



ANNUAL STATEMENT

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

PROGRESSIVE HALCYON INSURANCE COMPANY

NAIC Group Code..... 155, 155 (Current Period) (Prior Period) NAIC Company Code..... 16322 Employer's ID Number..... 34-1524319

Organized under the Laws of OHIO State of Domicile or Port of Entry OHIO Country of Domicile US
Incorporated..... September 29, 1986 Commenced Business..... January 14, 1987

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 440-395-4460
(Name) (Area Code) (Telephone Number) (Extension)
Financial_Reporting@Progressive.com 440-446-7168
(E-Mail Address) (Fax Number)

POLICYOWNER RELATIONS AND CLAIMS REPORTING CONTACT 6300 WILSON MILLS ROAD, E61 MAYFIELD VILLAGE OH 44143-2182 **1-800-776-4737**
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President CHARLES CLIFFORD BOUCHERLE Treasurer DIANE MARIE BOICH Secretary DANE ALLEN SHRALLOW

VICE PRESIDENTS

JEFFREY WAYNE BASCH (VICE PRESIDENT) TIMOTHY FRANCIS CERCELLE (ASST. 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 TODD WILLIAM EVANS PATRICIA JO HARRIS THOMAS ALFRED KING
JOHN NELSON WELLS

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

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds.....	160,500,526		160,500,526	65,167,256
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....			0	
2.2 Common stocks (Schedule D, Part 2, Section 2).....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
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 (\$.....213,503 Schedule E, Part 1) and short-term investments (\$.....0 Schedule DA, Part 2).....	213,503		213,503	3,510,674
6. Other invested assets (Schedule BA).....			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).....	160,714,029	0	160,714,029	68,677,930
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	11,069,060	4,835,236	6,233,824	5,421,191
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	144,227,062		144,227,062	101,220,197
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 (Schedule F, Part 3, Cols. 7 and 8).....	116,644,063		116,644,063	66,130,741
15. Federal and foreign income tax recoverable and interest thereon (including \$.....5,172,369 net deferred tax asset).....	5,231,354	58,985	5,172,369	2,918,028
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.....	1,733,409		1,733,409	345,123
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....			0	7,295,678
21. Amount 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 (Exhibit 1).....			0	
25. Aggregate write-ins for other than invested assets.....	226,424	216,391	10,033	0
26. Total assets excluding protected cell assets (Lines 9 through 25).....	439,845,401	5,110,612	434,734,789	252,008,888
27. Protected cell assets.....			0	
28. TOTALS (Lines 26 and 27).....	439,845,401	5,110,612	434,734,789	252,008,888

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.....	30,458	20,425	10,033	
2502. PREPAID EXPENSES.....	195,966	195,966	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).....	226,424	216,391	10,033	0

PROGRESSIVE HALCYON INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	16,308,487	8,928,876
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6).....		
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	3,545,916	1,851,832
4. Commissions payable, contingent commissions and other similar charges.....	71,438	49,337
5. Other expenses (excluding taxes, licenses and fees).....	305,365	319,587
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	12,085,887	7,796,581
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 (Part 1A, Line 37, Column 5) (after deducting unearned premiums for ceded reinsurance of \$...230,702,782 and including warranty reserves of \$.....0).....	25,630,555	17,073,147
10. Advance premiums.....	8,490,504	5,006,515
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	223,274,309	142,348,880
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	26,686,743	16,911,984
19. Payable to parent, subsidiaries and affiliates.....	25,571,955	
20. Payable for securities.....		
21. Liability for amounts held under uninsured accident and health plans.....		
22. Capital notes \$.....0 and interest thereon \$.....0.....		
23. Aggregate write-ins for liabilities.....	81,050	134,780
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	342,052,209	200,421,519
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	342,052,209	200,421,519
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	2,500,400	2,500,400
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.....	79,249,600	47,249,600
33. Unassigned funds (surplus).....	10,932,580	1,837,369
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) (Page 4, Line 38).....	92,682,580	51,587,369
36. TOTALS (Page 2, Line 28, Col. 3).....	434,734,789	252,008,888

DETAILS OF WRITE-INS

2301. OTHER LIABILITIES.....	81,050	134,780
2302.		
2303.		
2398. Summary of remaining write-ins for Line 23 from overflow page.....	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	81,050	134,780
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

UNDERWRITING AND INVESTMENT EXHIBIT

	1	2
	Current Year	Prior Year
STATEMENT OF INCOME		
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	75,073,161	38,267,137
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	41,266,839	22,190,863
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	9,190,187	4,965,608
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	18,008,301	10,778,014
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	68,465,327	37,934,485
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	6,607,834	332,652
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	4,347,664	857,692
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	1,999,708	(6,904)
11. Net investment gain (loss) (Lines 9 + 10).....	6,347,372	850,788
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....46,113 amount charged off \$....1,014,569).....	(968,456)	(531,179)
13. Finance and service charges not included in premiums.....	13,866,075	8,906,208
14. Aggregate write-ins for miscellaneous income.....	(12,386,726)	(8,196,790)
15. Total other income (Lines 12 through 14).....	510,893	178,239
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	13,466,099	1,361,679
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	13,466,099	1,361,679
19. Federal and foreign income taxes incurred.....	5,511,993	1,640,088
20. Net income (Line 18 minus Line 19) (to Line 22).....	7,954,106	(278,409)
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	51,587,369	14,794,944
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	7,954,106	(278,409)
23. Net unrealized capital gains or (losses).....		(3,955)
24. Change in net unrealized foreign exchange capital gains (loss).....		
25. Change in net deferred income tax.....	1,366,772	1,757,486
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	(503,933)	(2,369,196)
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
28. Change in surplus notes.....		
29. Surplus (contributed to) withdrawn from protected cells.....		
30. Cumulative effect of changes in accounting principles.....		1,686,499
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.....	32,000,000	36,000,000
32.2 Transferred to capital (Stock Dividend).....		
32.3. Transferred from capital.....		
33. Net remittances from or (to) Home Office.....		
34. Dividends to stockholders.....		
35. Change in treasury stock (Page 3, Line 34.1 and 34.2, Column 2 minus Column 1).....		
36. Aggregate write-ins for gains and losses in surplus.....	278,266	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36).....	41,095,211	36,792,425
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	92,682,580	51,587,369

DETAILS OF WRITE-INS

0501.		
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. INTEREST INCOME (EXPENSE) ON INTERCOMPANY BALANCES.....	92,742	(117,776)
1402. FINANCE & SERVICE CHARGE REVENUE CEDED.....	(12,479,468)	(8,015,588)
1403. LOSS ON RECEIVABLE FACTORING.....		(63,426)
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	(12,386,726)	(8,196,790)
3601. CORRECTION OF PRIOR YEARS SURPLUS. SEE FOOTNOTE 2A.....	278,266	
3602.		
3603.		
3698. Summary of remaining write-ins for Line 36 from overflow page.....	0	0
3699. Totals (Lines 3601 thru 3603 plus 3698) (Line 36 above).....	278,266	0

PROGRESSIVE HALCYON INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	118,819,602	97,434,134
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	82,121,894	50,593,291
3. Underwriting expenses paid.....	13,711,116	7,188,090
4. Other underwriting income (expenses).....		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	22,986,592	39,652,753
6. Net investment income.....	3,153,645	637,239
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(927,076)	(408,515)
7.2 Net funds held under reinsurance treaties.....		
7.3 Net amount withheld or retained for account of others.....		
7.4 Aggregate write-ins for miscellaneous items.....	1,479,349	709,418
7.5 Total other income (Lines 7.1 to 7.4).....	552,273	300,903
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....	(5,511,993)	(1,640,088)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	21,180,517	38,950,807
CASH FROM INVESTMENTS		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	178,405,809	7,362,618
11.2 Stocks.....		200,000
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).....	178,405,809	7,562,618
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	271,933,639	67,441,295
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).....	271,933,639	67,441,295
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(93,527,830)	(59,878,677)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....	32,000,000	36,000,000
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....	33,461,520	
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	3,762,256	3,380,552
14.6 Total (Lines 14.1 to 14.5).....	69,223,776	39,380,552
15. Cash applied:		
15.1 Dividends to stockholders paid.....		
15.2 Net transfers to affiliates.....		13,509,574
15.3 Borrowed funds repaid.....		
15.4 Other applications.....	173,634	1,643,108
15.5 Total (Lines 15.1 to 15.4).....	173,634	15,152,682
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	69,050,142	24,227,870
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	(3,297,171)	3,300,000
18. Cash and short-term investments:		
18.1 Beginning of year.....	3,510,674	210,674
18.2 End of year (Line 17 plus Line 18.1).....	213,503	3,510,674
DETAILS OF WRITE-INS		
7.401 NET FINANCE AND SERVICE CHARGE REVENUE.....	1,386,607	890,620
7.402 INTEREST EXPENSE ON INTERCOMPANY BALANCES.....	92,742	(117,776)
7.403 LOSS ON RECEIVABLE FACTORING.....		(63,426)
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	0	0
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	1,479,349	709,418

