



QUARTERLY STATEMENT

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

PROGRESSIVE AMERICAN LIFE INSURANCE
COMPANY

NAIC Group Code..... 155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 71161	Employer's ID Number..... 34-1022982
Organized under the Laws of OHIO Incorporated..... October 26, 1967	State of Domicile or Port of Entry OHIO	Country of Domicile US Commenced Business..... March 1, 1968
Statutory Home Office	6300 WILSON MILLS ROAD, W33 MAYFIELD VILLAGE OH 44143-2182 (Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	6300 WILSON MILLS ROAD, W33 MAYFIELD VILLAGE OH 44143-2182 440-461-5000 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)	
Mail Address	6300 WILSON MILLS ROAD, W33 MAYFIELD VILLAGE OH 44143-2182 (Street and Number or P. O. Box) (City or Town, State and Zip Code)	
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33 MAYFIELD VILLAGE OH 44143-2182 440-461-5000 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)	
Internet Website Address	PROGRESSIVE.COM	
Statement Contact	ROBERT WILLIAM HEIN (Name) Financial_Reporting@Progressive.com (E-Mail Address)	440-395-4460 (Area Code) (Telephone Number) (Extension) 440-446-7168 (Fax Number)
Policyowner Relations Contact	300 N. COMMONS BLVD. OHT62 MAYFIELD VILLAGE OH 44143-2182 (Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)	

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

OFFICERS

President CHARLES CLIFFORD BOUCHERLE Treasurer DIANE MARIE BOICH 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)	STEPHEN DAVID PETERSON (ASST. TREASURER)
DANE ALLEN SHRALLOW (VICE PRESIDENT)	

DIRECTORS OR TRUSTEES

CHARLES CLIFFORD BOUCHERLE	WILLIAM THOMAS FORRESTER, II	THOMAS ALFRED KING	JAMES LEE KUSMER
GLENN MORRIS RENWICK			

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)	(Signature)	(Signature)
CHARLES CLIFFORD BOUCHERLE	KATHLEEN MARY CERNY	DIANE MARIE BOICH
(Printed Name)	(Printed Name)	(Printed Name)
President	Assistant Secretary	Treasurer

Subscribed and sworn to before me this
.....day of November, 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.....	6,538,004		6,538,004	5,881,604
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....	500		500	500
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. Policy loans.....			0	
6. Premium notes, including \$.....0 for first year premiums.....			0	
7. Cash (\$.....0) and short-term investments (\$.....0).....			0	
8. Other invested assets.....			0	
9. Receivable for securities.....			0	
10. Aggregate write-ins for invested assets.....	0	0	0	0
11. Subtotals, cash and invested assets (Lines 1 to 10).....	6,538,504	0	6,538,504	5,882,104
12. Reinsurance ceded:				
12.1 Amounts recoverable from reinsurers.....			0	
12.2 Commissions and expense allowances due.....			0	
12.3 Experience rating and other refunds due.....			0	
12.4 Other amounts receivable under reinsurance contracts.....			0	
13. Electronic data processing equipment and software.....			0	
14. Federal and foreign income tax recoverable and interest thereon (including \$.....350 net deferred tax asset).....	17,757	17,407	350	
15. Guaranty funds receivable or on deposit.....			0	
16. Life insurance premiums and annuity considerations deferred and uncollected on in force business (less premiums on reinsurance ceded and less \$.....0 loading).....			0	
17. Accident and health premiums due and unpaid.....			0	
18. Investment income due and accrued.....	75,360		75,360	44,379
19. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....			0	679,008
21. Amounts receivable relating to uninsured accident and health plans.....			0	
22. Amounts due from agents.....			0	
23. Other assets nonadmitted.....			0	
24. Aggregate write-ins for other than invested assets.....	408	408	0	0
25. Total assets excluding Separate Accounts business (Lines 11 to 24).....	6,632,029	17,815	6,614,214	6,605,491
26. From Separate Accounts Statement.....			0	
27. Total (Lines 25 and 26).....	6,632,029	17,815	6,614,214	6,605,491

