



# ANNUAL STATEMENT

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

## PROGRESSIVE CASUALTY INSURANCE COMPANY

NAIC Group Code..... 155, 155 (Current Period) (Prior Period) NAIC Company Code..... 24260 Employer's ID Number..... 34-6513736

Organized under the Laws of OHIO State of Domicile or Port of Entry OHIO

Country of Domicile US

Incorporated..... November 17, 1956

Commenced Business..... December 11, 1956

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

### VICE PRESIDENTS

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

### DIRECTORS OR TRUSTEES

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

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

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

(Signature) GLENN MORRIS RENWICK (Printed Name) President	(Signature) DANE ALLEN SHRALLOW (Printed Name) Secretary	(Signature) STEPHEN DAVID PETERSON (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.....	2,527,516,962	2,100,000	2,525,416,962	1,929,312,509
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	86,095,646		86,095,646	182,757,085
2.2 Common stocks (Schedule D, Part 2, Section 2).....	1,317,144,235		1,317,144,235	1,294,333,523
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).....	343,239,696		343,239,696	350,845,351
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 (\$.....397,839,089 Schedule E, Part 1) and short-term investments (\$.....147,666,326 Schedule DA, Part 2).....	545,505,415		545,505,415	19,509,094
6. Other invested assets (Schedule BA).....	249,500		249,500	249,500
7. Receivable for securities.....	4,862,803		4,862,803	5,505,122
8. Aggregate write-ins for invested assets.....	0	0	0	0
9. Subtotals, cash and invested assets (Lines 1 to 8).....	4,824,614,257	2,100,000	4,822,514,257	3,782,512,184
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	88,824,682	7,960,070	80,864,612	72,859,530
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	911,930,069		911,930,069	667,495,437
10.3 Accrued retrospective premiums.....	73,060	731	72,329	436,118
11. Funds held by or deposited with reinsured companies.....	128,861		128,861	39,076
12. Bills receivable, taken for premiums.....			0	
13. Amounts receivable under high deductible policies.....	664		664	2,546
14. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8).....	8,043,270		8,043,270	9,765,053
15. Federal and foreign income tax recoverable and interest thereon (including \$.....220,144,990 net deferred tax asset).....	284,517,204	64,372,214	220,144,990	185,119,051
16. Guaranty funds receivable or on deposit.....			0	
17. Electronic data processing equipment and software.....	24,147,857		24,147,857	22,066,270
18. Interest, dividends and real estate income due and accrued.....	24,321,675		24,321,675	21,497,035
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			0	
20. Receivable from parent, subsidiaries and affiliates.....			0	
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).....	97,938,379	97,938,379	0	
25. Aggregate write-ins for other than invested assets.....	13,965,853	13,735,911	229,942	921
26. Total assets excluding protected cell assets (Lines 9 through 25).....	6,278,505,831	186,107,305	6,092,398,526	4,761,793,221
27. Protected cell assets.....			0	
28. TOTALS (Lines 26 and 27).....	6,278,505,831	186,107,305	6,092,398,526	4,761,793,221

## 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.....	692,473	462,531	229,942	921
2502. PREPAID EXPENSES.....	12,730,508	12,730,508	0	
2503. RECEIVABLE FROM SECURITIES BROKER OVER 15 DAYS OLD.....	542,872	542,872	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).....	13,965,853	13,735,911	229,942	921