PROGRESSIVE HALCYON INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	1	2	3	4
Line of Business	Net Premiums Written per Column 6, Part 1B	Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 2	Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				.0
2. Allied lines.....				.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....				.0
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....				.0
10. Financial guaranty.....				.0
11.1 Medical malpractice - occurrence.....				.0
11.2 Medical malpractice - claims-made.....				.0
12. Earthquake.....				.0
13. Group accident and health.....				.0
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....				.0
17.1 Other liability - occurrence.....				.0
17.2 Other liability - claims-made.....				.0
18.1 Products liability - occurrence.....				.0
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....	53,401,366	10,852,296	16,480,461	47,773,201
19.3, 19.4 Commercial auto liability.....				.0
21. Auto physical damage.....	30,229,203	6,220,851	9,150,094	27,299,960
22. Aircraft (all perils).....				.0
23. Fidelity.....				.0
24. Surety.....				.0
26. Burglary and theft.....				.0
27. Boiler and machinery.....				.0
28. Credit.....				.0
29. International.....				.0
30. Reinsurance - nonproportional assumed property.....				.0
31. Reinsurance - nonproportional assumed liability.....				.0
32. Reinsurance - nonproportional assumed financial lines.....				.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
34. TOTALS.....	83,630,569	17,073,147	25,630,555	75,073,161

DETAILS OF WRITE-INS

3301. ....				.0
3302. ....				.0
3303. ....				.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	.0	.0	.0	.0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	.0	.0

PROGRESSIVE HALCYON INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

(a) Gross premiums (less reinsurance) and unearned premiums on all unexpired risks and reserve for return premiums under rate credit or retrospective rating plans based upon experience, viz:

	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
Line of Business					
1. Fire.....					.0
2. Allied lines.....					.0
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....					.0
5. Commercial multiple peril.....					.0
6. Mortgage guaranty.....					.0
8. Ocean marine.....					.0
9. Inland marine.....					.0
10. Financial guaranty.....					.0
11.1 Medical malpractice - occurrence.....					.0
11.2 Medical malpractice - claims-made.....					.0
12. Earthquake.....					.0
13. Group accident and health.....					.0
14. Credit accident and health (group and individual).....					.0
15. Other accident and health.....					.0
16. Workers' compensation.....					.0
17.1 Other liability - occurrence.....					.0
17.2 Other liability - claims-made.....					.0
18.1 Products liability - occurrence.....					.0
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....	16,480,461				16,480,461
19.3, 19.4 Commercial auto liability.....					.0
21. Auto physical damage.....	9,150,094				9,150,094
22. Aircraft (all perils).....					.0
23. Fidelity.....					.0
24. Surety.....					.0
26. Burglary and theft.....					.0
27. Boiler and machinery.....					.0
28. Credit.....					.0
29. International.....					.0
30. Reinsurance - nonproportional assumed property.....					.0
31. Reinsurance - nonproportional assumed liability.....					.0
32. Reinsurance - nonproportional assumed financial lines.....					.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0
34. TOTALS.....	25,630,555	.0	.0	.0	25,630,555
35. Accrued retrospective premiums based on experience.....					
36. Earned but unbilled premiums.....					
37. Balance (sum of Lines 34 through 36).....					25,630,555

DETAILS OF WRITE-INS

3301. 0.....					.0
3302. 0.....					.0
3303. 0.....					.0
3398. Summary of remaining write-ins for Line 33 from overflow page.....	.0	.0	.0	.0	.0
3399. TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	.0	.0	.0	.0	.0

- (a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [X] No [].
 (b) State here basis of computation used in each case: Pro Rata

PROGRESSIVE HALCYON INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Gross Premiums (Less Return Premiums), Including Policy and Membership Fees Written and Renewed During Year

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2	3	4	5	
		From Affiliates	From Non-Affiliates	To Affiliates	To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....						.0
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....						.0
10. Financial guaranty.....						.0
11.1 Medical malpractice - occurrence.....						.0
11.2 Medical malpractice - claims-made.....						.0
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....						.0
17.2 Other liability - claims-made.....						.0
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....	534,055,310			480,612,291	41,653	53,401,366
19.3, 19.4 Commercial auto liability.....						.0
21. Auto physical damage.....	302,319,569			272,062,828	27,538	30,229,203
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....						.0
26. Burglary and theft.....						.0
27. Boiler and machinery.....						.0
28. Credit.....						.0
29. International.....						.0
30. Reinsurance - nonproportional assumed property.....	.XXX					.0
31. Reinsurance - nonproportional assumed liability.....	.XXX					.0
32. Reinsurance - nonproportional assumed financial lines.....	.XXX					.0
33. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
34. TOTALS.....	836,374,879	.0	.0	752,675,119	69,191	83,630,569

DETAILS OF WRITE-INS

3301. 0.....						.0
3302. 0.....						.0
3303. 0.....						.0
3398. Summary 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 above).....	.0	.0	.0	.0	.0	.0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]

If yes: 1. The amount of such installment premiums \$.....0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
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.....				0			0	
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 (group and individual).....				0			0	
15. Other accident and health.....				0			0	
16. Workers' compensation.....				0			0	
17.1 Other liability - occurrence.....				0			0	
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.....	170,469,354		153,422,746	17,046,608	15,836,917	8,526,172	24,357,353	51.0
19.3, 19.4 Commercial auto liability.....				0			0	
21. Auto physical damage.....	168,408,312		151,567,691	16,840,621	471,571	402,706	16,909,486	61.9
22. Aircraft (all perils).....				0			0	
23. Fidelity.....				0			0	
24. Surety.....				0			0	
26. Burglary and theft.....				0			0	
27. Boiler and machinery.....				0			0	
28. Credit.....				0			0	
29. International.....				0			0	
30. Reinsurance - nonproportional assumed property.....	.XXX			0			0	
31. Reinsurance - nonproportional assumed liability.....	.XXX			0			0	
32. Reinsurance - nonproportional assumed financial lines.....	.XXX			0			0	
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	
34. TOTALS.....	338,877,666	0	304,990,437	33,887,229	16,308,488	8,928,878	41,266,839	55.0
DETAILS OF WRITE-INS								
3301. 0.....				0			0	
3302. 0.....				0			0	
3303. 0.....				0			0	
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0	0	

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
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.....				0				0	
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				(a) 0	
14. Credit accident and health (group and individual).....				0				(a) 0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....				0				0	
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.....	117,036,226		105,332,921	11,703,305	41,337,180		37,203,568	15,836,917	3,328,742
19.3, 19.4 Commercial auto liability.....				0				0	
21. Auto physical damage.....	9,290,760		8,361,870	928,890	(4,573,132)		(4,115,813)	471,571	217,174
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			0	XXX			0	
31. Reinsurance - nonproportional assumed liability.....	XXX			0	XXX			0	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
33. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
34. TOTALS.....	126,326,986	0	113,694,791	12,632,195	36,764,048	0	33,087,755	16,308,488	3,545,916

DETAILS OF WRITE-INS

3301. 0.....				0				0	
3302. 0.....				0				0	
3303. 0.....				0				0	
3398. Summary of remaining write-ins for Line 33 from overflow page.....	0	0	0	0	0	0	0	0	0
3399. Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above).....	0	0	0	0	0	0	0	0	0