DETAILS OF WRITE-INS

1001.			0	
1002.			0	
1003.			0	
1098. Summary of remaining write-ins for Line 10 from overflow page.....	0	0	0	0
1099. Totals (Lines 1001 thru 1003 plus 1098) (Line 10 above).....	0	0	0	0
2401. NET PREMIUM TAX DEPOSIT.....	408	408	0	
2402.			0	
2403.			0	
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	408	408	0	0

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$.....0 less \$.....0 included in Line 6.3 (including \$.....0 Modco Reserve).....		
2. Aggregate reserve for accident and health contracts (including \$.....0 Modco Reserve).....		
3. Liability for deposit-type contracts (including \$.....0 Modco Reserve).....		
4. Contract claims:		
4.1 Life.....		
4.2 Accident and health.....		
5. Policyholders' dividends \$.....0 and coupons \$.....0 due and unpaid.....		
6. Provision for policyholders' dividends and coupons payable in following calendar year--estimated amounts:		
6.1 Dividends apportioned for payment to (including \$.....0 Modco Reserve).....		
6.2 Dividends not yet apportioned (including \$.....0 Modco Reserve).....		
6.3 Coupons and similar benefits (including \$.....0 Modco Reserve).....		
7. Amount provisionally held for deferred dividend policies not included in Line 6.....		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$.....0 discount; including \$.....0 accident and health premiums.....		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts.....		
9.2 Provision for experience rating refunds, including \$.....0 accident and health experience rating refunds.....		
9.3 Other amounts payable on reinsurance, including \$.....0 assumed and \$.....0 ceded.....		
9.4 Interest Maintenance Reserve.....	335,907	384,554
10. Commissions to agents due or accrued-life and annuity contracts \$.....0, accident and health \$.....0 and deposit-type contract funds \$.....0.....		
11. Commissions and expense allowances payable on reinsurance assumed.....		
12. General expenses due or accrued.....	1,000	1,000
13. Transfers to Separate Accounts due or accrued (net) (including \$.....0 accrued for expense allowances recognized in reserves).....		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes.....	42,170	42,032
15. Federal and foreign income taxes, including \$.....0 on realized capital gains (losses) (including \$.....0 net deferred tax liability).....		13,613
16. Unearned investment income.....		
17. Amounts withheld or retained by company as agent or trustee.....		
18. Amounts held for agents' account, including \$.....0 agents' credit balances.....		
19. Remittances and items not allocated.....		
20. Net adjustment in assets and liabilities due to foreign exchange rates.....		
21. Liability for benefits for employees and agents if not included above.....		
22. Borrowed money \$.....0 and interest thereon \$.....0.....		
23. Dividends to stockholders declared and unpaid.....		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve.....	14,905	17,751
24.2 Reinsurance in unauthorized companies.....		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers.....		
24.4 Payable to parent, subsidiaries and affiliates.....	743,768	
24.5 Drafts outstanding.....	274	2,014
24.6 Liability for amounts held under uninsured accident and health plans.....		
24.7 Funds held under coinsurance.....		
24.8 Payable for securities.....		
24.9 Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	17	16
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25).....	1,138,041	460,980
27. From Separate Accounts Statement.....		
28. Total Liabilities (Line 26 and 27).....	1,138,041	460,980
29. Common capital stock.....	2,500,000	2,500,000
30. Preferred capital stock.....		
31. Aggregate write-ins for other than special surplus funds.....	0	0
32. Surplus notes.....		
33. Gross paid in and contributed surplus.....	9,364,125	9,364,125
34. Aggregate write-ins for special surplus funds.....	0	0
35. Unassigned funds (surplus).....	(6,387,952)	(5,719,614)
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 29 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 30 \$.....0).....		
37. Surplus (Total Lines 31 + 32 + 33 + 34 + 35 - 36) (including \$.....0 in Separate Accounts Statement).....	2,976,173	3,644,511
38. Totals of Lines 29, 30 and 37.....	5,476,173	6,144,511
39. Totals of Lines 28 and 38.....	6,614,214	6,605,491
DETAILS OF WRITE-INS		
2501. OUTSIDE SERVICES PAYABLE.....	17	16
2502.		
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	17	16
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page.....	0	0
3199. Totals (Lines 3101 thru 3103 plus 3198) (Line 31 above).....	0	0
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0

PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY
SUMMARY OF OPERATIONS
(Excluding Unrealized Capital Gains and Losses)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts.....			
2. Considerations for supplementary contracts with life contingencies.....			
3. Net investment income.....	241,206	367,051	475,107
4. Amortization of Interest Maintenance Reserve (IMR).....	48,646	39,495	52,511
5. Separate Accounts net gain from operations excluding unrealized gains or losses.....			
6. Commissions and expense allowances on reinsurance ceded.....			
7. Reserve adjustments on reinsurance ceded.....			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts.....			
8.2 Charges and fees for deposit-type contracts.....			
8.3 Aggregate write-ins for miscellaneous income.....	0	0	0
9. Totals (Lines 1 to 8.3).....	289,852	406,546	527,618
10. Death benefits.....		(1)	(2)
11. Matured endowments (excluding guaranteed annual pure endowments).....			
12. Annuity benefits.....			
13. Disability benefits and benefits under accident and health contracts.....			
14. Coupons, guaranteed annual pure endowments and similar benefits.....			
15. Surrender benefits and withdrawals for life contracts.....			
16. Group conversions.....			
17. Interest and adjustments on contract or deposit-type contract funds.....			
18. Payments on supplementary contracts with life contingencies.....			
19. Increase in aggregate reserves for life and accident and health contracts.....		(70)	(94)
20. Totals (Lines 10 to 19).....	0	(71)	(96)
21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only).....			
22. Commissions and expense allowances on reinsurance assumed.....			
23. General insurance expenses.....	1,027	14	(43)
24. Insurance taxes, licenses and fees, excluding federal income taxes.....	37,090	47,344	38,322
25. Increase in loading on deferred and uncollected premiums.....			
26. Net transfers to or (from) Separate Accounts.....			
27. Aggregate write-ins for deductions.....	12,060	23,422	29,126
28. Totals (Lines 20 to 27).....	50,177	70,709	67,309
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28).....	239,675	335,837	460,309
30. Dividends to policyholders.....			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30).....	239,675	335,837	460,309
32. Federal and foreign income taxes incurred (excluding tax on capital gains).....	(5,982)	103,750	154,754
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32).....	245,657	232,087	305,555
34. Net realized capital gains or (losses) less capital gains tax of \$.....0 (excluding taxes of \$.....0 and transferred to the IMR).....			46,034
35. Net income (Line 33 plus Line 34).....	245,657	232,087	351,589
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year.....	6,144,511	8,202,979	8,202,979
37. Net income (Line 35).....	245,657	232,087	351,589
38. Change in net unrealized capital gains (losses).....			
39. Change in net unrealized foreign exchange capital gain (loss).....			
40. Change in net deferred income tax.....	31,370	(1,075)	(27,043)
41. Change in nonadmitted assets and related items.....	(17,815)	1,075	13,429
42. Change in liability for reinsurance in unauthorized companies.....			
43. Change in reserve on account of change in valuation basis, (increase) or decrease.....			
44. Change in asset valuation reserve.....	2,846	2,396	3,557
45. Change in treasury stock.....			
46. Surplus (contributed to) withdrawn from Separate Accounts during period.....			
47. Other changes in surplus in Separate Accounts Statement.....			
48. Change in surplus notes.....			
49. Cumulative effect of changes in accounting principles.....			
50. Capital changes:			
50.1 Paid in.....			
50.2 Transferred from surplus (Stock Dividend).....			
50.3 Transferred to surplus.....			
51. Surplus adjustment:			
51.1 Paid in.....			(2,400,000)
51.2 Transferred to capital (Stock Dividend).....			
51.3 Transferred from capital.....			
51.4 Change in surplus as a result of reinsurance.....			
52. Dividends to stockholders.....			
53. Aggregate write-ins for gains and losses in surplus.....	(930,396)	0	0
54. Net change in capital and surplus (Lines 37 through 53).....	(668,338)	234,483	(2,058,468)
55. Capital and surplus as of statement date (Lines 36 + 54).....	5,476,173	8,437,462	6,144,511

