



# ANNUAL STATEMENT

For the Year Ended December 31, 2002  
of the Condition and Affairs of the

## PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY

|  |  |  |
|--|--|--|
| NAIC Group Code..... 155, 155<br>(Current Period) (Prior Period) | NAIC Company Code..... 71161   | Employer's ID Number..... 34-1022982   |
| Organized under the Laws of OHIO                                 | Country of Domicile US   | State of Domicile or Port of Entry OHIO  |
| Incorporated..... October 26, 1967                               |  | Commenced Business..... March 1, 1968  |
| Statutory Home Office  | 6300 WILSON MILLS ROAD, W33 ..... MAYFIELD VILLAGE ..... OH ..... 44143-2182<br><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<br><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<br><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<br><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<br><i>(Name)</i><br>Financial_Reporting@Progressive.com<br><i>(E-Mail Address)</i>   | 440-395-4460<br><i>(Area Code) (Telephone Number) (Extension)</i><br>440-446-7168<br><i>(Fax Number)</i> |
| Policyowner Relations Contact                                    | 300 N. COMMONS BLVD. OHT62 ..... MAYFIELD VILLAGE ..... OH ..... 44143-2182 1-800-776-4737<br><i>(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)</i> |  |

### 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.

|   |  |  |
|---|--|--|
| _____<br>(Signature)<br>CHARLES CLIFFORD BOUCHERLE<br>(Printed Name)<br>President | _____<br>(Signature)<br>KATHLEEN MARY CERNY<br>(Printed Name)<br>Assistant Secretary | _____<br>(Signature)<br>DIANE MARIE BOICH<br>(Printed Name)<br>Treasurer |
|---|--|--|

Subscribed and sworn to before me this  
.....day of February, 2003

a. Is this an original filing? Yes [ X ] No [ ]  
b. If no: 1. State the amendment number  
2. Date filed.....