(a) Including \$.....0 for present value of life indemnity claims.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	10,024,687			10,024,687
1.2 Reinsurance assumed.....				0
1.3 Reinsurance ceded.....	9,022,266			9,022,266
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	1,002,421	0	0	1,002,421
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		5,600,232		5,600,232
2.2 Reinsurance assumed excluding contingent.....				0
2.3 Reinsurance ceded excluding contingent.....		5,041,596		5,041,596
2.4 Contingent - direct.....		39,141		39,141
2.5 Contingent - reinsurance assumed.....				0
2.6 Contingent - reinsurance ceded.....		35,227		35,227
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	562,550	0	562,550
3. Allowances to managers and agents.....				0
4. Advertising.....		1,733,174		1,733,174
5. Boards, bureaus and associations.....		31,956		31,956
6. Surveys and underwriting reports.....		865,055		865,055
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	4,563,020	7,517,454	31,325	12,111,799
8.2 Payroll taxes.....	333,216	533,516	3,164	869,896
9. Employee relations and welfare.....	620,321	825,895	283	1,446,499
10. Insurance.....				0
11. Directors' fees.....				0
12. Travel and travel items.....	388,786	179,346	166	568,298
13. Rent and rent items.....	523,155	547,080	1,418	1,071,653
14. Equipment.....	235,837	592,293	107	828,237
15. Cost or depreciation of EDP equipment and software.....	65,147	937,421		1,002,568
16. Printing and stationery.....	100,225	214,009	280	314,514
17. Postage, telephone and telegraph, exchange and express.....	755,599	1,039,904	617	1,796,120
18. Legal and auditing.....		88,628	16,642	105,270
19. Totals (Lines 3 to 18).....	7,585,306	15,105,731	54,002	22,745,039
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....70,576.....		1,892,615		1,892,615
20.2. Insurance department licenses and fees.....		182,043		182,043
20.3. Gross guaranty association assessments.....		42,454		42,454
20.4. All other (excluding federal and foreign income and real estate).....		37,858		37,858
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	2,154,970	0	2,154,970
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured accident and health plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	602,461	185,050	4,663	792,174
25. Total expenses incurred.....	9,190,188	18,008,301	58,665	(a).....27,257,154
26. Less unpaid expenses - current year.....	3,545,916	12,462,686		16,008,602
27. Add unpaid expenses - prior year.....	1,851,832	8,165,499		10,017,331
28. Amounts receivable relating to uninsured accident and health plans, prior year.....				0
29. Amounts receivable relating to uninsured accident and health plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	7,496,104	13,711,114	58,665	21,265,883

DETAILS OF WRITE-INS

2401. OUTSIDE PROGRAMMING AND IT CHARGES.....	481,969	124,208	3,730	609,907
2402. OUTSIDE SERVICES.....	72,295	30,753	560	103,608
2403. MISCELLANEOUS EXPENSES.....	48,197	30,089	373	78,659
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).....	602,461	185,050	4,663	792,174

(a) Includes management fees of \$.....22,393,015 to affiliates and \$.....0 to non-affiliates.

PROGRESSIVE HALCYON INSURANCE COMPANY

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....1,399,563	.....1,629,985
1.1 Bonds exempt from U.S. tax.....	(a).....(599,905)	.....569,190
1.2 Other bonds (unaffiliated).....	(a).....2,084,908	.....2,073,420
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....82	.....82
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash/short-term investments.....	(e).....133,396	.....133,650
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....3,018,044	.....4,406,327
11. Investment expenses.....	.....	(g).....58,665
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....58,665
17. Net investment income (Line 10 minus Line 16).....	.....	.....4,347,662

DETAILS OF WRITE-INS

0901. ....	.....	.....
0902. ....	.....	.....
0903. ....	.....	.....
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501. ....	.....	.....
1502. ....	.....	.....
1503. ....	.....	.....
1598. Summary of remaining write-ins for Line 15 from overflow page.....	.....	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....	.....0

- (a) Includes \$.....168,236 accrual of discount less \$.....362,503 amortization of premium and less \$.....2,038,151 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. government bonds.....	.....753,871	.....	.....	.....	.....753,871
1.1 Bonds exempt from U.S. tax.....	.....93,178	.....	.....	.....	.....93,178
1.2 Other bonds (unaffiliated).....	.....1,152,659	.....	.....	.....	.....1,152,659
1.3 Bonds of affiliates.....	.....	.....	.....	.....	.....0
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....	.....	.....0
2.11 Preferred stocks of affiliates.....	.....	.....	.....	.....	.....0
2.2 Common stocks (unaffiliated).....	.....	.....	.....	.....	.....0
2.21 Common stocks of affiliates.....	.....	.....	.....	.....	.....0
3. Mortgage loans.....	.....	.....	.....	.....	.....0
4. Real estate.....	.....	.....	.....	.....	.....0
5. Contract loans.....	.....	.....	.....	.....	.....0
6. Cash/short-term investments.....	.....	.....	.....	.....	.....0
7. Derivative instruments.....	.....	.....	.....	.....	.....0
8. Other invested assets.....	.....	.....	.....	.....	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....1,999,708	.....0	.....0	.....0	.....1,999,708

DETAILS OF WRITE-INS

0901. ....	.....	.....	.....	.....	.....0
0902. ....	.....	.....	.....	.....	.....0
0903. ....	.....	.....	.....	.....	.....0
0998. Summary of remaining write-ins for Line 9 from overflow page..	.....0	.....0	.....0	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) Decrease
1. Summary of Items Page 2, Lines 10 to 17 and 19 to 23, Column 2.....	4,894,221	4,500,159	(394,062)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....			.0
2.2 Furniture, equipment and supplies.....			.0
2.3 Leasehold improvements.....			.0
2.4 Loans on personal security, endorsed or not.....			.0
3. Total (Lines 2.1 to 2.4).....	.0	.0	.0
4. Aggregate write-ins for other assets.....	216,391	106,520	(109,871)
5. Total (Line 1 plus Lines 3 and 4).....	5,110,612	4,606,679	(503,933)

DETAILS OF WRITE-INS

0401. PREPAID EXPENSES.....	195,966	106,520	(89,446)
0402. MISCELLANEOUS OTHER ASSETS.....	20,425		(20,425)
0403. ....			.0
0498. Summary of remaining write-ins for Line 4 from overflow page.....	.0	.0	.0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above).....	216,391	106,520	(109,871)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of Progressive Halcyon Insurance Company (the "Company") were prepared on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance ("DOI").

The Ohio DOI requires insurance companies domiciled in Ohio to prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* ("NAIC SAP"), subject to any deviations prescribed or permitted by the Ohio DOI. No deviations from NAIC SAP were used in preparing these statutory-basis financial statements.

B. Use of Estimates in the Preparation of the Financial Statements

The Company is required to make estimates and assumptions when preparing its financial statements and accompanying notes in conformity with NAIC SAP. Actual results may differ from those estimates. Material estimates that are susceptible to significant changes in the near term include the loss and loss adjustment expense ("LAE") reserves.

C. Accounting Policies

Insurance premiums written are earned primarily on a pro-rata basis over the period of risk. Unearned premium reserves are established to cover the unexpired portion of premiums written. The Company offers a variety of payment plans to meet individual customer needs. Generally, insurance premiums are collected in advance of providing risk coverage, minimizing the Company's exposure to credit risk.

Acquisition costs, such as agents' commissions, premium taxes and other policy initiation costs are charged to operations as incurred.

Other income includes finance and service charges collected on premiums receivable. This revenue is offset by finance and service charges ceded under the quota-share reinsurance agreement with Progressive Casualty Insurance Company ("Casualty"), an insurance affiliate domiciled in Ohio. The ceded finance and service charges are reported as miscellaneous expense in the statements of income.

In addition, the Company uses the following accounting policies:

Investments

- Cash and cash equivalents include bank accounts and certificates of deposit as well as short-term investments with original maturities of three months or less that are reported at amortized cost, which approximates market value.
- Short-term investments include securities acquired within one year of maturity except for those with original maturities of three months or less (see cash and cash equivalents above) and are reported at amortized cost, which approximates market value.
- Bond valuations are based on NAIC designations and are generally reported at amortized cost using the scientific method, which closely approximates the effective interest method. The difference between the original cost and redemption value of these securities is recognized over the lives of the respective issues and included in net investment gain.
- Common stocks, other than investments in stocks of subsidiaries and affiliates, are reported at values published by the NAIC, which are generally based on market values. Changes in the NAIC values of these securities are reflected directly as unrealized gains or losses net of deferred income taxes in statutory surplus.
- Nonredeemable preferred stocks are reported at values published by the NAIC, which are generally based on market values. Changes in the NAIC values of these securities are reflected directly as unrealized gains or losses net of deferred income taxes in statutory surplus. Redeemable preferred stocks are reported at book value.
- The fair values reported on Schedule D are derived from NAIC market prices listed in the NAIC's *Valuations of Securities Manual*.
- The Company has no investments in mortgage loans.
- Loan-backed securities are stated at amortized cost as determined by the estimated value of future cash flows. Prepayment assumptions for loan-backed securities were obtained from available market data, broker dealer and/or internal estimates. These assumptions are consistent with current interest rate and economic trends. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the retrospective method, with adjustments taken into investment income earned during the period of adjustment with a corresponding offset to amortized cost.
- The Company has no investments in subsidiaries, controlled and affiliated companies.
- The Company has no investments in joint ventures, partnerships, or limited liability companies.
- The Company has no investments in derivatives.
- The Company enters into reverse repurchase agreements in which it receives cash as collateral for the underlying securities. The cash collateral received is invested in cash equivalents, and an offsetting liability is established. There were no open reverse repurchase agreements as of December 31, 2002. The interest expense incurred on reverse repurchase agreements is netted with the interest income earned on cash equivalents on Schedule E, Part 1.
- Realized gains and losses on sales of securities are computed based on the first-in, first-out method.