# PROGRESSIVE CASUALTY INSURANCE COMPANY

## LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	1,446,063,254	1,233,060,501
2. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6).....	521,971,184	399,959,267
3. Loss adjustment expenses (Part 2A, Line 34, Column 9).....	337,252,872	277,531,359
4. Commissions payable, contingent commissions and other similar charges.....	8,059,243	6,401,166
5. Other expenses (excluding taxes, licenses and fees).....	125,337,378	89,465,444
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	28,989,842	26,189,287
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 \$.....1,433,039,512 and including warranty reserves of \$.....0).....	1,576,227,050	1,306,935,582
10. Advance premiums.....	7,091,023	4,674,912
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	6,000,948	12,616,770
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.....	3,082,684	2,463,721
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....	1,088,000	2,132,000
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	67,264,618	47,628,726
19. Payable to parent, subsidiaries and affiliates.....	218,115,325	92,127,558
20. Payable for securities.....	112,523,769	2,841,901
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.....	13,893,027	6,934,946
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	4,472,960,217	3,510,963,140
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	4,472,960,217	3,510,963,140
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,000,000	3,000,000
29. Preferred capital stock.....		
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus notes.....		
32. Gross paid in and contributed surplus.....	510,988,394	373,988,394
33. Unassigned funds (surplus).....	1,105,449,915	873,841,687
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).....	1,619,438,309	1,250,830,081
36. TOTALS (Page 2, Line 28, Col. 3).....	6,092,398,526	4,761,793,221

### DETAILS OF WRITE-INS

2301. STATE PLAN LIABILITY.....	6,772,630	4,552,705
2302. OTHER LIABILITIES.....	5,913,929	817,473
2303. UNEARNED FEE RESERVE.....	1,073,076	1,134,904
2398. Summary of remaining write-ins for Line 23 from overflow page.....	133,392	429,864
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	13,893,027	6,934,946
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

**PROGRESSIVE CASUALTY INSURANCE COMPANY  
UNDERWRITING AND INVESTMENT EXHIBIT**

STATEMENT OF INCOME UNDERWRITING INCOME	1	2
	Current Year	Prior Year
1. Premiums earned (Part 1, Line 34, Column 4).....	4,374,580,173	3,532,695,954
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	2,510,943,763	2,097,530,665
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	586,378,577	503,972,297
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	999,374,338	806,799,960
5. Aggregate write-ins for underwriting deductions.....	274,996	0
6. Total underwriting deductions (Lines 2 through 5).....	4,096,971,674	3,408,302,922
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	277,608,499	124,393,032
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	150,758,950	225,995,337
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	(10,426,506)	(35,386,935)
11. Net investment gain (loss) (Lines 9 + 10).....	140,332,444	190,608,402
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....2,632,390 amount charged off \$.....42,448,971).....	(39,816,581)	(29,315,073)
13. Finance and service charges not included in premiums.....	15,812,001	12,942,306
14. Aggregate write-ins for miscellaneous income.....	61,148,009	51,587,292
15. Total other income (Lines 12 through 14).....	37,143,429	35,214,525
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	455,084,372	350,215,959
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	455,084,372	350,215,959
19. Federal and foreign income taxes incurred.....	208,956,800	90,053,343
20. Net income (Line 18 minus Line 19) (to Line 22).....	246,127,572	260,162,616
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	1,250,830,081	987,419,427
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	246,127,572	260,162,616
23. Net unrealized capital gains or (losses).....	(1,795,009)	8,837,306
24. Change in net unrealized foreign exchange capital gains (loss).....		
25. Change in net deferred income tax.....	50,877,299	1,392,895
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	(57,668,707)	50,010,508
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....	1,044,000	(990,000)
28. Change in surplus notes.....		
29. Surplus (contributed to) withdrawn from protected cells.....		
30. Cumulative effect of changes in accounting principles.....		183,997,329
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.....	137,000,000	
32.2 Transferred to capital (Stock Dividend).....		
32.3. Transferred from capital.....		
33. Net remittances from or (to) Home Office.....		
34. Dividends to stockholders.....		(240,000,000)
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.....	(6,976,927)	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36).....	368,608,228	263,410,654
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	1,619,438,309	1,250,830,081

DETAILS OF WRITE-INS		
0501. 2002 PRIVATE PASS AUTO ESCROW.....	274,996	
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).....	274,996	0
1401. FINANCE & SERVICE CHARGE REVENUE ASSUMED.....	53,250,900	46,339,202
1402. SERVICE BUSINESS REVENUE.....	3,722,499	2,451,562
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	3,462,586	2,127,670
1498. Summary of remaining write-ins for Line 14 from overflow page.....	712,024	668,858
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	61,148,009	51,587,292
3601. CORRECTION OF PRIOR YEARS SURPLUS. SEE FOOTNOTE 2A.....	(6,976,927)	
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).....	(6,976,927)	0

