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

PROGRESSIVE PREFERRED INSURANCE COMPANY

NAIC Group Code..... 155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 37834	Employer's ID Number..... 34-1287020
Organized under the Laws of OHIO Incorporated..... September 24, 1979	State of Domicile or Port of Entry OHIO	Country of Domicile US Commenced Business..... April 15, 1980
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

ALAN REX BAUER	WILLIAM THOMAS FORRESTER, II	CHARLES ELWOOD JARRETT	THOMAS ALFRED KING
BRIAN JAMES PASSELL	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.....	394,560,350		394,560,350	333,241,661
2. Stocks:				
2.1 Preferred stocks.....	2,215,312		2,215,312	2,170,050
2.2 Common stocks.....			0	
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 (\$.....3,199,000) and short-term investments (\$.....0).....	3,199,000		3,199,000	99,000
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).....	399,974,662	0	399,974,662	335,510,711
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	5,446,435	1,589,624	3,856,811	4,054,156
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	105,191,280		105,191,280	102,658,647
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.....	47,317		47,317	108,682
15. Federal and foreign income tax recoverable and interest thereon (including \$.....22,266,104 net deferred tax asset).....	24,937,486	2,671,382	22,266,104	19,758,392
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.....	5,422,648		5,422,648	4,303,422
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....	37,107,218		37,107,218	35,121,359
21. Amounts due from/to protected cells.....			0	
22. Equities and deposits in pools and associations.....			0	
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.....	23,641	23,641	0	7,808
26. Total assets excluding protected cell assets (Lines 9 through 25).....	578,150,687	4,284,647	573,866,040	501,523,177
27. Protected cell assets.....			0	
28. TOTALS (Lines 26 and 27).....	578,150,687	4,284,647	573,866,040	501,523,177

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. MISCELLANEOUS OTHER ASSETS.....	12,903	12,903	0	7,808
2502. PREPAID EXPENSES.....	10,738	10,738	0	
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).....	23,641	23,641	0	7,808

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31, Prior Year
1. Losses (current accident year \$.....55,425,804).....	148,066,307	139,591,755
2. Reinsurance payable on paid losses and loss adjustment expenses.....		
3. Loss adjustment expenses.....	33,790,322	31,418,645
4. Commissions payable, contingent commissions and other similar charges.....	546,822	724,660
5. Other expenses (excluding taxes, licenses and fees).....	14,549,614	10,128,164
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	2,444,857	2,964,825
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 \$....187,119,131 and including warranty reserves of \$.....0).....	172,757,011	147,954,972
10. Advance premium.....	5,258,836	3,646,941
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	22,812	23,082
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....	20,754	31,980
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	25,656,369	25,220,616
19. Payable to parent, subsidiaries and affiliates.....	11,283,695	
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.....	750,022	498,775
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	415,147,421	362,204,415
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	415,147,421	362,204,415
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,003,300	3,003,300
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.....	40,712,474	40,712,474
33. Unassigned funds (surplus).....	115,002,845	95,602,988
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).....	158,718,619	139,318,762
36. TOTALS.....	573,866,040	501,523,177