3. Number of pages attached....

**Sch. A-Pt. 1**  
**NONE**

**Sch. A-Pt. 2**  
**NONE**

**Sch. A-Pt. 3**  
**NONE**

**Sch. B-Pt. 1**  
**NONE**

**Sch. B-Pt. 2**  
**NONE**

**Sch. BA-Pt. 1**  
**NONE**

**Sch. BA-Pt. 2**  
**NONE**

**PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY**

**SCHEDULE D - PART 1**

Showing all Long-Term BONDS Owned December 31 of Current Year

| 1<br>CUSIP<br>Identifi-<br>cation   | 2<br>Description   | 3<br>* | Interest        |                  | 6<br>Maturity<br>Date | 7<br>Option<br>Date | 8<br>Option<br>Call<br>Price | 9<br>Book/Adjusted<br>Carrying Value | 10<br>Par Value | 11<br>Rate<br>Used<br>to<br>Obtain<br>Fair<br>Value | 12<br>Fair<br>Value | 13<br>Actual Cost | Interest   |   | 16<br>Increase<br>(Decrease)<br>by<br>Adjustment | 17<br>Increase<br>(Decrease)<br>by Foreign<br>Exchange<br>Adjustment | 18<br>Amount of<br>Interest Due<br>and Accrued<br>December 31,<br>Current Year,<br>on Bonds in<br>Default as to<br>Principal or<br>Interest | 19<br>NAIC<br>Desig-<br>nation | 20<br>Date<br>Acquired | 21<br>Effec-<br>tive<br>Rate<br>of<br>Interest |       |
|---|--|--------|-----------------|------------------|-----------------------|---------------------|------------------------------|--------------------------------------|-----------------|---|---------------------|-------------------|--|---|--|--|---|--------------------------------|------------------------|--|-------|
|   |  |        | 4<br>Rate<br>of | 5<br>How<br>Paid |                       |                     |                              |                                      |                 |   |                     |                   | 14<br>Amount Due<br>and Accrued<br>December 31<br>of Current<br>Year on<br>Bonds not<br>in Default | 15<br>Gross<br>Amount<br>Received<br>During<br>Year |  |  |   |                                |                        |  |       |
| <b>U.S. Government - Issuer Obligations</b>   |  |        |                 |                  |                       |                     |                              |                                      |                 |   |                     |                   |  |   |  |  |   |                                |                        |  |       |
| 912827-5S-7..   | US TREASURY NOTE.....  | .....  | 5.875           | MN..             | 11/15/2004            | .....               | .....                        | 895,842                              | 875,000         | 108.0000  | 945,000             | 911,543           | 6,674  | 51,406  | (10,489)   | .....  | .....   | .....                          | 1                      | 07/20/2001                                     | 4.529 |
| 912827-6T-4..   | US TREASURY NOTE.....  | .....  | 5.000           | FA...            | 02/15/2011            | .....               | .....                        | 3,265,520                            | 3,270,000       | 109.8750  | 3,592,913           | 3,266,944         | 61,757   | 103,500   | (1,005)  | .....  | .....   | .....                          | 1                      | 05/17/2002                                     | 5.016 |
| 912827-7G-1..   | US TREASURY NOTE.....  | .....  | 3.000           | MN..             | 11/30/2003            | .....               | .....                        | 698,379                              | 700,000         | 101.5940  | 711,158             | 696,609           | 1,846  | 21,000  | 1,705  | .....  | .....   | .....                          | 1                      | 12/17/2001                                     | 3.258 |
| 0199999.  | U.S. Government - Issuer Obligations.....  | .....  | .....           | .....            | .....                 | .....               | .....                        | 4,859,741                            | 4,845,000       | XXX.....  | 5,249,071           | 4,875,096         | 70,277   | 175,906   | (9,789)  | .....  | .....   | 0                              | XXX                    | XXX  | XXX   |
| 0399999.  | Total - U.S. Government.....   | .....  | .....           | .....            | .....                 | .....               | .....                        | 4,859,741                            | 4,845,000       | XXX.....  | 5,249,071           | 4,875,096         | 70,277   | 175,906   | (9,789)  | .....  | .....   | 0                              | XXX                    | XXX  | XXX   |
| <b>Political Subdivisions of States, Territories &amp; Possessions (Direct and Guaranteed) - Issuer Obligations</b> |  |        |                 |                  |                       |                     |                              |                                      |                 |   |                     |                   |  |   |  |  |   |                                |                        |  |       |
| <b>Ohio</b>   |  |        |                 |                  |                       |                     |                              |                                      |                 |   |                     |                   |  |   |  |  |   |                                |                        |  |       |
| 677518-LL-4..   | OHIO ST.....   | .....  | 4.500           | MN..             | 05/01/2004            | .....               | .....                        | 1,004,056                            | 1,000,000       | .....   | 1,004,056           | 1,017,540         | 7,500  | 45,000  | (2,965)  | .....  | .....   | .....                          | 1PE                    | 01/05/1998                                     | 4.180 |
|   | Ohio.....  | .....  | .....           | .....            | .....                 | .....               | .....                        | 1,004,056                            | 1,000,000       | XXX.....  | 1,004,056           | 1,017,540         | 7,500  | 45,000  | (2,965)  | .....  | .....   | 0                              | XXX                    | XXX  | XXX   |
|   | Total States and US.....   | .....  | .....           | .....            | .....                 | .....               | .....                        | 1,004,056                            | 1,000,000       | XXX.....  | 1,004,056           | 1,017,540         | 7,500  | 45,000  | (2,965)  | .....  | .....   | 0                              | XXX                    | XXX  | XXX   |
| 1899999.  | Political Subdivisions of States, Territories & Possessions - Issuer Obligations.....            | .....  | .....           | .....            | .....                 | .....               | .....                        | 1,004,056                            | 1,000,000       | XXX.....  | 1,004,056           | 1,017,540         | 7,500  | 45,000  | (2,965)  | .....  | .....   | 0                              | XXX                    | XXX  | XXX   |
| 2499999.  | Total - Political Subdivisions of States, Territories & Possessions (Direct and Guaranteed)..... | .....  | .....           | .....            | .....                 | .....               | .....                        | 1,004,056                            | 1,000,000       | XXX.....  | 1,004,056           | 1,017,540         | 7,500  | 45,000  | (2,965)  | .....  | .....   | 0                              | XXX                    | XXX  | XXX   |
| <b>Totals</b>   |  |        |                 |                  |                       |                     |                              |                                      |                 |   |                     |                   |  |   |  |  |   |                                |                        |  |       |
| 5499999.  | Total - Issuer Obligations.....  | .....  | .....           | .....            | .....                 | .....               | .....                        | 5,863,797                            | 5,845,000       | XXX.....  | 6,253,127           | 5,892,636         | 77,777   | 220,906   | (12,754)   | .....  | .....   | 0                              | XXX                    | XXX  | XXX   |
| 6099999.  | Grand Total - Bonds.....   | .....  | .....           | .....            | .....                 | .....               | .....                        | 5,863,797                            | 5,845,000       | XXX.....  | 6,253,127           | 5,892,636         | 77,777   | 220,906   | (12,754)   | .....  | .....   | 0                              | XXX                    | XXX  | XXX   |