# PROGRESSIVE CASUALTY INSURANCE COMPANY

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	4,380,981,759	3,326,312,061
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	2,681,226,600	2,310,386,588
3. Underwriting expenses paid.....	959,043,772	781,423,300
4. Other underwriting income (expenses).....	(274,996)	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	740,436,391	234,502,173
6. Net investment income.....	171,378,167	245,744,562
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(37,670,483)	(27,569,519)
7.2 Net funds held under reinsurance treaties.....	(89,785)	19,569
7.3 Net amount withheld or retained for account of others.....	618,963	2,463,721
7.4 Aggregate write-ins for miscellaneous items.....	76,960,010	64,529,598
7.5 Total other income (Lines 7.1 to 7.4).....	39,818,705	39,443,369
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....	(208,956,800)	(90,053,343)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	742,676,463	429,636,761
<b>CASH FROM INVESTMENTS</b>		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	3,045,510,893	4,077,466,088
11.2 Stocks.....	280,349,384	524,210,150
11.3 Mortgage loans.....		
11.4 Real estate.....	162,866	
11.5 Other invested assets.....		
11.6 Net gains or (losses) on cash and short-term investments.....	4,076	773
11.7 Miscellaneous proceeds.....	110,324,187	1,334,179
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	3,436,351,406	4,603,011,190
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	3,608,560,469	4,130,717,412
12.2 Stocks.....	293,821,073	680,400,315
12.3 Mortgage loans.....		
12.4 Real estate.....	4,212,023	14,309,032
12.5 Other invested assets.....		
12.6 Miscellaneous applications.....		100,078,355
12.7 Total investments acquired (Lines 12.1 to 12.6).....	3,906,593,565	4,925,505,114
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(470,242,159)	(322,493,924)
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....	137,000,000	
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....	125,987,767	
14.4 Borrowed funds received.....		
14.5 Other cash provided.....	4,400,030	10,202,627
14.6 Total (Lines 14.1 to 14.5).....	267,387,797	10,202,627
15. Cash applied:		
15.1 Dividends to stockholders paid.....		240,000,000
15.2 Net transfers to affiliates.....		17,768,323
15.3 Borrowed funds repaid.....		
15.4 Other applications.....	13,825,780	1,628,508
15.5 Total (Lines 15.1 to 15.4).....	13,825,780	259,396,831
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	253,562,017	(249,194,204)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	525,996,321	(142,051,366)
18. Cash and short-term investments:		
18.1 Beginning of year.....	19,509,094	161,560,460
18.2 End of year (Line 17 plus Line 18.1).....	545,505,415	19,509,094
<b>DETAILS OF WRITE-INS</b>		
7.401 FINANCE & SERVICE CHARGE REVENUE ASSUMED.....	53,250,900	46,339,202
7.402 FINANCE AND SERVICES CHARGES NOT INCLUDED IN PREMIUMS.....	15,812,001	12,942,306
7.403 SERVICE BUSINESS REVENUE.....	3,722,499	2,451,562
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	4,174,610	2,796,528
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	76,960,010	64,529,598

# PROGRESSIVE CASUALTY 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.....		.292	.292	.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....	10,677,571	4,829,332	5,667,160	9,839,743
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....	38,119,842	14,350,638	18,451,885	34,018,595
10. Financial guaranty.....				.0
11.1 Medical malpractice - occurrence.....				.0
11.2 Medical malpractice - claims-made.....				.0
12. Earthquake.....	385	174	137	.421
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.....	18,543,907	7,086,422	9,021,867	16,608,462
17.2 Other liability - claims-made.....	5,830,603	6,690,974	6,310,564	6,211,013
18.1 Products liability - occurrence.....				.0
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....	2,480,252,626	663,818,594	792,095,011	2,351,976,209
19.3, 19.4 Commercial auto liability.....	364,977,325	122,025,312	166,576,961	320,425,676
21. Auto physical damage.....	1,721,979,158	483,414,332	573,969,701	1,631,423,789
22. Aircraft (all perils).....				.0
23. Fidelity.....	3,192,399	4,337,955	3,748,020	3,782,334
24. Surety.....	150,263	160,295	147,741	162,818
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.....	147,560	221,261	237,711	131,110
34. TOTALS.....	4,643,871,638	1,306,935,581	1,576,227,048	4,374,580,171