DETAILS OF WRITE-INS

08.301.			
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page.....	0	0	0
08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above).....	0	0	0
2701. INTEREST EXPENSE ON BALANCES PAYABLE TO AFFILIATES.....	12,060	23,422	29,126
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	12,060	23,422	29,126
5301. CORRECTION OF PRIOR YEARS FEDERAL INCOME TAXES.....	(930,396)		
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page.....	0	0	0
5399. Totals (Lines 5301 thru 5303 plus 5398) (Line 53 above).....	(930,396)	0	0

CASH FLOW

Cash from Operations		1 Current Year to Date	2 Prior Year Ended December 31
1.	Premiums and annuity considerations for life and accident and health contracts.....		
2.	Charges and fees for deposit-type contracts.....		
3.	Considerations for supplementary contracts with life contingencies.....		
4.	Net investment income.....	216,583	606,994
5.	Commissions and expense allowances on reinsurance ceded.....		
6.	Fees associated with investment management, administration and contract guarantees from Separate Accounts.....		
7.	Aggregate write-ins for miscellaneous income.....	0	0
8.	Total (Lines 1 to 7).....	216,583	606,994
9.	Death benefits.....		
10.	Matured endowments.....		
11.	Annuity benefits.....		
12.	Disability benefits and benefits under accident and health contracts.....		
13.	Coupons, guaranteed annual pure endowments and similar benefits.....		
14.	Surrender benefits and withdrawals for life contracts.....		
15.	Group conversions.....		
16.	Interest and adjustments on contract or deposit-type contract funds.....		
17.	Payments on supplementary contracts with life contingencies.....		
18.	Total (Lines 9 to 17).....	0	0
19.	Commissions on premiums, annuity considerations and deposit-type contract funds.....		
20.	Commissions and expense allowances on reinsurance assumed.....		
21.	General insurance expenses.....	1,027	(43)
22.	Insurance taxes, licenses and fees, excluding federal income taxes.....	36,952	42,591
23.	Net transfers to or (from) Separate Accounts.....		
24.	Aggregate write-ins for deductions.....	12,060	29,124
25.	Total (Lines 18 to 24).....	50,039	71,672
26.	Dividends paid to policyholders.....		
27.	Federal income taxes (excluding tax on capital gains).....	(5,982)	154,754
28.	Total (Lines 25 to 27).....	44,057	226,426
29.	Net cash from operations (Line 8 minus Line 28).....	172,526	380,568
Cash from Investments			
30.	Proceeds from investments sold, matured or repaid:		
30.1	Bonds.....	2,365,000	6,434,684
30.2	Stocks.....		
30.3	Mortgage loans.....		
30.4	Real estate.....		
30.5	Other invested assets.....		
30.6	Net gains or (losses) on cash and short-term investments.....		
30.7	Miscellaneous proceeds.....		
30.8	Total investment proceeds (Lines 30.1 to 30.7).....	2,365,000	6,434,684
31.	Net tax on capital gains (losses).....		
32.	Total (Line 30.8 minus Line 31).....	2,365,000	6,434,684
33.	Cost of investments acquired (long-term only):		
33.1	Bonds.....	3,027,758	3,643,968
33.2	Stocks.....		
33.3	Mortgage loans.....		
33.4	Real estate.....		
33.5	Other invested assets.....		
33.6	Miscellaneous applications.....		
33.7	Total investments acquired (lines 33.1 to 33.6).....	3,027,758	3,643,968
34.	Net increase (or decrease) in policy loans and premium notes.....		
35.	Net cash from investments (Line 32 minus Line 33.7 minus Line 34).....	(662,758)	2,790,716
Cash from Financing and Miscellaneous Sources			
36.	Cash provided:		
36.1	Surplus notes, capital and surplus paid in.....		(2,400,000)
36.2	Borrowed money \$.....0 less amounts repaid \$.....0.....		
36.3	Capital notes \$.....0 less amounts repaid \$.....0.....		
36.4	Deposits on deposit-type contracts funds and other liabilities without life or disability contingencies.....		
36.5	Other cash provided.....	1,422,368	571
36.6	Total (Lines 36.1 to 36.5).....	1,422,368	(2,399,429)
37.	Cash applied:		
37.1	Dividends to stockholders paid.....		
37.2	Interest on indebtedness.....		
37.3	Withdrawals on deposit-type contract funds and other liabilities without life or disability contingencies.....		
37.4	Other applications (net).....	932,136	771,855
37.5	Total (Lines 37.1 to 37.4).....	932,136	771,855
38.	Net cash from financing and miscellaneous sources (Lines 36.6 minus Line 37.5).....	490,232	(3,171,284)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
39.	Net change in cash and short-term investments (Line 29, plus Line 35, plus Line 38).....	0	0
40.	Cash and short-term investments:		
40.1	Beginning of year.....	0	
40.2	End of period (Line 39 plus Line 40.1).....	0	0
DETAILS OF WRITE-INS			
0701.	.....		
0702.	.....		
0703.	.....		
0798.	Summary of remaining write-ins for Line 7 from overflow page.....	0	0
0799.	Total (Lines 0701 thru 0703 plus 0798) (Line 7 above).....	0	0
2401.	INTEREST EXPENSE TO ALLIFIATES.....	12,060	29,124
2402.	.....		
2403.	.....		
2498.	Summary of remaining write-ins for Line 24 from overflow page.....	0	0
2499.	Total (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	12,060	29,124