Loss and LAE Reserves

- Loss reserves represent the estimated liability on claims reported to the Company, plus reserves for losses incurred but not yet reported ("IBNR"). These estimates are reported net of amounts recoverable from salvage and subrogation. LAE reserves represent the estimated expenses required to settle reported claims and IBNR losses. Such loss and LAE reserves could be susceptible to significant change in the near term. The Company conducts extensive reviews each month on portions of its business to help ensure that the Company is meeting its objective of always having reserves that are adequate, with minimal variation. Results would differ if different assumptions were made (see Note 24).

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors

During the current year, the Company discovered errors relating to prior years in the compiling and reporting of the payable to parent and affiliates balance and Federal income taxes incurred. The table below provides details on the errors. To correct for these errors, an adjustment was made in the current year on page 4, line 36 and page 3, line 19.

Description	Increase (Decrease) in Surplus
Federal income tax adjustment 1992	\$ (15,505)
Federal income tax adjustment 1995	293,771
Total adjustment to surplus	\$ 278,266

B. Accounting Changes as a Result of Codification

Accounting changes adopted to conform to the provisions of the NAIC SAP are reported as changes in accounting principle. The cumulative effect of a change in accounting principle is reported as an adjustment to unassigned funds (surplus) in the period of change. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if any new accounting principles had been applied retroactively for all prior periods. There were no changes due to Codification during 2002 that resulted in recording a cumulative effect of a change in accounting principle. Details of the 2001 changes are as follows:

Surplus at December 31, 2000 per Annual Statement	\$14,794,944
Codification adjustments:	
Assets:	
Deferred tax asset	\$1,552,101
Premium receivable change in non-admitted assets	233,469
Liabilities:	
Bad debt reserve	(99,068)
Total Codification adjustments	<u>1,686,502</u>
Surplus at January 1, 2001 per Codification	<u>\$16,481,446</u>

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

See Note 1(c) Investments

E. Repurchase Agreements

See Note 1(c) Investments

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

A. Accrued Investment Income

The Company non-admits investment income due and accrued if the amounts are greater than 90 days past due.

B. Amounts Non-admitted

None

8. Derivative Instruments

Not applicable

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

A. The components of the net deferred tax asset ("DTA") are as follows:

Description	December 31, 2002	December 31, 2001
Gross deferred tax assets	\$ 5,520,861	\$ 3,904,197
Gross deferred tax liabilities	289,507	39,615
Net deferred tax assets	5,231,354	3,864,582
Non-admitted deferred tax assets	58,985	946,554
Admitted deferred tax assets	\$ 5,172,369	\$ 2,918,028
Increase (decrease) in non-admitted deferred tax assets	\$ (887,569)	\$ 393,689

B. Unrecognized Deferred Tax Liabilities

Not applicable

C. Current Tax and Change in Deferred Tax

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

Description	2002	2001
Current income tax expense	\$ 5,585,327	\$ 1,789,680
Prior year underaccrual (overaccrual)	(73,334)	(149,592)
Current income taxes incurred	\$ 5,511,993	\$ 1,640,088

The significant components of the DTAs and deferred tax liabilities ("DTLs") are as follows:

DTAs Resulting from Statutory/Tax Difference in	December 31, 2002	December 31, 2001	Change
Unpaid losses and LAE	\$ 656,181	\$ 357,377	\$ 298,804
Unearned premiums	2,152,706	1,398,301	754,405
Non-admitted assets	1,692,333	1,281,044	411,289
Non-deductible reserves	947,646	861,601	86,045
Intercompany deferred losses	71,995	5,874	66,121
Gross deferred tax assets	\$ 5,520,861	\$ 3,904,197	\$ 1,616,664
Non-admitted deferred tax assets	\$ 58,985	\$ 946,554	\$ (887,569)

DTLs Resulting from Statutory/Tax Difference in	December 31, 2002	December 31, 2001	Change
Bond market discount	\$ 36,451	\$ 15,068	\$ 21,383
Salvage and subrogation	32,414	18,678	13,736
Intercompany deferred gains	190,738	5,684	185,054
Other	29,904	185	29,719
Gross deferred tax liabilities	\$ 289,507	\$ 39,615	\$ 249,892

The change in net deferred income taxes is comprised of the following (this analysis excludes non-admitted assets; the change in non-admitted assets is reported separately from the change in net deferred income taxes in the Underwriting and Investment Exhibit):

Description	December 31, 2002	December 31, 2001	Change
Total deferred tax assets	\$ 5,520,861	\$ 3,904,197	\$ 1,616,664
Total deferred tax liabilities	289,507	39,615	249,892
Net deferred tax asset (liability)	\$ 5,231,354	\$ 3,864,582	\$ 1,366,772
Tax effect of unrealized gains (losses)			--
Change in net deferred income tax			\$ 1,366,772

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for Federal income tax in the accompanying Underwriting and Investment Exhibit differs from the statutory rate. The significant statutory to tax adjustments are as follows:

Description	Amount	Tax Effect at 35%
Provision computed at statutory rate	\$ 4,713,135	35%
Exempt interest income	(160,639)	(1)
Other	199	--
Total	\$ 4,552,695	34%
Federal and foreign income taxes incurred	5,511,993	41
Change in net deferred income taxes	(1,366,772)	(10)
Change in deferred from non-admitted assets and intercompany gains (losses)	292,356	2
Other miscellaneous adjustments	115,118	1
Total statutory income taxes	\$ 4,552,695	34%

E. Operating Loss and Tax Credit Carryforwards

- 1) The Company has no operating loss or tax credit carryforwards available for tax purposes.
- 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 \$5,585,327 for the current tax year and \$1,725,696 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.

NOTES TO FINANCIAL STATEMENTS

- F. 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 quarterly.
10. Information Concerning Parent, Subsidiaries and Affiliates
- A,B,C. Details of Material Transactions
- The Company received capital contributions of \$32,000,000 and \$36,000,000 from TPC in 2002 and 2001, respectively.
- The Company transferred \$7,900,000 of premiums receivable to Progressive Investment Company, Inc. ("PICl"), a non-insurance affiliate, for \$7,836,574 in cash and/or securities in 2001. The related premiums receivable remained in the Company's assets, and a corresponding liability was established. As the related cash was collected it was transferred to PICl, and the liability was reduced.
- All significant 2002 transactions by the Company or any affiliated insurer with any affiliate are summarized in Schedule Y, Part 2.
- D. Amounts Due to or from Related Parties
- At December 31, 2002, the Company reported a \$25,571,955 payable to parent and affiliates. This balance is due to the timing of security purchases and cash collections and disbursements under the Group's centralized cash management system and the reinsurance and management agreements in which the Company participates. Included in this amount is a \$763,970 payable to TPC for the Company's Federal income tax liability. The intercompany balances are settled quarterly.
- E. Guarantees or Contingencies for Related Parties
- Not applicable
- F. Management and Service Agreements
- The Company does not have employees or facilities. Management, operations and claims services are provided under a management agreement with Casualty. Under the terms of the agreement, the Company is provided underwriting and loss adjustment services for business produced in exchange for a management fee based on the Company's use of services.
- The Company participates in an investment services agreement with Progressive Capital Management Corp., a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services.
- G. Nature of Control Relationship
- All outstanding shares of the Company are owned by TPC. The structure of the holding company organization is shown on Schedule Y, Part 1.
- H. Amount Deducted for Investment in Upstream Company
- Not applicable
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets
- Not applicable
- J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies
- Not applicable
11. Debt
- Not applicable
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefits
- The Company has no direct payroll (see Note 10F).
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
- A. Outstanding Shares
- The Company has 532 shares of \$4,700 par value common stock authorized, issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.
- B. Dividend Rate of Preferred Stock
- Not applicable
- C. Dividend Restrictions
- Based on the dividend laws currently in effect, the maximum amount of dividends the Company can pay to TPC in 2003 without prior regulatory approval from the Ohio DOI is limited to the greater of 10% of policyholders' surplus at December 31, 2002 or the net income for the year 2002, not to exceed earned surplus. Accordingly, the Company may pay dividends of \$9,268,258 in 2003 without prior approval.
- Within the limitation described above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- D. Mutual Surplus Advances
- Not applicable