### DETAILS OF WRITE-INS

3301. Gap addendum.....	147,560	221,261	237,711	131,110
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).....	147,560	221,261	237,711	131,110

# PROGRESSIVE CASUALTY 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	2	3	4	5
Line of Business	Amount Unearned (Running One Year or Less from Date of Policy) (b)	Amount Unearned (Running more than One Year from Date of Policy) (b)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					.0
2. Allied lines.....	.292				.292
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....	5,667,160				5,667,160
5. Commercial multiple peril.....					.0
6. Mortgage guaranty.....					.0
8. Ocean marine.....					.0
9. Inland marine.....	18,451,885				18,451,885
10. Financial guaranty.....					.0
11.1 Medical malpractice - occurrence.....					.0
11.2 Medical malpractice - claims-made.....					.0
12. Earthquake.....	.137				.137
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.....	9,021,867				9,021,867
17.2 Other liability - claims-made.....	2,171,734	4,138,829			6,310,564
18.1 Products liability - occurrence.....					.0
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....	792,095,011				792,095,011
19.3, 19.4 Commercial auto liability.....	166,576,961				166,576,961
21. Auto physical damage.....	573,969,016	.685			573,969,701
22. Aircraft (all perils).....					.0
23. Fidelity.....	1,096,325	2,651,695			3,748,020
24. Surety.....	29,277	118,463			147,741
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.....	237,711	.0	.0	.0	237,711
34. TOTALS.....	1,569,317,375	6,909,673	.0	.0	1,576,227,048
35. Accrued retrospective premiums based on experience.....					
36. Earned but unbilled premiums.....					
37. Balance (sum of Lines 34 through 36).....					1,576,227,048

### DETAILS OF WRITE-INS

3301. Gap addendum.....	237,711				237,711
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).....	237,711	.0	.0	.0	237,711

- (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 and Rule of 78s

# PROGRESSIVE CASUALTY 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 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....	12,777,810	7,386,656		9,468,789	18,106	10,677,571
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....	21,814,962	50,115,249		33,804,388	5,981	38,119,842
10. Financial guaranty.....						.0
11.1 Medical malpractice - occurrence.....						.0
11.2 Medical malpractice - claims-made.....						.0
12. Earthquake.....		726		341		.385
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.....	10,403,438	24,595,720		16,444,595	10,656	18,543,907
17.2 Other liability - claims-made.....	28,630,651	225,000		5,170,534	17,854,514	5,830,603
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....	332,791,974	4,346,563,365		2,199,469,310	(366,597)	2,480,252,626
19.3, 19.4 Commercial auto liability.....	187,923,743	521,281,177	90,886	323,659,137	20,659,344	364,977,325
21. Auto physical damage.....	268,975,818	2,982,673,130	31,410	1,527,038,124	2,663,076	1,721,979,158
22. Aircraft (all perils).....						.0
23. Fidelity.....	12,262,328			2,830,995	6,238,934	3,192,399
24. Surety.....	482,084			133,253	198,568	150,263
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.....	278,386	.0	.0	130,855	(29)	147,560
34. TOTALS.....	876,341,194	7,932,841,023	122,296	4,118,150,322	47,282,553	4,643,871,638

### DETAILS OF WRITE-INS

3301. Gap addendum.....	278,386			130,855	(29)	147,560
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).....	278,386	.0	.0	130,855	(29)	147,560