DETAILS OF WRITE-INS

2301. ESCHEATABLE PROPERTY.....	266,636	155,823
2302. STATE PLAN LIABILITY.....	261,477	210,996
2303. UNEARNED FEE RESERVE.....	158,168	128,480
2398. Summary of remaining write-ins for Line 23 from overflow page.....	63,741	3,476
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	750,022	498,775
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
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....250,107,360).....	238,281,421	263,386,209	514,702,725
1.2 Assumed..... (written \$.....253,603,715).....	228,802,390	191,947,995	399,927,844
1.3 Ceded..... (written \$.....250,107,360).....	238,281,421	263,386,209	514,702,725
1.4 Net..... (written \$.....253,603,715).....	228,802,390	191,947,995	399,927,844
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....127,875,084):			
2.1 Direct.....	134,425,431	160,609,038	314,913,988
2.2 Assumed.....	129,616,258	117,066,251	237,456,302
2.3 Ceded.....	134,425,431	160,609,038	314,913,988
2.4 Net.....	129,616,258	117,066,251	237,456,302
3. Loss expenses incurred.....	30,500,287	28,521,832	57,053,468
4. Other underwriting expenses incurred.....	55,170,389	43,622,962	91,335,845
5. Aggregate write-ins for underwriting deductions.....	9,491	0	0
6. Total underwriting deductions (Lines 2 through 5).....	215,296,425	189,211,045	385,845,615
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	13,505,965	2,736,950	14,082,229
INVESTMENT INCOME			
9. Net investment income earned.....	10,792,555	10,075,140	20,479,277
10. Net realized capital gains (losses).....	(231,779)	1,926,527	5,172,848
11. Net investment gain (loss) (Lines 9 + 10).....	10,560,776	12,001,667	25,652,125
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....218,277 amount charged off \$.....2,283,455).....	(2,065,178)	(2,650,022)	(5,115,795)
13. Finance and service charges not included in premiums.....	5,453,831	6,928,303	12,764,353
14. Aggregate write-ins for miscellaneous income.....	501,421	527,699	1,047,871
15. Total other income (Lines 12 through 14).....	3,890,074	4,805,980	8,696,429
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	27,956,815	19,544,597	48,430,783
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	27,956,815	19,544,597	48,430,783
19. Federal and foreign income taxes incurred.....	11,870,664	6,602,493	15,419,390
20. Net income (Line 18 minus Line 19) (to Line 22).....	16,086,151	12,942,104	33,011,393
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 previous year.....	139,318,762	109,692,492	116,850,492
GAINS AND (LOSSES) IN SURPLUS			
22. Net income (from Line 20).....	16,086,151	12,942,104	33,011,393
23. Net unrealized capital gains or losses.....	29,420	183,724	146,634
24. Change in net unrealized foreign exchange capital gain (loss).....			
25. Change in net deferred income taxes.....	3,350,203		(240,672)
26. Change in nonadmitted assets.....	(65,917)	107,636	668,034
27. Change in provision for reinsurance.....		7,158,000	
28. Change in surplus notes.....			
29. Surplus (contributed to) withdrawn from protected cells.....			
30. Cumulative effect of changes in accounting principles.....		6,156	19,382,881
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.....			(30,500,000)
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).....	19,399,857	20,397,620	22,468,270
38. Surplus as regards policyholders, as of statement date (Lines 21 plus 37).....	158,718,619	130,090,112	139,318,762

DETAILS OF WRITE-INS

0501. 2002 PRIVATE PASSENGER AUTO ESCROW.....	9,491		
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).....	9,491	0	0
1401. INTEREST INCOME ON INTERCOMPANY BALANCES.....	211,347	376,528	694,616
1402. SERVICE BUSINESS REVENUE.....	200,719	120,905	277,535
1403. MISCELLANEOUS INCOME.....	89,355	30,266	75,720
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).....	501,421	527,699	1,047,871
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
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	252,196,076	424,210,697
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	148,773,198	280,068,713
3. Underwriting expenses paid.....	51,446,745	88,463,013
4. Other underwriting income (expenses).....	(9,491)	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	51,966,642	55,678,971
6. Net investment income.....	10,946,465	23,256,781
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(2,327,631)	(5,389,239)
7.2 Net funds held under reinsurance treaties.....		
7.3 Net amount withheld or retained for account of others.....	(11,226)	30,507
7.4 Aggregate write-ins for miscellaneous items.....	5,955,252	13,812,224
7.5 Total other income (Lines 7.1 to 7.4).....	3,616,395	8,453,492
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....	(11,870,664)	(15,419,390)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	54,658,838	71,969,854
CASH FROM INVESTMENTS		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	96,748,619	277,537,864
11.2 Stocks.....		7,838,030
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.....		
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	96,748,619	285,375,894
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	159,572,224	293,705,080
12.2 Stocks.....		
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).....	159,572,224	293,705,080
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(62,823,605)	(8,329,186)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
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.....	11,283,695	
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	1,966,931	198,233
14.6 Total (Lines 14.1 to 14.5).....	13,250,626	198,233
15. Cash applied:		
15.1 Dividends to stockholders paid.....		30,500,000
15.2 Net transfers to affiliates.....	1,985,859	33,851,725
15.3 Borrowed funds repaid.....		
15.4 Other applications.....		50,924
15.5 Total (Lines 15.1 to 15.4).....	1,985,859	64,402,649
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	11,264,767	(64,204,416)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10, plus Line 13, plus Line 16).....	3,100,000	(563,748)
18. Cash and short-term investments:		
18.1 Beginning of year.....	99,000	662,748
18.2 End of period (Line 17 plus Line 18.1).....	3,199,000	99,000