EXHIBIT 1

DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Industrial life.....			
2. Ordinary life insurance.....			
3. Ordinary individual annuities.....			
4. Credit life (group & individual).....			
5. Group life insurance.....			
6. Group annuities.....			
7. A&H - group.....			
8. A&H - credit (group & individual).....			
9. A&H - other.....			
10. Aggregate of all other lines of business.....	.0	.0	.0
11. Subtotal.....	.0	.0	.0
12. Deposit-type contracts.....			
13. Total.....	.0	.0	.0

NONE

REMAINS OF WRITE-INS

1001.			
1002.			
1003.			
1098. Summary of remaining write-ins for Line 10 from overflow page.....	.0	.0	.0
1099. Total (Lines 1001 thru 1003 plus 1098) (Line 10 above).....	.0	.0	.0

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors

During the current quarter's financial statement preparation, Progressive American Life Insurance Company (the "Company") discovered errors in the compiling and reporting of Federal income taxes incurred for the years 1992 and 1995. In 1992 and 1995, both Federal income taxes incurred (Summary of Operations page, line 32) and payable to parent, subsidiaries and affiliates (Liabilities page, line 24.4) were understated by \$439,861 and \$490,535, respectively. To correct for these errors, adjustments have been made in the current year on page 4, line 53 and page 3, line 24.4.

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	\$ 56,042	\$ 154,180
Prior year underaccrual (overaccrual)	(62,024)	574
Current income taxes incurred	\$ (5,982)	\$ 154,754

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 \$56,042 for the current tax year and \$147,971 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 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	2	3
Name of Entity	NAIC Company Code	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 []

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 [X] No []

13.2 If yes, please complete the following:

1	2
Prior Year-End Statement Value	Current Quarter Statement Value
13.21 Bonds.....	\$.....0
13.22 Preferred Stock.....	\$.....0
13.23 Common Stock.....	\$.....500
13.24 Short-Term Investments.....	\$.....0
13.25 Mortgages, Loans or Real Estate.....	\$.....0
13.26 All Other.....	\$.....0
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26).....	\$.....500
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above	\$.....0
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above.....	\$.....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 [] No []

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

1	2
Name of Custodian(s)	Custodian Address
The Bank of New York	One Wall St. 14th Flr. 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	2	3
Name(s)	Location(s)	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 []

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

1	2	3	4
Old Custodian	New Custodian	Date of Change	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	2	3
Central Registration Depository	Name(s)	Address

General Interrogatories-Part 2

NONE

Sch. A-Verification

NONE

Sch. B-Verification

NONE

Sch. BA-Verification

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 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
BONDS								
1. Class 1.....	6,539,304			(1,300)	6,546,095	6,539,304	6,538,004	5,881,604
2. Class 2.....								
3. Class 3.....								
4. Class 4.....								
5. Class 5.....								
6. Class 6.....								
7. Total Bonds.....	6,539,304	0	0	(1,300)	6,546,095	6,539,304	6,538,004	5,881,604
PREFERRED STOCK								
8. Class 1.....								
9. Class 2.....								
10. Class 3.....								
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	6,539,304	0	0	(1,300)	6,546,095	6,539,304	6,538,004	5,881,604