NOTES TO FINANCIAL STATEMENTS

E. Company Stock Held for Special Purposes

None

F. Changes in Special Surplus Funds

Not applicable

G. Changes in Unassigned Funds (surplus)

Unassigned funds (surplus) have been impacted by the following:

Description	Cumulative Increase (Decrease) in Surplus
Unrealized gain (loss) net of deferred income taxes	\$ --
Non-admitted assets	(5,110,612)
Provision for reinsurance	--
Total	\$ (5,110,612)

H. Surplus Notes

Not applicable

I. Quasi Reorganizations

Not applicable

14. Contingencies

A. Contingent Commitments

None

B. Guaranty Fund and Other Assessments

The Company is subject to state guaranty fund and other assessments by the states in which it writes business. State guaranty fund assessments are accrued at the time of any known insolvencies. Other assessments are accrued either at the time of assessment or at the time the premiums are written. These accruals are based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies. As of December 31, 2002, the Company's estimated liability for state guaranty fund and other assessments is not material.

C. Gain Contingencies

None

D. All Other Contingencies

The Company is named as a defendant in various lawsuits generally relating to its insurance operations. All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and LAE reserves. The Company and several of its insurance affiliates (the "Insurance Companies") are currently defending lawsuits involving worker classification issues. These lawsuits challenge the Insurance Companies' exempt employee classification under the federal Fair Labor Standards Act and/or various state laws. The Insurance Companies believe that their classification of claims reps as exempt workers is appropriate under federal law and are defending vigorously. The outcome of these cases is uncertain at this time. In accordance with NAIC SAP, the Company is only permitted to establish loss reserves for lawsuits when it is probable that a loss has been incurred and the Company can reasonably estimate its potential exposure. Accordingly, the Insurance Companies do not consider a loss from these cases to be probable and estimable at this time.

15. Leases

Not applicable

16. Information About Financial Instruments With Off-Balance Sheet Risk And With Concentrations of Credit Risk

A. Financial Instruments With Off-Balance Sheet Risk

- The Company has no financial instruments with off-balance sheet risk.
- The Company has no derivative financial instruments.

B. Financial Instruments with Concentrations of Credit Risk

Not applicable

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers 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.

18. Gain or Loss from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS

19. Direct Premiums Written/Produced by Managing General Agents/Third Party Administrators
Not applicable
20. Other Items
- A. Extraordinary Items
Not applicable
- B. Troubled Debt Restructuring for Debtors
Not applicable
- C. Other Disclosures
At December 31, 2002 and 2001, bonds at the amortized cost of \$4,461,330 and \$4,197,057, respectively, were on deposit with various regulatory agencies to meet statutory requirements.
- D. Uncollectible Premiums Receivable
The Company routinely assesses the collectibility of premiums receivable and records a bad debt reserve for amounts exceeding the non-admitted balance that the Company believes are uncollectible.
- E. Reinsurance Accounted for as a Deposit
Not applicable
- F. Multiple Peril Crop Insurance
Not applicable
- G. Mezzanine Real Estate Loans
Not applicable
- H. Health Care Receivables
Not applicable
- I. September 11 Events
TPC's exposure to risk as a result of the terrorist attacks on September 11, 2001 was very limited. In the days after September 11, TPC experienced some slowdown in new business applications and also saw a decline in claims frequency. TPC had less than 100 related auto claims reported in New York.
- J. Real Estate
Not applicable
- K. Participating Policies
Not applicable
- L. Premium Deficiency Reserves
The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 53, Property-Casualty Contracts-Premiums. As of December 31, 2002, the Company has not recorded a premium deficiency reserve.
- M. Noncash Transactions
Not applicable

21. Events Subsequent

Not applicable

22. Reinsurance

- A. Unsecured Reinsurance Recoverables
None
- B. Reinsurance Recoverable in Dispute
None
- C. Reinsurance Assumed and Ceded (all amounts in 000's)

- 1) The table below summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2002.

	ASSUMED		CEDED		ASSUMED LESS CEDED	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
Affiliates	\$ --	\$ --	\$ 230,676	\$ --	\$ (230,676)	\$ --
All Other	--	--	27	8	(27)	(8)
Totals	\$ --	\$ --	\$ 230,703	\$ 8	\$ (230,703)	\$ (8)

Direct Unearned Premium Reserve is \$256,333

- 2) The Company has no return commission or profit sharing arrangements.

NOTES TO FINANCIAL STATEMENTS

- D. Uncollectible Reinsurance
None
- E. Commutation of Ceded Reinsurance
None
- F. Retroactive Reinsurance
None
23. Retrospectively Rated Contracts and Contracts Subject to Redetermination
Not applicable
24. Change in Incurred Losses and Loss Adjustment Expenses
Reserves for incurred losses and LAE attributable to insured events of prior years have decreased by \$548,000 in 2002 as a result of reestimation of unpaid losses and LAE. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.
25. Intercompany Pooling Arrangement
Not applicable
26. Structured Settlements
Not applicable
27. High Deductibles
Not applicable
28. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses
Not applicable
29. Asbestos/Environmental Reserves
Not applicable
30. Subscriber Savings Accounts
Not applicable
31. Financial Guaranty Insurance Exposures
Not applicable

PROGRESSIVE HALCYON INSURANCE COMPANY

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	62,055,342	38.6	62,055,342	38.6
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	73,059,921	45.5	73,059,921	45.5
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	4,799,788	3.0	4,799,788	3.0
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA.....		0.0		0.0
1.512 Issued by FNMA and FHLMC.....		0.0		0.0
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....	7,371,014	4.6	7,371,014	4.6
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA or FHLMC.....		0.0		0.0
1.523 All other privately issued.....	6,911,758	4.3	6,911,758	4.3
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	4,532,478	2.8	4,532,478	2.8
2.2 Unaffiliated foreign securities.....	1,770,227	1.1	1,770,227	1.1
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....		0.0		0.0
6. Policy loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash and short-term investments.....	213,503	0.1	213,503	0.1
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	160,714,031	100.0	160,714,031	100.0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []

1.3 State regulating? OHIO

2.1 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]

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

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

3.2 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

3.3 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). 09/14/1999

3.4 By what department or departments? OHIO

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under a common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [] No [X]

4.12 renewals? Yes [] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [] No [X]

4.22 renewals? Yes [] No [X]

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 the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

6.1 Has the 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]

6.2 If yes, give full information: _____

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,
7.21 State the percentage of foreign control.0.000 %

7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PricewaterhouseCoopers, LLP
BP Tower, 27th Floor 200 Public Square Cleveland, OH 44114-2301
9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Allan R. Neis, Corporate Actuary, FCAS, MAAA
6300 Wilson Mills Rd. Mayfield Village, OH 44143
10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
N/A
- 10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 10.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
13. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11 To directors or other officers \$.....0
- 14.12 To stockholders not officers \$.....0
- 14.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 14.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21 To directors or other officers \$.....0
- 14.22 To stockholders not officers \$.....0
- 14.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 15.2 If yes, state the amount thereof at December 31 of the current year:
- 15.21 Rented from others \$.....0
- 15.22 Borrowed from others \$.....0
- 15.23 Leased from others \$.....0
- 15.24 Other \$.....0
- Disclose in the Notes to Financial the nature of each obligation.
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 16.2 If answer is yes:
- 16.21 Amount paid as losses or risk adjustment \$.....0
- 16.22 Amount paid as expenses \$.....0
- 16.23 Other amounts paid \$.....0

GENERAL INTERROGATORIES (continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
Preferred.....	.....	.....	.....	.....	Yes [].....No [X].....	Yes [].....No [X]..
Common.....	.....532,000	.....532,000	.....4,700.00	.....XXX.....	.....XXX.....XXX.....	.....XXX.....XXX.....