DETAILS OF WRITE-INS

07.401 FINANCE & SERVICE CHARGES NOT INCLUDED IN PREMIUMS.....	5,453,831	12,764,353
07.402 INTEREST INCOME ON INTERCOMPANY BALANCES.....	211,347	694,616
07.403 SERVICE BUSINESS REVENUE.....	200,719	277,535
07.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	89,355	75,720
07.499 Total (Lines 7.401 to 7.403 plus 7.498) (Line 7.4 above).....	5,955,252	13,812,224

PROGRESSIVE PREFERRED 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	\$ 11,870,664	\$ 16,163,707
Audit adjustment : 1997-98 IRS examination	--	(149,705)
Prior year underaccrual (overaccrual)	--	(594,612)
Current income taxes incurred	\$ 11,870,664	\$ 15,419,390

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 \$11,870,664 for the current tax year and \$13,974,776 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.

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
THE BANK OF NEW YORK	ONE WALL STREET, 14TH FLOOR NEW YORK, NY 10286

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

PROGRESSIVE PREFERRED 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:

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 PREFERRED 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
BONDS								
1. Class 1.....	269,229,864	103,582,454	31,007,326	(680,741)	269,229,864	341,124,251		279,719,585
2. Class 2.....	47,955,084		5,439,213	(1,898,515)	47,955,084	40,617,356		42,603,079
3. Class 3.....	10,922,764			1,895,979	10,922,764	12,818,743		10,918,997
4. Class 4.....								
5. Class 5.....								
6. Class 6.....								
7. Total Bonds.....	328,107,712	103,582,454	36,446,539	(683,277)	328,107,712	394,560,350	0	333,241,661
PREFERRED STOCK								
8. Class 1.....	2,184,500			30,813	2,184,500	2,215,313		2,170,050
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	2,184,500	0	0	30,813	2,184,500	2,215,313	0	2,170,050
15. Total Bonds and Preferred Stock.....	330,292,212	103,582,454	36,446,539	(652,464)	330,292,212	396,775,663	0	335,411,711

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 NONE Per Value	3 Actual Cost	4 Amount of Interest Received Current Quarter	5 Paid for Accrued Interest
8099999. Totals.....		XXX			

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.....	0	0	0	
2. Cost of short-term investments acquired.....				507,103
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.....				507,103
7. Book/adjusted carrying value, current period.....	0	0	0	0
8. Total valuation allowance.....				
9. Subtotal (Lines 7 plus 8).....	0	0	0	0
10. Total nonadmitted amounts.....				
11. Statement value (Lines 9 minus 10).....	0	0	0	0
12. Income collected during period.....	(1,393)			2,284
13. Income earned during period.....	(1,393)			2,284