**SCHEDULE D - PART 2 - SECTION 1**

Showing all PREFERRED STOCKS Owned December 31 of Current Year

| 1<br>CUSIP<br>Identifi-<br>cation | 2<br>Description | 3<br>Number<br>of<br>Shares | 4<br>Par<br>Value<br>per<br>Share | 5<br>Rate<br>per<br>Share | 6<br>Book/Adjusted<br>Carrying<br>Value | 7<br>Rate per<br>Share Used<br>to Obtain<br>Fair<br>Value | 8<br>Fair<br>Value | 9<br>Actual<br>Cost | Dividends                    |   | 12<br>Increase<br>(Decrease)<br>by<br>Adjustment | 13<br>Increase<br>(Decrease) by<br>Foreign<br>Exchange<br>Adjustment | 14<br>NAIC<br>Desig-<br>nation | 15<br>Date<br>Acquired |
|-----------------------------------|------------------|-----------------------------|-----------------------------------|---------------------------|---|---|--------------------|---------------------|------------------------------|---|--|--|--------------------------------|------------------------|
|                                   |                  |                             |                                   |                           |   |   |                    |                     | 10<br>Declared but<br>Unpaid | 11<br>Amount<br>Received<br>During Year |  |  |                                |                        |

**NONE**

**PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY**

**SCHEDULE D - PART 2 - SECTION 2**

Showing all COMMON STOCKS Owned December 31 of Current Year

| 1<br>CUSIP<br>Identifi-<br>cation                          | 2<br>Description  | 3<br>Number<br>of<br>Shares | 4<br>Book/Adjusted<br>Carrying<br>Value | 5<br>Rate per<br>Share Used<br>to Obtain<br>Fair<br>Value | 6<br>Fair<br>Value | 7<br>Actual<br>Cost | Dividends                   |  | 10<br>Increase<br>(Decrease)<br>by<br>Adjustment | 11<br>Increase<br>(Decrease)<br>by Foreign<br>Exchange<br>Adjustment | 12<br>NAIC<br>Designation<br>(a) | 13<br>Date<br>Acquired |
|--|---|-----------------------------|---|---|--------------------|---------------------|-----------------------------|--|--|--|----------------------------------|------------------------|
|  |   |                             |   |   |                    |                     | 8<br>Declared but<br>Unpaid | 9<br>Amount<br>Received<br>During Year |  |  |                                  |                        |
| <b>Common Stocks - Parent, Subsidiaries and Affiliates</b> |   |                             |   |   |                    |                     |                             |  |  |  |                                  |                        |
| <b>United States</b>                                       |   |                             |   |   |                    |                     |                             |  |  |  |                                  |                        |
| 743315-PL-1  | PROGRESSIVE CORP PLIL                                       | 500.000                     | .500                                    | 1.000   | 500                | 500                 |                             |  |  |  | U                                | ...06/01/1985...       |
|  | United States   |                             | .500                                    | XXX   | 500                | 500                 | 0                           | 0                                      | 0  | 0  | XXX                              | XXX                    |
| 6999999  | Total - Common Stocks - Parent, Subsidiaries and Affiliates |                             | .500                                    | XXX   | 500                | 500                 | 0                           | 0                                      | 0  | 0  | XXX                              | XXX                    |
| 7099999  | Total - Common Stock  |                             | .500                                    | XXX   | 500                | 500                 | 0                           | 0                                      | 0  | 0  | XXX                              | XXX                    |
| 7199999  | Total - Preferred and Common Stock                          |                             | .500                                    | XXX   | 500                | 500                 | 0                           | 0                                      | 0  | 0  | XXX                              | XXX                    |

(a) For all common stocks bearing the NAIC designation "U" provide: the number of such issues.....1, the total \$ value (included in Column 6) of all such issues \$.....500.