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E-Part 2-Special Deposits? Yes [X] No []

18.2 If no, give full and complete information relating thereto.

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E-Part 2-Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) Yes [] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Loaned to others	\$.....0
19.22 Subject to repurchase agreements	\$.....0
19.23 Subject to reverse repurchase agreements	\$.....0
19.24 Subject to dollar repurchase agreements	\$.....0
19.25 Subject to reverse dollar repurchase agreements	\$.....0
19.26 Pledged as collateral	\$.....0
19.27 Placed under option agreements	\$.....0
19.28 Letter stock or securities restricted as to sale	\$.....0
19.29 Other	\$.....0

19.3 For each category above, if any of these assets are held by others, identify by whom held:

19.31	_____
19.32	_____
19.33	SEE ATTACHED
19.34	_____
19.35	_____
19.36	_____
19.37	_____
19.38	_____
19.39	_____

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year: \$.....0

22. 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 []

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

1 Name of Custodian(s)	2 Custodian's Address
THE BANK OF NEW YORK	ONE WALL STREET 14TH FLOOR NEW YORK, NY 10286

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 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)
NONE		

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes [] No [X]

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

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

22.05 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 Number(s)	2 Name	3 Address
	NONE	

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....53,264

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
NATIONAL ASSOCIATION OF INDEPENDENT INSURERS	53,264

24.1 Amount of payments for legal expenses, if any? \$.....0

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories

- | | | | |
|-------|---|---------|----------------|
| 1.1 | Does the reporting entity have any direct Medicare Supplement Insurance in force? | Yes [] | No [X] |
| 1.2 | If yes, indicate premium earned on U.S. business only. | \$..... | 0 |
| 1.3 | What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? | \$..... | 0 |
| 1.31 | Reason for excluding: | | |
| <hr/> | | | |
| 1.4 | Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. | \$..... | 0 |
| 1.5 | Indicate total incurred claims on all Medicare Supplement insurance. | \$..... | 0 |
| 1.6 | Individual policies: | | |
| | Most current three years: | | |
| 1.61 | Total premium earned | \$..... | 0 |
| 1.62 | Total incurred claims | \$..... | 0 |
| 1.63 | Number of covered lives | ..... | 0 |
| | All years prior to most current three years: | | |
| 1.64 | Total premium earned | \$..... | 0 |
| 1.65 | Total incurred claims | \$..... | 0 |
| 1.66 | Number of covered lives | ..... | 0 |
| 1.7 | Group policies: | | |
| | Most current three years: | | |
| 1.71 | Total premium earned | \$..... | 0 |
| 1.72 | Total incurred claims | \$..... | 0 |
| 1.73 | Number of covered lives | ..... | 0 |
| | All years prior to most current three years: | | |
| 1.74 | Total premium earned | \$..... | 0 |
| 1.75 | Total incurred claims | \$..... | 0 |
| 1.76 | Number of covered lives | ..... | 0 |
| 2.1 | Does the reporting entity issue both participating and non-participating policies? | Yes [] | No [X] |
| 2.2 | If yes, state the amount of calendar year premiums written on: | | |
| 2.21 | Participating | \$..... | 0 |
| 2.22 | Non-participating policies | \$..... | 0 |
| 3. | For Mutual Reporting Entities and Reciprocal Exchange only: | | |
| 3.1 | Does the reporting entity issue assessable policies? | Yes [] | No [] |
| 3.2 | Does the reporting entity issue non-assessable policies? | Yes [] | No [] |
| 3.3 | If assessable policies are issued, what is the extent of the contingent liability of the policyholders? | ..... | 0.0 % |
| 3.4 | Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums. | \$..... | 0 |
| 4. | For Reciprocal Exchanges only: | | |
| 4.1 | Does the exchange appoint local agents? | Yes [] | No [] |
| 4.2 | If yes, is the commission paid: | | |
| 4.21 | Out of Attorney's-in-fact compensation | Yes [] | No [] N/A [] |
| 4.22 | As a direct expense of the exchange | Yes [] | No [] N/A [] |
| 4.3 | What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact? | | |
| <hr/> | | | |
| 4.4 | Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred? | Yes [] | No [] |
| 4.5 | If yes, give full information: | | |
| <hr/> | | | |
| 5.1 | What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? | | |
| | The Company does not write Workers' Compensation Insurance. | | |
| <hr/> | | | |
| 5.2 | Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: | | |
| | The company's probable maximum loss (PML) is estimated by analyzing historical major occurrences and estimating frequency of loss and severity based on the potential force of an occurrence and the total number of autos exposed. The estimate of the PML was made exclusively by Progressive employees. The company has no exposures in the catastrophe prone states of Florida, Louisiana, Texas and California. Two states, Georgia and Ohio, make up 30% of the company's premium. The seven states of Colorado, Indiana, Kentucky, Maryland, Missouri, Oregon, and Pennsylvania make up 40%, while seventeen more states make up their remaining writings. | | |
| <hr/> | | | |
| 5.3 | What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss? | | |
| | The primary property coverage sold by the company is auto comprehensive. Since the company had no exposures in the catastrophe prone states of Florida, Louisiana, Texas and California, the company carries no external catastrophe reinsurance to cover their limited catastrophe exposure. | | |
| <hr/> | | | |
| 5.4 | Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? | Yes [] | No [X] |
| 5.5 | If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss. | | |
| | NONE | | |
| <hr/> | | | |
| 6.1 | Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? | Yes [] | No [X] |
| 6.2 | If yes, indicate the number of reinsurance contracts containing such provisions. | ..... |  |

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories (continued)

7.1 Has this 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 this risk, or portion thereof, reinsured? Yes [] No [X]

7.2 If yes, give full information:

8. If the reporting entity has assumed risks from another entity, there should be a charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [] No [] N/A [X]

9.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]

9.2 If yes, give full information:

10.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 10.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

10.11 Unpaid losses \$.....0
 10.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0

10.2 Of the amount on Line 10.3 of the asset schedule, Page 2, state the amount which is secured by letters of credit, collateral and other funds: \$.....0

10.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]

10.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

10.41 From0.0 %
 10.42 To0.0 %

10.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]

10.6 If yes, state the amount thereof at December 31 of the current year:

10.61 Letters of credit \$.....0
 10.62 Collateral and other funds \$.....0

11.1 What amount of installment notes is owned and now held by the reporting entity? \$.....0

11.2 Have any of these notes been hypothecated, sold or used in any manner as security for money loaned within the past year? Yes [] No [X]

11.3 If yes, what amount? \$.....0

12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....50,000

12.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]

12.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of this amount.1

13.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]

13.2 If yes, give full information:

14.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

14.11 Name of real estate holding company _____
 14.12 Number of parcels involved0
 14.13 Total book/adjusted carrying value \$.....0

14.2 If yes, provide explanation

15.1 Does the reporting entity write any warranty business? Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
15.11 Home.....
15.12 Products.....
15.13 Automobile.....
15.14 Other*.....

* Disclose type of coverage:

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	534,055,310	289,198,707	127,779,696	65,513,948	24,855,692
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	302,319,569	169,703,987	78,489,068	37,095,480	12,624,792
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
6. Total (Line 34).....	836,374,879	458,902,694	206,268,764	102,609,428	37,480,484
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	53,401,366	29,239,359	12,144,482	6,387,233	2,485,499
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	30,229,203	17,174,487	7,436,629	3,612,919	1,262,442
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....					
12. Total (Line 34).....	83,630,569	46,413,846	19,581,111	10,000,152	3,747,941
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	6,607,834	332,652	(1,103,024)	(1,110,507)	136,711
14. Net investment gain (loss) (Line 11).....	6,347,372	850,788	296,530	264,133	353,929
15. Total other income (Line 15).....	510,893	178,239	(429,045)	120,730	123,248
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	5,511,993	1,640,088	76,454	(70,894)	241,637
18. Net income (Line 20).....	7,954,106	(278,409)	(1,311,993)	(654,750)	372,251
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	434,734,789	252,008,888	51,803,247	31,957,983	12,291,919
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	6,233,824	5,421,191	298	344,100	8,768
20.2 Deferred and not yet due (Line 10.2).....	144,227,062	101,220,197	18,817,291	15,556,279	80,707
20.3 Accrued retrospective premiums (Line 10.3).....					
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	342,052,209	200,421,519	37,008,303	19,633,727	4,179,693
22. Losses (Page 3, Lines 1 & 2).....	16,308,487	8,928,876	3,963,695	1,573,710	816,621
23. Loss adjustment expenses (Page 3, Line 3).....	3,545,916	1,851,832	739,421	307,757	164,601
24. Unearned premiums (Page 3, Line 9).....	25,630,555	17,073,147	8,926,441	5,123,987	1,112,092
25. Capital paid up (Page 3, Lines 28 & 29).....	2,500,400	2,500,400	2,500,400	2,500,400	2,500,400
26. Surplus as regards policyholders (Page 3, Line 35).....	92,682,580	51,587,369	14,794,944	12,324,256	8,112,226
Risk-Based Capital Analysis					
27. Total adjusted capital.....	92,682,580	51,587,369	14,794,944	12,324,256	8,112,226
28. Authorized control level risk-based capital.....	5,717,535	3,193,273	1,663,590	1,079,896	427,204
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1).....	99.9	94.9	92.7	91.1	96.9
30. Stocks (Lines 2.1 & 2.2).....			3.5	4.1	
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
32. Real estate (Lines 4.1, 4.2 & 4.3).....					
33. Cash and short-term investments (Line 5).....	0.1	5.1	3.8	4.9	3.1
34. Other invested assets (Line 6).....					
35. Receivable for securities (Line 7).....					
36. Aggregate write-ins for invested assets (Line 8).....					
37. Cash and invested assets (Line 9).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
38. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....					
39. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
40. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....					
41. Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11).....					
42. Affiliated mortgage loans on real estate.....					
43. All other affiliated.....					
44. Total of above lines 38 to 43.....	0	0	0	0	0
45. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0).....	0.0				