**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

States, Etc.	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	NO						
2. Alaska.....AK	YES			(380)	9,720	144,201	135,407
3. Arizona.....AZ	YES			18,833	27,284	13,965	65,440
4. Arkansas.....AR	NO						
5. California.....CA	NO						
6. Colorado.....CO	YES	(10,536)	4,861,732	2,253,464	8,638,900	4,181,055	7,334,063
7. Connecticut.....CT	NO						
8. Delaware.....DE	YES						
9. District of Columbia.....DC	YES						
10. Florida.....FL	NO						
11. Georgia.....GA	YES	52,282,401	43,556,653	24,396,446	20,862,107	33,982,926	29,370,423
12. Hawaii.....HI	YES						
13. Idaho.....ID	YES						
14. Illinois.....IL	NO						
15. Indiana.....IN	YES	631,052	2,380,546	1,861,213	2,649,971	1,770,715	1,963,288
16. Iowa.....IA	YES						
17. Kansas.....KS	NO						
18. Kentucky.....KY	YES	2,891		1		92	
19. Louisiana.....LA	NO						
20. Maine.....ME	YES						
21. Maryland.....MD	YES						
22. Massachusetts.....MA	NO						
23. Michigan.....MI	YES						
24. Minnesota.....MN	YES						
25. Mississippi.....MS	YES						
26. Missouri.....MO	YES						
27. Montana.....MT	YES						
28. Nebraska.....NE	YES						
29. Nevada.....NV	YES	245,935	341,949	217,260	223,436	215,875	278,713
30. New Hampshire.....NH	NO						
31. New Jersey.....NJ	YES						
32. New Mexico.....NM	YES	8,466,258	6,040,773	4,379,670	3,472,449	3,919,117	3,157,657
33. New York.....NY	YES						
34. North Carolina.....NC	YES	15	(10,977)	164,579	450,233	148,692	782,065
35. North Dakota.....ND	NO						
36. Ohio.....OH	YES	142,684,526	168,450,729	82,803,006	99,316,769	111,577,719	110,791,479
37. Oklahoma.....OK	YES	5,397,022	8,741,218	3,719,981	5,123,897	2,861,261	2,962,703
38. Oregon.....OR	YES	7,182,731	5,587,470	3,469,970	3,215,644	4,032,255	3,931,885
39. Pennsylvania.....PA	NO						
40. Rhode Island.....RI	YES						
41. South Carolina.....SC	YES	5,616,985		453,176		419,544	
42. South Dakota.....SD	YES						
43. Tennessee.....TN	YES						
44. Texas.....TX	YES						
45. Utah.....UT	YES	(24,838)	4,073,137	595,482	1,250,270	798,512	1,086,881
46. Vermont.....VT	NO						
47. Virginia.....VA	YES	11,926,386	3,079,279	4,332,991	189,045	2,810,444	299,283
48. Washington.....WA	YES	15,706,532	11,722,780	7,622,855	4,707,941	9,398,959	5,553,475
49. West Virginia.....WV	YES						
50. Wisconsin.....WI	NO						
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).....36	250,107,360	258,825,289	136,288,547	150,137,666	176,275,332	167,712,762