**SCHEDULE D - PART 3**

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year

| 1<br>CUSIP<br>Identification   | 2<br>Description                           | 3<br>Date<br>Acquired | 4<br>Name of Vendor | 5<br>Number<br>of Shares<br>of Stock | 6<br>Actual Cost | 7<br>Par Value | 8<br>Paid for<br>Accrued Interest<br>and Dividends |
|--------------------------------|--|-----------------------|---------------------|--------------------------------------|------------------|----------------|--|
| <b>Bonds - U.S. Government</b> |  |                       |                     |                                      |                  |                |  |
| 912827-6T-4                    | US TREASURY NOTE 5.000% 02/15/11           | 05/17/2002            | Goldman Sachs       |                                      | 2,359,969        | 2,400,000      | 31,160   |
| 0399999                        | Total - Bonds - U.S. Government            |                       |                     |                                      | 2,359,969        | 2,400,000      | 31,160   |
| 6099997                        | Total - Bonds - Part 3                     |                       |                     |                                      | 2,359,969        | 2,400,000      | 31,160   |
| 6099998                        | Total - Bonds - Summary Item from Part 5   |                       |                     |                                      | 667,789          | 700,000        | 7,851  |
| 6099999                        | Total - Bonds                              |                       |                     |                                      | 3,027,758        | 3,100,000      | 39,011   |
| 7299999                        | Total - Bonds, Preferred and Common Stocks |                       |                     |                                      | 3,027,758        | XXX            | 39,011   |

**PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY**

**SCHEDULE D - PART 4**

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

| 1                              | 2   | 3                | 4                 | 5                               | 6             | 7            | 8              | 9  | 10                                      | 11   | 12   | 13  | 14                                     | 15   | 16   |
|--------------------------------|---|------------------|-------------------|---------------------------------|---------------|--------------|----------------|--|---|--|--|---|--|--|--|
| CUSIP<br>Identifi-<br>cation   | Description                                     | Disposal<br>Date | Name of Purchaser | Number<br>of Shares<br>of Stock | Consideration | Par<br>Value | Actual<br>Cost | Book/Adjusted<br>Carrying Value<br>at Disposal<br>Date | Increase<br>(Decrease) by<br>Adjustment | Increase<br>(Decrease)<br>by Foreign<br>Exchange<br>Adjustment | Foreign<br>Exchange<br>Gain<br>(Loss) on<br>Disposal | Realized<br>Gain<br>(Loss) on<br>Disposal | Total<br>Gain<br>(Loss) on<br>Disposal | Interest<br>on Bonds<br>Received<br>During<br>Year | Dividends on<br>Stocks<br>Received<br>During<br>Year |
| <b>Bonds - U.S. Government</b> |   |                  |                   |                                 |               |              |                |  |   |  |  |   |  |  |  |
| 912827-2Y-7.....               | US TREASURY NOTE 6.250% 06/30/02.....           | 06/30/2002       | Maturity.....     |                                 | 2,365,000     | 2,365,000    | 2,367,551      | 2,365,021  | (21)                                    |  |  |   | 0                                      | 86,406   |  |
| 03999999                       | Total - Bonds - U.S. Government.....            |                  |                   |                                 | 2,365,000     | 2,365,000    | 2,367,551      | 2,365,021  | (21)                                    | 0  | 0  | 0   | 0                                      | 86,406   | XXX  |
| 60999997                       | Total - Bonds - Part 4.....                     |                  |                   |                                 | 2,365,000     | 2,365,000    | 2,367,551      | 2,365,021  | (21)                                    | 0  | 0  | 0   | 0                                      | 86,406   | XXX  |
| 60999998                       | Total - Bonds - Summary Item from Part 5.....   |                  |                   |                                 | 711,977       | 700,000      | 667,789        | 671,667  | 3,878                                   |  |  | 40,309                                    | 40,309                                 | 22,969   | XXX  |
| 60999999                       | Total - Bonds.....                              |                  |                   |                                 | 3,076,977     | 3,065,000    | 3,035,340      | 3,036,688  | 3,857                                   | 0  | 0  | 40,309                                    | 40,309                                 | 109,375  | XXX  |
| 72999999                       | Total - Bonds, Preferred and Common Stocks..... |                  |                   |                                 | 3,076,977     | XXX          | 3,035,340      | 3,036,688  | 3,857                                   | 0  | 0  | 40,309                                    | 40,309                                 | 109,375  | 0  |

**PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY**

**SCHEDULE D - PART 5**

Showing all Long-Term Bonds and Stocks ACQUIRED During Current Year and Fully DISPOSED OF During Current Year

| 1                              | 2   | 3             | 4                    | 5             | 6                    | 7  | 8           | 9             | 10  | 11                                | 12   | 13                                       | 14                               | 15                            | 16  | 17                                      |
|--------------------------------|---|---------------|----------------------|---------------|----------------------|--|-------------|---------------|---|-----------------------------------|--|--|----------------------------------|-------------------------------|---|---|
| CUSIP Identification           | Description                                     | Date Acquired | Name of Vendor       | Disposal Date | Name of Purchaser    | Par Value (Bonds) or Number of Shares (Stocks) | Actual Cost | Consideration | 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 and Dividends Received During Year | Paid for Accrued Interest and Dividends |
| <b>Bonds - U.S. Government</b> |   |               |                      |               |                      |  |             |               |   |                                   |  |  |                                  |                               |   |   |
| 912827-7F-3.....               | US TREASURY NOTE 3.500% 11/15/06.....           | 03/08/2002    | HSBC Securities..... | 10/22/2002    | HSBC Securities..... | 700,000  | 667,789     | 711,977       | 671,667                                       | 3,878                             |  |  | 40,309                           | 40,309                        | 22,969                                      | 7,851                                   |
| 0399999                        | Total - Bonds - U.S. Government.....            |               |                      |               |                      | 700,000  | 667,789     | 711,977       | 671,667                                       | 3,878                             | 0  | 0  | 40,309                           | 40,309                        | 22,969                                      | 7,851                                   |
| 6099998                        | Total - Bonds.....                              |               |                      |               |                      | 700,000  | 667,789     | 711,977       | 671,667                                       | 3,878                             | 0  | 0  | 40,309                           | 40,309                        | 22,969                                      | 7,851                                   |
| 7299999                        | Total - Bonds, Preferred and Common Stocks..... |               |                      |               |                      | XXX  | 667,789     | 711,977       | 671,667                                       | 3,878                             | 0  | 0  | 40,309                           | 40,309                        | 22,969                                      | 7,851                                   |

**PROGRESSIVE AMERICAN LIFE INSURANCE COMPANY**

**SCHEDULE D - PART 6 - SECTION 1**

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

| 1<br>CUSIP<br>Identifi-<br>cation | 2<br>Description<br>Name of Subsidiary, Controlled or<br>Affiliated Company | 3<br>NAIC<br>Company<br>Code or Alien<br>Insurer<br>Identification<br>Number | 4<br>NAIC Valuation<br>Method<br>(See SVO<br>Purposes and<br>Procedures<br>manual) | 5<br>Do Insurer's<br>Assets Include Intangible<br>Assets Connected<br>with Holding of Such<br>Company's Stock? | 6<br>Total Amount<br>of Such<br>Intangible<br>Assets | 7<br>Book/Adjusted<br>Carrying<br>Value | Stock of Such<br>Company Owned by<br>Insurer on Statement Date |                          |
|-----------------------------------|---|--|--|--|--|---|--|--------------------------|
|                                   |   |  |  |  |  |   | 8<br>Number of<br>Shares                                       | 9<br>% of<br>Outstanding |
| <b>Common Stocks</b>              |   |  |  |  |  |   |  |                          |
| <b>U.S. Life Insurer</b>          |   |  |  |  |  |   |  |                          |
| 743315-PL-1.....                  | PROGRESSIVE LIFE INSURANCE LTD.....   |  | 8(3)b(ii)B.....  | NO.....  | N/A.....   | 500                                     | 500.000  | 100.0                    |
| 1199999.                          | Total - Common Stocks - U.S. Life Insurer.....                              |  |  |  | 0  | 500                                     | XXX  | XXX                      |
| 1699999.                          | Total - Common Stocks.....  |  |  |  | 0  | 500                                     | XXX  | XXX                      |
| 1799999.                          | Total - Preferred and Common Stock.....                                     |  |  |  | 0  | 500                                     | XXX  | XXX                      |

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$.....3,644,511.
2. Total amount of intangible assets nonadmitted \$.....0.