PROGRESSIVE HALCYON INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
Capital and Surplus Accounts (Page 4)					
46. Net unrealized capital gains (losses) (Line 23).....		(3,955)	16,240	(10,158)	
47. Dividends to stockholders (Line 34).....					
48. Change in surplus as regards policyholders for the year (Line 37).....	41,095,211	36,792,425	2,470,688	4,212,030	379,253
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	170,469,354	84,373,742	40,666,763	16,055,030	10,435,646
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	168,408,312	89,386,261	39,288,207	12,741,638	6,754,891
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....					
54. Total (Line 34).....	338,877,666	173,760,003	79,954,970	28,796,668	17,190,537
Net Losses Paid (Page 9, Part 2, Col. 4)					
55. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	17,046,608	8,341,137	3,829,851	1,587,871	1,043,565
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	16,840,621	8,884,545	3,796,482	1,264,321	675,489
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....					
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....					
60. Total (Line 34).....	33,887,229	17,225,682	7,626,333	2,852,192	1,719,054
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
62. Losses incurred (Line 2).....	55.0	58.0	63.5	60.3	56.3
63. Loss expenses incurred (Line 3).....	12.2	13.0	11.8	11.5	11.4
64. Other underwriting expenses incurred (Line 4).....	24.0	28.2	31.7	46.8	28.6
65. Net underwriting gain (loss) (Line 8).....	8.8	0.9	(7.0)	(18.5)	3.7
Other Percentages					
66. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0).....	20.9	22.8	27.7	26.8	25.1
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	67.2	71.0	75.3	71.7	67.8
68. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 34, divided by Page 3, Line 35, Col. 1 x 100.0).....	90.2	90.0	132.4	81.1	46.2
One Year Loss Development (000 omitted)					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(445)	(137)	(38)	(66)	11
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Col. 1 x 100).....	(0.9)	(0.9)	(0.3)	(0.8)	0.1
Two Year Loss Development (000 omitted)					
71. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(46)	(25)	(40)	6	
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second year end (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(0.3)	(0.2)	(0.5)	0.1	

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States.....	62,055,342	63,644,708	62,012,972	62,245,317
	2. Canada.....				
	3. Other Countries.....				
	4. Totals.....	62,055,342	63,644,708	62,012,972	62,245,317
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	73,059,921	73,059,921	73,182,207	64,505,000
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	73,059,921	73,059,921	73,182,207	64,505,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada.....				
	11. Other Countries.....				
	12. Totals.....	0	0	0	0
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....	4,799,788	4,799,788	4,806,661	4,560,000
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	4,799,788	4,799,788	4,806,661	4,560,000
Public Utilities (unaffiliated)	17. United States.....				
	18. Canada.....				
	19. Other Countries.....				
	20. Totals.....	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....	18,815,250	18,896,654	18,901,949	18,508,256
	22. Canada.....				
	23. Other Countries.....	1,770,227	1,940,000	1,730,000	2,000,000
	24. Totals.....	20,585,477	20,836,654	20,631,949	20,508,256
Parent, Subsidiaries and Affiliates	25. Totals.....				
	26. Total Bonds.....	160,500,528	162,341,071	160,633,789	151,818,573
PREFERRED STOCKS					
Public Utilities (Unaffiliated)	27. United States.....				
	28. Canada.....				
	29. Other Countries.....				
	30. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....				
	32. Canada.....				
	33. Other Countries.....				
	34. Totals.....	0	0	0	0
Industrial and Miscellaneous (Unaffiliated)	35. United States.....				
	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. Total Preferred Stocks.....	0	0	0	0
COMMON STOCKS					
Public Utilities (Unaffiliated)	41. United States.....				
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	0	0	0	0
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....				
	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	0	0	0	0
Industrial and Miscellaneous (Unaffiliated)	49. United States.....				
	50. Canada.....				
	51. Other Countries.....				
	52. Totals.....	0	0	0	0
Parent, Subsidiaries and Affiliates	53. Totals.....				
	54. Total Common Stocks.....	0	0	0	0
	55. Total Stocks.....	0	0	0	0
	56. Total Bonds and Stocks.....	160,500,528	162,341,071	160,633,789	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....93,642,483.

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	65,167,254	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	271,933,639	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....	(124,618)	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	0
3.3 Column 10, Part 2, Section 2.....		7. Book/adjusted carrying value at end of current period.....	160,500,525
3.4 Column 10, Part 4.....	(69,649)	(194,267)	
4. Total gain (loss), Column 14, Part 4.....	1,999,708	8. Total valuation allowance.....	
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4...	178,405,809	9. Subtotal (Lines 7 plus 8).....	160,500,525
		10. Total nonadmitted amounts.....	
		11. Statement value of bonds and stocks, current period.....	160,500,525

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments					
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	XXX	XXX	XXX								0	XXX	
2. 1993.....			0								0	XXX	
3. 1994.....			0								0	XXX	
4. 1995.....			0								0	XXX	
5. 1996.....			0								0	XXX	
6. 1997.....	15,663	14,096	1,567	10,224	9,202	284	255	1,697	1,531	62	1,217	XXX	
7. 1998.....	37,237	33,513	3,724	20,423	18,384	506	455	3,663	3,297	101	2,456	XXX	
8. 1999.....	60,652	54,664	5,988	36,074	32,510	725	655	6,017	5,421	281	4,230	XXX	
9. 2000.....	164,842	149,064	15,778	96,638	87,325	1,282	1,156	16,574	14,991	808	11,023	XXX	
10. 2001.....	382,674	344,407	38,267	194,701	175,377	1,284	1,164	40,067	36,072	1,504	23,439	XXX	
11. 2002.....	750,776	675,703	75,073	286,198	257,579	608	547	66,319	59,687	1,545	35,312	XXX	
12. Totals.....	XXX	XXX	XXX	644,259	580,378	4,690	4,233	134,338	120,998	4,301	77,678	XXX	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....											0	XXX	
2. 1993.....											0	XXX	
3. 1994.....											0	XXX	
4. 1995.....											0	XXX	
5. 1996.....											0	XXX	
6. 1997.....	50	45			10	9			4	4	1	6	XXX
7. 1998.....	194	175			21	19			8	7	3	22	XXX
8. 1999.....	675	607	58	52	86	78	11	10	44	40	15	87	XXX
9. 2000.....	6,247	5,623	565	509	1,018	916	90	81	417	375	78	834	XXX
10. 2001.....	20,948	18,854	5,142	4,628	2,855	2,569	628	565	2,542	2,288	313	3,211	XXX
11. 2002.....	98,212	88,391	30,999	27,899	7,848	7,063	3,291	2,962	16,588	14,929	2,021	15,693	XXX
12. Totals.....	126,327	113,695	36,764	33,087	11,838	10,654	4,020	3,618	19,603	17,642	2,430	19,855	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior.....	XXX	XXX	XXX	XXX	XXX	XXX			XXX	0	0
2. 1993.....	0	0	0	0.0	0.0	0.0				0	0
3. 1994.....	0	0	0	0.0	0.0	0.0				0	0
4. 1995.....	0	0	0	0.0	0.0	0.0				0	0
5. 1996.....	0	0	0	0.0	0.0	0.0				0	0
6. 1997.....	12,269	11,046	1,224	78.3	78.4	78.1				5	1
7. 1998.....	24,815	22,337	2,479	66.6	66.7	66.6				19	3
8. 1999.....	43,690	39,373	4,318	72.0	72.0	72.1				73	14
9. 2000.....	122,831	110,975	11,856	74.5	74.4	75.1				681	152
10. 2001.....	268,167	241,516	26,651	70.1	70.1	69.6				2,609	602
11. 2002.....	510,064	459,058	51,005	67.9	67.9	67.9				12,921	2,773
12. Totals.....	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	16,309	3,546

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements which will reconcile Part 1 with Parts 2 and 4.