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

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.....	2,060,245	671,602	32.6	41.8
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.....	931,341	113,535	12.2	6.9
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.....	114,635,267	69,203,692	60.4	61.7
19.3, 19.4 Commercial auto liability.....	28,818,515	15,314,948	53.1	61.5
21. Auto physical damage.....	91,836,053	49,121,654	53.5	60.7
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.....	238,281,421	134,425,431	56.4	61.0
DETAILS OF WRITE-INS				
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.....	2,019,904	2,739,972	2,379,686
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.....	901,337	1,153,192	1,116,218
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.....	58,854,696	117,194,929	129,066,461
19.3, 19.4 Commercial auto liability.....	16,902,401	34,780,460	25,333,662
21. Auto physical damage.....	46,898,834	94,238,807	100,929,261
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.....	125,577,172	250,107,360	258,825,288
DETAILS OF WRITE-INS			
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	24,178	5,487	29,665	8,449	804	9,253	15,615	1,711	3,612	20,938	(114)	640	526
2. 2000	33,301	7,865	41,166	11,593	420	12,013	22,513	2,834	4,974	30,321	805	363	1,168
3. Subtotals 2000 + Prior	57,479	13,352	70,831	20,042	1,224	21,266	38,128	4,545	8,586	51,259	691	1,003	1,694
4. 2001	75,659	24,521	100,180	30,713	5,802	36,515	40,513	8,264	13,374	62,151	(4,433)	2,919	(1,514)
5. Subtotals 2001 + Prior	133,138	37,873	171,011	50,755	7,026	57,781	78,641	12,809	21,960	113,410	(3,742)	3,922	180
6. 2002	XXX	XXX	XXX	XXX	91,488	91,488	XXX	49,429	19,017	68,446	XXX	XXX	XXX
7. Totals	133,138	37,873	171,011	50,755	98,514	149,269	78,641	62,238	40,977	181,856	(3,742)	3,922	180
8. Prior Year-End's Surplus As Regards Policyholders	139,319										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 %		

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(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 PREFERRED 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 Liabilities:

	1 Current Statement Date	2 December 31, Prior Year
2304. OTHER LIABILITIES.....	63,741	3,476
2397. Summary of remaining write-ins for Line 23 from Liabilities.....	63,741	3,476

Additional Write-ins for Cash Flow:

	1 Current Year to Date	2 Prior Year Ended December 31
07.404 MISCELLANEOUS INCOME.....	89,355	75,720
07.497 Summary of remaining write-ins for Line 7.4 from Cash Flow.....	89,355	75,720

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)
Bonds - U.S. Government								
912827-6T-4.....	U.S. TREASURY NOTE 5.000 02 2011.....	05/17/2002.....	GOLDMAN SACHS.....		4,670,771	4,750,000	61,671	1PE.....
912827-7F-3.....	U.S. TREASURY NOTE 3.500 11 2006.....	04/30/2002.....	VARIOUS.....		51,986,447	54,130,000	831,601	1.....
912827-7L-0.....	U.S. TREASURY NOTE 4.875 02 2012.....	04/25/2002.....	VARIOUS.....		16,924,922	17,300,000	146,277	1.....
0399999.	Total - Bonds - U.S. Government.....				73,582,140	76,180,000	1,039,549	XXX.....
Bonds - Industrial and Miscellaneous								
United States								
125044-AB-3.....	CDC COMMERCIAL MORTGAGE 5.676 10 2011.....	06/21/2002.....	LEHMAN BROTHERS.....		5,024,709	5,000,000	12,613	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.....
36229R-EM-7.....	GSR MORTGAGE LOAN TRUST 5.472 01 2032.....	06/19/2002.....	GOLDMAN SACHS.....		2,010,040	2,000,000	7,904	1PE.....
428236-XX-6.....	HEWLETT PACKARD CO 5.500 07 2007.....	06/21/2002.....	DEUTSCHE BANK.....		8,982,000	9,000,000		1PE.....
	United States.....				20,026,015	19,954,277	42,815	XXX.....
4599999.	Total - Bonds - Industrial & Miscellaneous.....				20,026,015	19,954,277	42,815	XXX.....
6099997.	Total - Bonds - Part 3.....				93,608,155	96,134,277	1,082,364	XXX.....
6099998.	Total - Bonds - Summary Item for Bonds Bought and Sold This Quarter.....				9,974,300	10,000,000	11,294	XXX.....
6099999.	Total - Bonds.....				103,582,455	106,134,277	1,093,658	XXX.....
7299999.	Total - Bonds, Preferred and Common Stocks.....				103,582,455	XXX.....	1,093,658	XXX.....