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1 Book/Adjusted Carrying Value	2 Fair 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.....				1,969
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.....				1,969
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.....	87	(174)	111	480
13. Income earned during period.....	87	(174)	111	480

Sch. DB-Part F-Section 1
NONE

Sch. DB-Part F-Section 2
NONE

Sch. S
NONE

PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY
SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

Allocated by States and Territories

States, Etc.		1 Is Insurer Licensed? (Yes or No)	Direct Business Only				
			Life Contracts		4 Accident and Health Insurance Premiums, Including Policy, Mem- bership and Other Fees	5 Deposit-Type Contract Funds	6 Other Considerations
			2 Life Insurance Premiums	3 Annuity Considerations			
1.	Alabama.....AL	YES.....					
2.	Alaska.....AK	YES.....					
3.	Arizona.....AZ	YES.....					
4.	Arkansas.....AR	YES.....					
5.	California.....CA	YES.....					
6.	Colorado.....CO	YES.....					
7.	Connecticut.....CT	YES.....					
8.	Delaware.....DE	YES.....					
9.	District of Columbia.....DC	YES.....					
10.	Florida.....FL	NO.....					
11.	Georgia.....GA	YES.....					
12.	Hawaii.....HI	NO.....					
13.	Idaho.....ID	YES.....					
14.	Illinois.....IL	YES.....					
15.	Indiana.....IN	YES.....					
16.	Iowa.....IA	YES.....					
17.	Kansas.....KS	NO.....					
18.	Kentucky.....KY	YES.....					
19.	Louisiana.....LA	YES.....					
20.	Maine.....ME	NO.....					
21.	Maryland.....MD	YES.....					
22.	Massachusetts.....MA	YES.....					
23.	Michigan.....MI	YES.....					
24.	Minnesota.....MN	YES.....					
25.	Mississippi.....MS	YES.....					
26.	Missouri.....MO	NO.....					
27.	Montana.....MT	YES.....					
28.	Nebraska.....NE	YES.....					
29.	Nevada.....NV	YES.....					
30.	New Hampshire.....NH	NO.....					
31.	New Jersey.....NJ	NO.....					
32.	New Mexico.....NM	YES.....					
33.	New York.....NY	NO.....					
34.	North Carolina.....NC	YES.....					
35.	North Dakota.....ND	YES.....					
36.	Ohio.....OH	YES.....					
37.	Oklahoma.....OK	YES.....					
38.	Oregon.....OR	YES.....					
39.	Pennsylvania.....PA	NO.....					
40.	Rhode Island.....RI	YES.....					
41.	South Carolina.....SC	YES.....					
42.	South Dakota.....SD	YES.....					
43.	Tennessee.....TN	YES.....					
44.	Texas.....TX	YES.....					
45.	Utah.....UT	YES.....					
46.	Vermont.....VT	NO.....					
47.	Virginia.....VA	YES.....					
48.	Washington.....WA	YES.....					
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.....
58.	Subtotal.....	(a) 40.....	0.....	0.....	0.....	0.....	0.....
90.	Reporting entity contributions for employee benefit plans.....	XXX.....					
91.	Dividends or refunds applied to purchase paid-up additions and annuities.....	XXX.....					
92.	Dividends or refunds applied to shorten endowment or premium paying period.....	XXX.....					
93.	Premium or annuity considerations waived under disability or other contract provisions.....	XXX.....					
94.	Aggregate other amounts not allocable by State.....	XXX.....	0.....	0.....	0.....	0.....	0.....
95.	Totals (Direct Business).....	XXX.....	0.....	0.....	0.....	0.....	0.....
96.	Plus Reinsurance Assumed.....	XXX.....					
97.	Totals (All Business).....	XXX.....	0.....	0.....	0.....	0.....	0.....
98.	Less Reinsurance Ceded.....	XXX.....					
99.	Totals (All Business) less Reinsurance Ceded.....	XXX.....	0.....	0.....	0.....	0.....	0.....
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.....
5799.	Total (Lines 5701 thru 5703 plus 5798) (Line 57 above).....	XXX.....	0.....	0.....	0.....	0.....	0.....
9401.	.....	XXX.....					
9402.	.....	XXX.....					
9403.	.....	XXX.....					
9498.	Summary of remaining write-ins for line 94 from overflow page.....	XXX.....	0.....	0.....	0.....	0.....	0.....
9499.	Total (Lines 9401 thru 9403 plus 9498) (Line 94 above).....	XXX.....	0.....	0.....	0.....	0.....	0.....