(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.....		(660)	(310)	(350)		(350)		
2. Allied lines.....	(5,200)		(2,444)	(2,756)		(2,756)		
3. Farmowners multiple peril.....				0		0		
4. Homeowners multiple peril.....	5,578,216	2,833,335	3,953,429	4,458,122	1,027,447	974,351	45.8	
5. Commercial multiple peril.....		22,018	10,348	11,670	128,791	157,413	(16,953)	
6. Mortgage guaranty.....				0		0		
8. Ocean marine.....				0		0		
9. Inland marine.....	9,774,838	21,523,813	14,710,961	16,587,690	2,237,426	2,154,507	16,670,610	
10. Financial guaranty.....				0		0	49.0	
11.1 Medical malpractice - occurrence.....				0		0		
11.2 Medical malpractice - claims-made.....				0		0		
12. Earthquake.....				0	19	10	8	
13. Group accident and health.....				0		0	2.0	
14. Credit accident and health (group and individual).....				0		0		
15. Other accident and health.....				0		0		
16. Workers' compensation.....	191,308	115,743	212,680	94,371	215,928	266,774	43,525	
17.1 Other liability - occurrence.....	2,527,634	3,690,604	2,961,676	3,256,562	5,535,549	4,523,963	4,268,148	
17.2 Other liability - claims-made.....	12,414,114	6,508,386	13,852,961	5,069,539	10,659,107	15,570,176	158,470	
18.1 Products liability - occurrence.....				0		0	2.6	
18.2 Products liability - claims-made.....				0		0		
19.1, 19.2 Private passenger auto liability.....	143,858,659	2,161,627,180	1,084,157,830	1,221,328,009	1,183,492,636	1,043,406,441	1,361,414,204	
19.3, 19.4 Commercial auto liability.....	63,744,368	178,937,008	119,804,848	122,876,528	220,073,250	143,437,186	199,512,593	
21. Auto physical damage.....	134,421,584	1,602,869,046	817,102,472	920,188,158	16,533,106	15,772,645	920,948,619	
22. Aircraft (all perils).....				0		0	56.5	
23. Fidelity.....	10,100,191		6,580,893	3,519,298	3,541,406	4,627,890	2,432,814	
24. Surety.....				0	4,315	536,582	(532,266)	
26. Burglary and theft.....				0		0	(326.9)	
27. Boiler and machinery.....				0		0		
28. Credit.....				0		0		
29. International.....				0		0		
30. Reinsurance - nonproportional assumed property.....	XXX			0		0	0	
31. Reinsurance - nonproportional assumed liability.....	XXX	400,485	217,355	183,130	2,591,031	1,607,351	1,166,809	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0		0	0	
33. Aggregate write-ins for other lines of business.....	68,284	632,361	329,607	371,038	23,243	25,215	369,066	
34. TOTALS.....	382,673,996	3,979,159,319	2,063,892,307	2,297,941,008	1,446,063,253	1,233,060,502	2,510,943,760	
<b>DETAILS OF WRITE-INS</b>								
3301. Gap addendum.....	68,284	632,361	329,607	371,038	23,243	25,215	369,066	
3302. 0.....				0		0	0	
3303. 0.....				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).....	68,284	632,361	329,607	371,038	23,243	25,215	369,066	