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

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)
Bonds - U.S. Government																
31359M-LZ-4...	FANNIE MAE 5.000 01 2007	04/02/2002	GOLDMAN SACHS		2,083,116	2,100,000	2,133,600	2,132,314	(1,286)			(49,198)	(49,198)	28,875		1PE
912827-2Y-7...	U.S. TREASURY NOTE 6.250 06 2002	06/30/2002	MATURED		4,500,000	4,500,000	4,551,580	4,500,000	(8,969)				0			1PE
912827-7B-2...	U.S. TREASURY NOTE 5.000 08 2011	06/14/2002	GOLDMAN SACHS		9,112,500	9,000,000	9,060,469	9,058,463	(2,006)			54,037	54,037	151,657		1
912827-7L-0...	U.S. TREASURY NOTE 4.875 02 2012	06/26/2002	GOLDMAN SACHS		2,732,063	2,700,000	2,699,156	2,699,179	23			32,883	32,883	47,995		1
0399999	Total - Bonds - U.S. Government				18,427,679	18,300,000	18,444,805	18,389,956	(12,238)	0	0	37,722	37,722	228,527	0	XXX
Bonds - Special Revenue and Special Assessment Michigan																
483233-BP-6...	KALAMAZOO MICHIGAN HOSP 6.750 04 2003	04/01/2002	CALLED AT 100		70,000	70,000	79,793	71,297	(315)			(1,297)	(1,297)	2,362		1
	Michigan				70,000	70,000	79,793	71,297	(315)	0	0	(1,297)	(1,297)	2,362	0	XXX
Wisconsin																
97689P-TR-9...	WISCONSIN HOUSING SERIE 5.250 10 2027	04/01/2002	CALLED AT 100		430,000	430,000	430,000	430,000	0	0	0	0	0	11,287		1PE
	Wisconsin				430,000	430,000	430,000	430,000	0	0	0	0	0	11,287	0	XXX
	United States				500,000	500,000	509,793	501,297	(315)	0	0	(1,297)	(1,297)	13,649	0	XXX
3199999	Total - Bonds - Special Revenue & Assessment				500,000	500,000	509,793	501,297	(315)	0	0	(1,297)	(1,297)	13,649	0	XXX
Bonds - Industrial and Miscellaneous United States																
124833-AL-8...	CBM FUNDING CORP 1996-1 6.880 06 2002	06/01/2002	VARIOUS		255,785	255,785	257,316	255,780	(9)			5	5	2,335		1
20046P-AG-3...	COMM 2000-C1 X 0.775 01 2024	04/01/2002	SCHEDULED REPAYMEN				1,134		667				0	82		1
21724P-AH-8...	COPELCO CAPITAL FUNDING 7.870 05 2006	06/18/2002	SCHEDULED REPAYMEN		867,831	867,831	867,764	867,831	(107)				0	11,342		2PE
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
33641N-BM-6...	FIRST SIERRA 2000-2 C 8.200 11 2006	06/18/2002	SCHEDULED REPAYMEN		487,190	487,190	487,180	487,190	3				0	6,754		2PE
339083-AE-7...	FLEETWOOD 97-A A 6.640 09 2012	06/01/2002	SCHEDULED REPAYMEN		53,044	53,044	53,017	53,044	5				0	557		1PE
393505-QX-3...	GREENTREE MHSG 1996-9 A 7.200 01 2028	06/15/2002	SCHEDULED REPAYMEN		342,426	342,426	350,659	342,426	(1,516)				0	4,089		1PE
52108H-BZ-6...	LB-UBS COMMERCIAL MRTG 0.993 06 2020	06/11/2002	SCHEDULED REPAYMEN				1,938		(478)				0	248		1PE
617445-EC-1...	MSCI 1996-WF1 A-2 7.218 01 2006	06/01/2002	SCHEDULED REPAYMEN		809,956	809,956	821,630	809,956	(1,401)				0	11,631		1
62827G-AA-3...	MUTUAL FUND FEE TRUST X 6.440 12 2009	05/30/2002	SCHEDULED REPAYMEN		416,112	416,112	416,112	416,112					0	4,080		1PE
65535V-AA-6...	NOMURA ASSET ACCEPTANCE 7.000 02 203	06/01/2002	SCHEDULED REPAYMEN		153,778	153,778	154,262	153,778	(93)				0	1,879		1PE
69348H-CR-7...	PNC MORTGAGE ACCEPT COR 1.171 10 203	06/01/2002	SCHEDULED REPAYMEN				8,103		(2,311)				0	667		1
84603W-AA-2...	SOVEREIGN BANK 10.200 06 2005	06/30/2002	SCHEDULED REPAYMEN		91,122	91,122	93,835	91,122	(1,167)				0			2
93933W-AA-4...	WASHINGTON MUTUAL 6.875 06 2011	04/09/2002	MERRILL LYNCH		4,074,840	4,000,000	3,992,640	3,993,070	151			81,770	81,770	89,375		2PE
	United States				7,662,760	7,587,920	7,616,290	7,580,985	(6,279)	0	0	81,775	81,775	134,070	0	XXX
4599999	Total - Bonds - Industrial & Miscellaneous				7,662,760	7,587,920	7,616,290	7,580,985	(6,279)	0	0	81,775	81,775	134,070	0	XXX
6099997	Total - Bonds - Part 4				26,590,439	26,387,920	26,570,888	26,472,238	(18,832)	0	0	118,200	118,200	376,246	0	XXX
6099998	Total - Bonds - Summary Item for Bonds Bought and Sold This Quarter				10,060,263	10,000,000	9,974,300	9,974,300				85,963	85,963	23,777		XXX
6099999	Total - Bonds				36,650,702	36,387,920	36,545,188	36,446,538	(18,832)	0	0	204,163	204,163	400,023	0	XXX
7299999	Total - Bonds, Preferred and Common Stocks				36,650,702	XXX	36,545,188	36,446,538	(18,832)	0	0	204,163	204,163	400,023	0	XXX