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

PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

18

PETER B. LEWIS - 11.3%
THE PROGRESSIVE CORPORATION
(OH) 34-0963169

OWNERSHIP	COMPANY	STATE OF INCORPORATION	FEDERAL IDENTIFICATION NO.	NAIC GROUP AND COMPANY CODES
1	MOUNTAIN LAUREL ASSURANCE COMPANY	PA	23-2599971	155-44180
1	NATIONAL CONTINENTAL INSURANCE COMPANY	NY	06-0281045	155-10243
1	PROGRESSIVE AMERICAN INSURANCE COMPANY	FL	34-1094197	155-24252
1	BAYSIDE UNDERWRITERS INSURANCE AGENCY, INC.	FL	59-2179894	
1	PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY	OH	34-1022982	155-71161
1	PROGRESSIVE LIFE INSURANCE, LTD.	CAICOS		
1	PROGRESSIVE AUTO PRO INSURANCE COMPANY	FL	59-3213815	155-10192
1	PROGRESSIVE CASUALTY INSURANCE COMPANY	OH	34-6513736	155-24260
1	PC INVESTMENT COMPANY	DE	34-1576555	
2	PROGRESSIVE COUNTY MUTUAL INSURANCE COMPANY	TX	74-1082840	155-29203
1	PROGRESSIVE GULF INSURANCE COMPANY	MS	34-1374634	155-42412
2	PROGRESSIVE HOME UNDERWRITERS INSURANCE COMPANY	TX	74-2991115	155-11085
1	PROGRESSIVE SPECIALTY INSURANCE COMPANY	OH	34-1172685	155-32786
1	PROGRESSIVE BAYSIDE INSURANCE COMPANY	FL	31-1193845	155-17350
1	PROGRESSIVE CLASSIC INSURANCE COMPANY	WI	39-1453002	155-42994
1	PROGRESSIVE CONSUMERS INSURANCE COMPANY	FL	59-3213819	155-10194
1	PROGRESSIVE EXPRESS INSURANCE COMPANY	FL	59-3213719	155-10193
1	PROGRESSIVE HALCYON INSURANCE COMPANY	OH	34-1524319	155-16322
1	PROGRESSIVE HAWAII INSURANCE CORP.	OH	99-0311930	155-10067
1	PROGRESSIVE MARATHON INSURANCE COMPANY	CA	33-0350911	155-37605
1	PROGRESSIVE MAX INSURANCE COMPANY	OH	34-0472535	155-24279
1	PROGRESSIVE MICHIGAN INSURANCE COMPANY	MI	34-1787734	155-10187
1	PROGRESSIVE MOUNTAIN INSURANCE COMPANY	CO	93-0935623	155-35190
1	PROGRESSIVE NORTHEASTERN INSURANCE COMPANY	NY	11-3096103	155-10042
1	PROGRESSIVE NORTHERN INSURANCE COMPANY	WI	34-1318335	155-38628
1	PROGRESSIVE PREMIER INSURANCE COMPANY OF ILLINOIS	IL	36-3789786	155-21735
1	PROGRESSIVE UNIVERSAL INSURANCE COMPANY OF ILLINOIS	IL	36-3789787	155-21727
1	PROGRESSIVE NORTHWESTERN INSURANCE COMPANY	WA	91-1187829	155-42919
1	PROGRESSIVE PALOVERDE INSURANCE COMPANY	AZ	86-0686869	155-44695
1	PROGRESSIVE PREFERRED INSURANCE COMPANY	OH	34-1287020	155-37834
1	PROGRESSIVE SECURITY INSURANCE COMPANY	LA	72-1269745	155-10050
1	PROGRESSIVE SOUTHEASTERN INSURANCE COMPANY	FL	59-1951700	155-38784
1	PROGRESSIVE WEST INSURANCE COMPANY	CA	95-2676519	155-27804
1	UNITED FINANCIAL CASUALTY COMPANY	MO	36-3298008	155-11770
1	PCIC CANADA HOLDINGS, LTD.	CAN		
1	3841189 CANADA, INC.	CAN		
1	1890 INSURANCE AGENCY, INC	WY	83-0322664	