**PROGRESSIVE CASUALTY INSURANCE COMPANY**

**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.....	934,952	459,203	655,253	738,902	329,707	214,719	255,880	1,027,447	320,345
5. Commercial multiple peril.....		207,002	97,291	109,711		36,000	16,920	128,791	12,558
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....	994,050	1,201,473	1,032,022	1,163,501	613,771	1,412,532	952,377	2,237,426	560,800
10. Financial guaranty.....				0				0	
11.1 Medical malpractice - occurrence.....				0				0	
11.2 Medical malpractice - claims-made.....				0				0	
12. Earthquake.....				0		35	16	19	6
13. Group accident and health.....				0				(a) 0	
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a) 0	
16. Workers' compensation.....	41,167	429,982	255,221	215,928				215,928	27,619
17.1 Other liability - occurrence.....	3,439,472	4,739,477	4,067,858	4,111,091	1,200,033	1,851,820	1,627,395	5,535,549	870,973
17.2 Other liability - claims-made.....	16,695,908		13,768,688	2,927,220	24,657,542	2,651,890	19,577,545	10,659,107	1,442,978
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	124,897,833	1,562,734,772	795,965,562	891,667,043	35,518,850	515,302,726	258,995,983	1,183,492,636	274,338,189
19.3, 19.4 Commercial auto liability.....	104,566,325	260,470,923	180,807,973	184,229,275	20,252,909	52,539,767	36,948,700	220,073,250	43,167,255
21. Auto physical damage.....	10,482,589	88,898,038	46,768,618	52,612,009	(4,180,741)	(63,940,465)	(32,042,303)	16,533,106	15,909,234
22. Aircraft (all perils).....				0				0	
23. Fidelity.....	13,688,398		10,078,412	3,609,986	228,515	38,664	335,759	3,541,406	601,789
24. Surety.....				0	17,883	1,883	15,451	4,315	326
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	1,884,000	1,171,819	712,181	XXX	3,620,000	1,741,150	2,591,031	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
33. Aggregate write-ins for other lines of business.....	4,200	0	1,974	2,226	40,090	0	19,073	23,243	800
34. TOTALS.....	275,744,894	1,921,024,870	1,054,670,693	1,142,099,071	78,678,559	513,729,571	288,443,948	1,446,063,253	337,252,872

**DETAILS OF WRITE-INS**

3301. Gap addendum.....	4,200		1,974	2,226	40,090		19,073	23,243	800
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).....	4,200	0	1,974	2,226	40,090	0	19,073	23,243	800

(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.....	18,844,566			18,844,566
1.2 Reinsurance assumed.....	168,583,818			168,583,818
1.3 Reinsurance ceded.....	88,058,351			88,058,351
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	99,370,033	0	0	99,370,033
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		80,550,420		80,550,420
2.2 Reinsurance assumed excluding contingent.....		529,856,126		529,856,126
2.3 Reinsurance ceded excluding contingent.....		290,612,420		290,612,420
2.4 Contingent - direct.....		1,913,220		1,913,220
2.5 Contingent - reinsurance assumed.....		16,267,290		16,267,290
2.6 Contingent - reinsurance ceded.....		7,466,209		7,466,209
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	330,508,427	0	330,508,427
3. Allowances to managers and agents.....		480,841		480,841
4. Advertising.....		49,916,986		49,916,986
5. Boards, bureaus and associations.....	1,260,439	895,035		2,155,474
6. Surveys and underwriting reports.....	2,744,273	26,664,295		29,408,568
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	254,140,389	254,926,667	1,316,982	510,384,038
8.2 Payroll taxes.....	18,325,580	19,863,958	117,623	38,307,161
9. Employee relations and welfare.....	49,370,077	31,780,001	10,505	81,160,583
10. Insurance.....	11,080	2,246,749		2,257,829
11. Directors' fees.....		57		57
12. Travel and travel items.....	23,892,330	5,341,605	113,029	29,346,964
13. Rent and rent items.....	28,066,879	18,675,819	82,908	46,825,606
14. Equipment.....	11,488,086	15,525,121	20,345	27,033,552
15. Cost or depreciation of EDP equipment and software.....	8,302,937	30,947,157		39,250,094
16. Printing and stationery.....	5,744,175	6,587,885	10,400	12,342,460
17. Postage, telephone and telegraph, exchange and express.....	38,550,331	38,809,785	22,921	77,383,037
18. Legal and auditing.....	4,737,136	33,254,627	862,781	38,854,544
19. Totals (Lines 3 to 18).....	446,633,712	535,916,588	2,557,494	985,107,794
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....316,372.....		89,537,197		89,537,197
20.2. Insurance department licenses and fees.....		6,718,593		6,718,593
20.3. Gross guaranty association assessments.....		10,204,256		10,204,256
20.4. All other (excluding federal and foreign income and real estate).....		10,390,555		10,390,555
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	116,850,601	0	116,850,601
21. Real estate expenses.....			19,850,828	19,850,828
22. Real estate taxes.....			4,270,294	4,270,294
23. Reimbursements by uninsured accident and health plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	40,374,833	16,098,719	4,361,368	60,834,920
25. Total expenses incurred.....	586,378,578	999,374,335	31,039,984	(a) 1,616,792,897
26. Less unpaid expenses - current year.....	337,252,870	162,386,462		499,639,332
27. Add unpaid expenses - prior year.....	277,531,359	122,055,895		399,587,254
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).....	526,657,067	959,043,768	31,039,984	1,516,740,819