**SCHEDULE D - PART 6 - SECTION 2**

| 1<br>CUSIP<br>Identifi-<br>cation | 2<br>Name of Lower-tier Company | 3<br>Name of Company Listed in<br>Section 1<br>Which Controls Lower-tier<br>Company | 4<br>Total Amount of<br>Intangible Assets<br>Included in<br>Amount Shown in<br>Column 6, Section 1 | Stock in Lower-Tier Company Owned<br>Indirectly by Insurer on Statement Date |                       |
|-----------------------------------|---------------------------------|---|--|--|-----------------------|
|                                   |                                 |   |  | 5<br>Number of Shares  | 6<br>% of Outstanding |
| <b>NONE</b>                       |                                 |   |  |  |                       |

**Sch. DA-Pt. 1  
NONE**

**Sch. DB-Pt. A-Sn. 1  
NONE**

**Sch. DB-Pt. A-Sn. 2  
NONE**

**Sch. DB-Pt. A-Sn. 3  
NONE**

**Sch. DB-Pt. B-Sn. 1  
NONE**

**Sch. DB-Pt. B-Sn. 2  
NONE**

**Sch. DB-Pt. B-Sn. 3  
NONE**

**Sch. DB-Pt. C-Sn. 1  
NONE**

**Sch. DB-Pt. C-Sn. 2  
NONE**

**Sch. DB-Pt. C-Sn. 3  
NONE**

**Sch. DB-Pt. D-Sn. 1  
NONE**

**Sch. DB-Pt. D-Sn. 2  
NONE**

**Sch. DB-Pt. D-Sn. 3  
NONE**

**Sch. DB-Pt. E-Sn. 1  
NONE**

## SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

|                          | 1<br>Statement (Admitted)<br>Value | 2<br>Fair<br>Value (a) | 3<br>Excess of Statement over<br>Fair Value (-), or Fair<br>Value over Statement (+) |
|--------------------------|------------------------------------|------------------------|--|
| 1. Bonds.....            | 5,863,797                          | 6,290,781              | 426,984  |
| 2. Preferred stocks..... |                                    |                        | 0  |
| 3. Totals.....           | 5,863,797                          | 6,290,781              | 426,984  |

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.

Fair Market Value is computed using NAIC market rates, when available.

If a market rate is not provided for by the NAIC, broker quotations or market rates provided by Interactive Data Corp (IDC)

are used in the computation.

**SCHEDULE E - PART 1 - CASH**

| 1          | 2                | 3                                       | 4  | 5       | 6 |
|------------|------------------|---|--|---------|---|
| Depository | Rate of Interest | Amount of Interest Received During Year | Amount of Interest Accrued December 31 of Current Year | Balance | * |

**NONE**

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

|                  |               |                   |                   |
|------------------|---------------|-------------------|-------------------|
| 1. January.....  | 4. April..... | 7. July.....      | 10. October.....  |
| 2. February..... | 5. May.....   | 8. August.....    | 11. November..... |
| 3. March.....    | 6. June.....  | 9. September..... | 12. December..... |