PROGRESSIVE HALCYON INSURANCE COMPANY

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	11 One Year	12 Two Year
1. Prior.....											.....0	.....0
2. 1993.....											.....0	.....0
3. 1994.....	XXX										.....0	.....0
4. 1995.....	XXX	XXX									.....0	.....0
5. 1996.....	XXX	XXX	XXX								.....0	.....0
6. 1997.....	XXX	XXX	XXX	XXX	1,042	1,053	1,048	1,057	1,055	1,056	.....1	.....(1)
7. 1998.....	XXX	XXX	XXX	XXX	XXX	2,139	2,078	2,095	2,102	2,111	.....9	.....17
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	3,757	3,693	3,701	3,718	.....16	.....24
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	10,318	10,168	10,232	.....64	.....(86)
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	22,937	22,401	.....(536)	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	42,715	XXX	XXX
12. Totals.....											.....(445)	.....(46)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior.....	.000										XXX	XXX
2. 1993.....											XXX	XXX
3. 1994.....	XXX										XXX	XXX
4. 1995.....	XXX	XXX									XXX	XXX
5. 1996.....	XXX	XXX	XXX								XXX	XXX
6. 1997.....	XXX	XXX	XXX	XXX	570	882	995	1,028	1,044	1,050	XXX	XXX
7. 1998.....	XXX	XXX	XXX	XXX	XXX	1,426	1,812	1,973	2,065	2,090	XXX	XXX
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	2,369	3,191	3,470	3,634	XXX	XXX
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	6,668	8,702	9,440	XXX	XXX
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	14,917	19,444	XXX	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	28,680	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior.....										
2. 1993.....										
3. 1994.....	XXX									
4. 1995.....	XXX	XXX								
5. 1996.....	XXX	XXX	XXX							
6. 1997.....	XXX	XXX	XXX	XXX	109	22	5	2		
7. 1998.....	XXX	XXX	XXX	XXX	XXX	152	30	13	7	
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	247	55	23	7
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	611	176	65
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,728	577
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,429

PROGRESSIVE HALCYON INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	YES	7,873,067	4,554,149		1,560,814	2,503,717	942,903	100,796	
2. Alaska.....AK	YES								
3. Arizona.....AZ	NO								
4. Arkansas.....AR	YES	8,104,950	7,813,673		3,807,868	4,064,160	1,689,332	178,382	
5. California.....CA	YES								
6. Colorado.....CO	YES	57,017,560	54,467,346		22,715,547	30,283,842	14,363,566	839,477	
7. Connecticut.....CT	YES	17,905,917	14,903,240		4,477,901	7,356,858	3,280,756	187,852	
8. Delaware.....DE	YES								
9. District of Columbia.....DC	YES	3,957,393	3,132,111		1,079,887	1,947,079	927,231	52,488	
10. Florida.....FL	NO								
11. Georgia.....GA	YES	118,670,090	112,222,007		55,308,045	58,696,422	17,096,980	2,234,682	
12. Hawaii.....HI	YES								
13. Idaho.....ID	YES	6,315,786	5,860,610		2,675,244	2,780,185	1,245,556	103,199	
14. Illinois.....IL	YES	31,776,701	28,811,759		10,499,981	12,537,979	4,494,961	569,868	
15. Indiana.....IN	YES	62,457,745	48,275,515		21,683,975	29,701,508	10,126,724	885,154	
16. Iowa.....IA	YES	15,896,997	14,206,281		5,393,199	6,514,558	2,146,981	229,027	
17. Kansas.....KS	YES	17,515,261	16,585,153		6,949,266	7,328,727	2,204,188	311,968	
18. Kentucky.....KY	YES	31,749,082	29,511,928		16,591,079	18,899,604	8,624,250	443,514	
19. Louisiana.....LA	YES								
20. Maine.....ME	NO								
21. Maryland.....MD	YES	55,942,305	49,473,015		24,323,824	29,023,390	9,591,199	1,048,236	
22. Massachusetts.....MA	NO								
23. Michigan.....MI	NO								
24. Minnesota.....MN	NO								
25. Mississippi.....MS	NO								
26. Missouri.....MO	YES	38,026,571	37,012,476		17,066,243	18,188,409	6,572,312	749,442	
27. Montana.....MT	YES	1,678,338	1,247,394		380,545	601,146	240,065	21,886	
28. Nebraska.....NE	YES	4,189,519	3,186,281		1,085,207	1,695,604	616,647	51,539	
29. Nevada.....NV	YES	30,556,529	29,163,395		15,152,815	18,001,050	8,691,123	587,980	
30. New Hampshire.....NH	NO								
31. New Jersey.....NJ	NO								
32. New Mexico.....NM	YES	2,694,806	516,269		95,440	208,612	113,172	6,541	
33. New York.....NY	YES								
34. North Carolina.....NC	NO								
35. North Dakota.....ND	YES	1,494,977	1,175,350		539,025	690,136	161,906	20,757	
36. Ohio.....OH	YES	108,657,952	99,399,979		46,877,409	57,472,420	27,611,291	1,969,405	
37. Oklahoma.....OK	YES	15,549,953	12,784,505		5,467,136	7,222,925	2,128,471	199,903	
38. Oregon.....OR	YES	40,533,321	38,282,721		18,486,099	21,152,181	9,874,246	932,726	
39. Pennsylvania.....PA	YES	72,553,243	62,252,123		23,483,901	34,814,187	14,856,025	870,826	
40. Rhode Island.....RI	NO								
41. South Carolina.....SC	YES	10,763,681	8,950,315		3,570,774	4,441,700	1,319,989	227,999	
42. South Dakota.....SD	YES	7,104,684	7,018,647		3,256,407	3,528,686	1,445,163	131,049	
43. Tennessee.....TN	YES	(720)	(720)		52,297	(14,344)	37,428		
44. Texas.....TX	NO								
45. Utah.....UT	YES	14,251,943	12,640,711		5,017,537	6,467,090	2,067,966	188,842	
46. Vermont.....VT	YES	2,146,395	1,435,301		380,033	735,795	355,762	24,749	
47. Virginia.....VA	YES	12,004,220	9,933,849		5,035,423	6,878,957	2,329,110	120,918	
48. Washington.....WA	YES	7,825,909	7,511,476		4,733,372	5,220,457	2,868,032	101,041	
49. West Virginia.....WV	YES								
50. Wisconsin.....WI	YES	27,216,932	24,950,725		9,473,046	12,047,121	4,515,700	413,201	
51. Wyoming.....WY	YES	3,943,771	3,498,560		1,658,324	1,689,161	551,998	62,628	
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	0	0
58. Totals.....(a)	39	836,374,878	750,776,144	0	338,877,663	412,679,322	163,091,033	13,866,075	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	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

Explanation of Basis of Allocation of Premiums by States, etc.

(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

**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	OH	36-3298008	155-11770

Ownership: 1. Wholly owned and controlled 2. Affiliate - Controlled, not owned 3. As Indicated

PROGRESSIVE HALCYON INSURANCE COMPANY

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

PART 1 – ORGANIZATIONAL CHART

109.1

OWNERSHIP	COMPANY	STATE OF INCORPORATION	FEDERAL IDENTIFICATION NO.	NAIC GROUP AND COMPANY CODES
1	PCIC CANADA HOLDINGS, LTD.	CAN		
1	3841189 CANADA, INC.	CAN		
1	1890 INSURANCE AGENCY, INC	WY	83-0322664	
1	MIDLAND FINANCIAL GROUP, INC.	TN	62-1104818	
3	AGENTS FINANCIAL SERVICES, INC. (40%)	FL	65-0121341	
1	MIDLAND RISK SERVICES, INC.	TN	62-1346765	
3	MIDLAND RISK SERVICES-ARIZONA, INC (85%)	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 3. As Indicated