## DETAILS OF WRITE-INS

2401. OUTSIDE PROGRAMMING AND IT CHARGES.....	32,108,983	1,568,982	89,326	33,767,291
2402. OUTSIDE SERVICES.....	4,875,529	9,019,617	51,506	13,946,652
2403. MISCELLANEOUS EXPENSES.....	3,390,321	5,510,120	4,220,536	13,120,977
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).....	40,374,833	16,098,719	4,361,368	60,834,920

(a) Includes management fees of \$.....313,301,042 to affiliates and \$.....0 to non-affiliates.

## EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....20,045,456	.....17,298,958
1.1 Bonds exempt from U.S. tax.....	(a).....10,417,995	.....12,954,697
1.2 Other bonds (unaffiliated).....	(a).....94,245,993	.....97,750,158
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....11,082,081	.....10,288,525
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....11,305,443	.....11,587,885
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....36,280,081	.....36,277,033
5. Contract loans.....	.....	.....
6. Cash/short-term investments.....	(e).....7,375,468	.....7,419,901
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....(123,415)	.....(123,415)
10. Total gross investment income.....	.....190,629,102	.....193,453,742
11. Investment expenses.....	.....	(g).....31,039,984
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).....11,654,812
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....42,694,796
17. Net investment income (Line 10 minus Line 16).....	.....	.....150,758,946

## DETAILS OF WRITE-INS

0901. Reversal of Prior Year Accretion Income on Term Trust Common Equity.....	.....(123,415)	.....(123,415)
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).....	.....(123,415)	.....(123,415)
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 \$.....3,092,097 accrual of discount less \$.....15,107,788 amortization of premium and less \$.....16,990,366 paid for accrued interest on purchases.

(b) Includes \$.....536,960 accrual of discount less \$.....186,899 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 \$.....35,531,950 interest on encumbrances.

(e) Includes \$.....1 accrual of discount less \$.....14,797 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 \$.....11,654,812 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.....	.....33,308,508	.....	.....	.....	.....33,308,508
1.1 Bonds exempt from U.S. tax.....	.....803,765	.....	.....	.....	.....803,765
1.2 Other bonds (unaffiliated).....	.....17,251,034	.....(6,292,738)	.....	.....	.....10,958,296
1.3 Bonds of affiliates.....	.....	.....	.....	.....	.....0
2.1 Preferred stocks (unaffiliated).....	.....11,113,143	.....	.....	.....(3,612,371)	.....7,500,772
2.11 Preferred stocks of affiliates.....	.....	.....	.....	.....	.....0
2.2 Common stocks (unaffiliated).....	.....1,542,503	.....(68,156,798)	.....	.....(92,062,224)	.....(158,676,519)
2.21 Common stocks of affiliates.....	.....	.....	.....	.....63,626,689	.....63,626,689
3. Mortgage loans.....	.....	.....	.....	.....	.....0
4. Real estate.....	.....	.....	.....	.....	.....0
5. Contract loans.....	.....	.....	.....	.....	.....0
6. Cash/short-term investments.....	.....4,076	.....	.....	.....	.....4,076
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).....	.....64,023,029	.....(74,449,536)	.....0	.....(32,047,906)	.....(42,474,413)