E05

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

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	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	
Open Depositories							
BRANCH BANK AND TRUST.....				99,000	99,000	99,000	
WILSON, NC.....							
CASH EQUIVALENTS:.....							
GENERAL ELECTRIC.....	1.870		483			3,100,000	
NEW YORK, NY.....							
WELLS FARGO BANK.....				19,475,000			
MINNEAPOLIS, MN.....							
CITICORP.....	VAR.	2,162					
NEW YORK, NY.....	VAR.	1,761					
IBM CORP.....	VAR.	662					
BANK OF AMERICA.....	VAR.	6,516					
SACRAMENTO, CA.....	VAR.	1,685					
BANQ NAT PAR CI.....	VAR.	497					
NEW YORK, NY.....	VAR.	1,190					
CAISSE DES DEPOT.....	VAR.	5,201					
NEW YORK, NY.....	VAR.	4,340					
DRESDNER BANK.....	VAR.	5,374					
NEW YORK, NY.....	VAR.	3,066					
FIFTH THIRD BANK.....	VAR.	8,531					
NEW YORK, NY.....							
MELLON BANK.....							
TORONTO, CANADA.....							
SVENSKA HNDL.....							
NEW YORK, NY.....							
SUNTRUST BANK.....							
ATLANTA, GA.....							
US BANK.....							
NEW YORK, NY.....							
WELLS FARGO.....							
MINNEAPOLIS, MN.....							
0199999. Total Open Depositories.....	XXX	40,985	483	19,574,000	99,000	3,199,000	XXX
0399999. Total Cash on Deposit.....	XXX	40,985	483	19,574,000	99,000	3,199,000	XXX
0599999. Total Cash.....	XXX	40,985	483	19,574,000	99,000	3,199,000	XXX

Overflow Page for Write-Ins

Overflow Page for Write-Ins