**SCHEDULE E - PART 2 - SPECIAL DEPOSITS**

| 1<br>Line<br>Number  | 2<br>Type   | 3<br>Description of Deposit                     | 4<br>Where Deposited and Purpose of Deposit                          | 5<br>Par or Book<br>Value | 6<br>Statement<br>Value (a) | 7<br>Fair<br>Value |
|--|---|---|--|---------------------------|-----------------------------|--------------------|
| <b>SPECIAL DEPOSITS WHICH ARE NOT FOR THE BENEFIT OF ALL POLICYHOLDERS</b> |   |   |  |                           |                             |                    |
| <b>Arkansas</b>  |   |   |  |                           |                             |                    |
| AR00001.   | B.  | US TREASURY NOTE 5.000% 02/15/11                | Arkansas, Bank of America, Collateral for Ins Underwrtg.             | 150,000                   | 149,795                     | 164,813            |
| AR99999.   | Arkansas  |   |  | 150,000                   | 149,795                     | 164,813            |
| <b>Georgia</b>   |   |   |  |                           |                             |                    |
| GA00001.   | B.  | US TREASURY NOTE 5.000% 02/15/11                | Georgia, Wachovia Bank, Collateral for Ins Underwrtg.                | 100,000                   | 99,863                      | 109,875            |
| GA99999.   | Georgia   |   |  | 100,000                   | 99,863                      | 109,875            |
| <b>Idaho</b>   |   |   |  |                           |                             |                    |
| ID00001.   | B.  | US TREASURY NOTE 5.000% 02/15/11                | Idaho, US Bank, Collateral for Ins Underwrtg.                        | 300,000                   | 299,589                     | 329,625            |
| ID99999.   | Idaho   |   |  | 300,000                   | 299,589                     | 329,625            |
| <b>Massachusetts</b>   |   |   |  |                           |                             |                    |
| MA00001.   | B.  | US TREASURY NOTE 5.000% 02/15/11                | Massachusetts, Investors Bank & Trust, Collateral for Ins Underwrtg. | 160,000                   | 159,781                     | 175,800            |
| MA99999.   | Massachusetts   |   |  | 160,000                   | 159,781                     | 175,800            |
| <b>New Mexico</b>  |   |   |  |                           |                             |                    |
| NM00001.   | B.  | US TREASURY NOTE 5.000% 02/15/11                | New Mexico, Bank of Santa Fe, Collateral for Ins Underwrtg.          | 110,000                   | 109,849                     | 120,862            |
| NM99999.   | New Mexico  |   |  | 110,000                   | 109,849                     | 120,862            |
| <b>South Carolina</b>  |   |   |  |                           |                             |                    |
| SC00001.   | B.  | US TREASURY NOTE 5.875% 11/15/04                | South Carolina, Wachovia Bank of S.C., Collateral for Ins Underwrtg. | 130,000                   | 133,096                     | 140,400            |
| SC99999.   | South Carolina  |   |  | 130,000                   | 133,096                     | 140,400            |
| <b>Virginia</b>  |   |   |  |                           |                             |                    |
| VA00001.   | B.  | US TREASURY NOTE 5.000% 02/15/11                | Virginia, Suntrust Bank, Collateral for Ins Underwrtg.               | 300,000                   | 299,589                     | 329,625            |
| VA99999.   | Virginia  |   |  | 300,000                   | 299,589                     | 329,625            |
| XX99999.   | Total - All Special Deposits NOT Held for Benefit of all Policyholders, Claimants, & Creditors of the Company |   |  | 1,250,000                 | 1,251,562                   | 1,371,000          |
| <b>SPECIAL DEPOSITS WHICH ARE FOR THE BENEFIT OF ALL POLICYHOLDERS</b>     |   |   |  |                           |                             |                    |
| <b>Florida</b>   |   |   |  |                           |                             |                    |
| FL00001.   | B.  | US TREASURY NOTE 5.000% 02/15/11                | Florida, First Union National, Collateral for Ins Underwrtg.         | 250,000                   | 249,658                     | 274,688            |
| FL99999.   | Florida   |   |  | 250,000                   | 249,658                     | 274,688            |
| <b>North Carolina</b>  |   |   |  |                           |                             |                    |
| NC00001.   | B.  | US TREASURY NOTE 5.875% 11/15/04                | North Carolina, Wachovia Bank, Collateral for Ins Underwrtg.         | 245,000                   | 250,836                     | 264,600            |
| NC99999.   | North Carolina  |   |  | 245,000                   | 250,836                     | 264,600            |
| <b>Ohio</b>  |   |   |  |                           |                             |                    |
| OH00001.   | B.  | US TREASURY NOTE 3.000% 11/30/03                | Ohio, Bank of New York, Collateral for Ins Underwrtg.                | 700,000                   | 698,379                     | 711,158            |
| OH00002.   | B.  | US TREASURY NOTE 5.000% 02/15/11                | Ohio, Bank of New York, Collateral for Ins Underwrtg.                | 1,865,000                 | 1,862,445                   | 2,049,169          |
| OH00003.   | B.  | US TREASURY NOTE 5.875% 11/15/04                | Ohio, Bank of New York, Collateral for Ins Underwrtg.                | 500,000                   | 511,910                     | 540,000            |
| OH00004.   | B.  | OHIO ST 4 1/2% Due 5/1/2004 MN1 4.500% 05/01/04 | Ohio, Bank of New York, Collateral for Ins Underwrtg.                | 1,000,000                 | 1,004,056                   | 1,004,056          |
| OH99999.   | Ohio  |   |  | 4,065,000                 | 4,076,790                   | 4,304,383          |
| ZZ99999.   | Total - All Special Deposits Held for Benefit of all Policyholders, Claimants, & Creditors of the Company     |   |  | 4,560,000                 | 4,577,284                   | 4,843,671          |
| 9999999.   | Totals  |   |  | 5,810,000                 | 5,828,846                   | 6,214,671          |

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(a) Includes \$.....0 cash and short-term investments as defined in SSAP No. 2 of the NAIC Accounting Practices and Procedures Manual.