Ownership: 1. Wholly owned and controlled 2. Affiliate - Controlled, not owned

PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

18.1

OWNERSHIP	COMPANY	STATE OF INCORPORATION	FEDERAL IDENTIFICATION NO.	NAIC GROUP AND COMPANY CODES
1	MIDLAND FINANCIAL GROUP, INC.	TN	62-1104818	
2	AGENTS FINANCIAL SERVICES, INC.	FL	65-0121341	
1	MIDLAND RISK SERVICES, INC.	TN	62-1346765	
1	MIDLAND RISK SERVICES-ARIZONA, INC	AZ	86-0688693	
1	PROGRESSIVE HOME INSURANCE COMPANY	OH	62-0484104	155-11851
1	SPECIALTY RISK INSURANCE COMPANY	OH	62-1444848	155-44288
1	AIRY INSURANCE CENTER, INC.	PA	23-2523368	
1	EXPRESS QUOTE SERVICES, INC.	FL	65-0288746	
1	GARDEN SUN INSURANCE SERVICES, INC.	HI	99-0311966	
1	GREENBERG FINANCIAL INSURANCE SERVICES, INC.	CA	31-1119149	
1	HUSKY SUN INSURANCE SERVICES, INC.	WA	91-1700619	
1	INSURANCE CONFIRMATION SERVICES, INC.	DE	38-2788841	
1	LAKESIDE INSURANCE AGENCY, INC.	OH	34-6521173	
1	MARYLAND AUTO INSURANCE SOLUTIONS, INC.	MD	52-1519929	
1	MOUNTAINSIDE INSURANCE AGENCY, INC.	CO	84-1080317	
1	PACIFIC MOTOR CLUB	CA	95-2706008	
1	PROGNY AGENCY, INC.	NY	11-3203413	
1	PROGRESSIVE ADJUSTING COMPANY, INC.	OH	34-1574447	
1	PROGRESSIVE AGENCY HOLDINGS CORP.	OH	31-1559175	
1	PROGRESSIVE AUTO PRO INSURANCE AGENCY, INC.	FL	58-1772717	
1	PROGRESSIVE CAPITAL MANAGEMENT CORP.	NY	13-3673368	
1	PROGRESSIVE DIRECTRAC SERVICE CORP.	TX	74-2870646	
1	PROGRESSIVE INSURANCE AGENCY, INC.	OH	34-6513737	
1	PROGRESSIVE INVESTMENT COMPANY, INC.	DE	34-1378861	
1	RRM HOLDINGS, INC.	DE	52-2066127	
1	PROGRESSIVE PREMIUM BUDGET, INC.	OH	34-6530101	
1	PROGRESSIVE RESOURCE SERVICES COMPANY	OH	34-1574448	
1	PROGRESSIVE SPECIALTY INSURANCE AGENCY, INC.	OH	34-1804869	
1	SILVER KEY INSURANCE AGENCY, INC.	NV	88-0342601	
1	THE PROGRESSIVE AGENCY, INC.	VA	54-1394194	
1	THE PROGRESSIVE INSURANCE FOUNDATION	OH	30-0013138	
1	UNITED FINANCIAL INSURANCE AGENCY, INC.	WA	91-1709749	
1	VILLAGE TRANSPORT CORP.	DE	51-0295493	
1	WILSON MILLS LAND CO.	OH	34-1324270	

Ownership: 1. Wholly owned and controlled 2. Affiliate - Controlled, not owned

PROGRESSIVE AMERICAN LIFE 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

EXPLANATIONS:

NOT APPLICABLE

BAR CODE:



Overflow Page

NONE

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

Sch. D-Part 3

NONE

Sch. D-Part 4

NONE

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

Sch. E

NONE

Overflow Page for Write-Ins