## 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.....	74,433,015	21,302,550	(53,130,465)
2. Other Nonadmitted Assets:			
2.1 Bills receivable.....			0
2.2 Furniture, equipment and supplies.....	79,357,910	86,692,681	7,334,771
2.3 Leasehold improvements.....	18,580,469	10,330,116	(8,250,353)
2.4 Loans on personal security, endorsed or not.....			0
3. Total (Lines 2.1 to 2.4).....	97,938,379	97,022,797	(915,582)
4. Aggregate write-ins for other assets.....	13,735,911	10,113,247	(3,622,664)
5. Total (Line 1 plus Lines 3 and 4).....	186,107,305	128,438,594	(57,668,711)

## DETAILS OF WRITE-INS

0401. PREPAID EXPENSES.....	12,730,508	8,275,072	(4,455,436)
0402. RECEIVABLE FROM SECURITIES BROKER OVER 15 DAYS OLD.....	542,872	330,613	(212,259)
0403. MISCELLANEOUS OTHER ASSETS.....	462,531	1,507,562	1,045,031
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).....	13,735,911	10,113,247	(3,622,664)

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## NOTES TO FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies

#### A. Accounting Practices

The accompanying statutory-basis financial statements of Progressive Casualty 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 and the Company's adjustment to realized losses for other than temporary impairment (see page 12, column 2, Exhibit of Capital Gains (Losses)). A review for other than temporary impairment requires companies to make certain forward-looking assumptions regarding the probability and extent of a valuation recovery, the materiality of the decline and its affect on the financial statements, and the Company's ability and intent to hold the security. The scope of this review is broad, and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market related prospect of the issuer and its industry.

#### 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 and finance and service charges assumed under quota-share reinsurance agreements with thirteen of the Company's non-pooled insurance company affiliates. The assumed finance and service charges are reported as miscellaneous income 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 owns 100% of the common stock of Progressive Specialty Insurance Company ("Specialty"), an insurance affiliate domiciled in Ohio, Progressive Gulf Insurance Company ("Gulf"), an insurance affiliate domiciled in Mississippi, and PC Investment Company, a non-insurance affiliate. These investments are reported on the equity basis as described in the *Purposes and Procedures of the Securities Valuation Office of the NAIC Manual*.
- The Company has no investments in partnerships or limited liability companies. Investments in joint ventures are derived by using the Generally Accepted Accounting Principles ("GAAP") equity method of accounting.
- 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.

## NOTES TO FINANCIAL STATEMENTS

- Company-occupied real estate is reported at net book value, less any related encumbrances. All other real estate is reported at the lower of net book value or market value, less any related encumbrances. The Company engaged the services of independent appraisers who issued complete summary reports indicating the properties' fair market value. The appraisals were completed using all three traditional methods of valuation: cost approach, sales comparison approach and income approach. The Company uses book adjusted carrying value to estimate fair market value for all properties constructed or purchased within the last five years. All real estate except land is depreciated over the estimated useful lives of these assets using the straight-line 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 Notes 24 and 29).

## 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 related to prior years in the compiling and reporting of the payable to parent and affiliates balance and various income and expense items. 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	\$ (9,798,503)
Federal income tax adjustment 1993	718,698
Federal income tax adjustment 1995	(136,267)
Incorrect accounting for bad debt write-off	(71,617)
Accounting error during conversion from manual to automated consolidation process	2,310,762
Total adjustment to surplus	<u>\$ (6,976,927)</u>

### 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	\$987,419,427
Codification adjustments:	
Assets:	
Deferred tax asset	\$154,147,821
Premium receivable change in non-admitted assets	1,249,678
Other non-admitted assets	(1,781,626)
Liabilities:	
Excess of statutory reserves over statement reserves	7,349,000
Bad debt reserve	(6,201,183)
Unrealized gain impact for subsidiary holdings	<u>29,233,638</u>
Total Codification adjustments	<u>183,997,328</u>
Surplus at January 1, 2001 per Codification	<u>\$1,171,416,755</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

## NOTES TO FINANCIAL STATEMENTS

- E. Repurchase Agreements  
See Note 1(c) Investments
6. Joint Ventures, Partnerships and Limited Liability Companies
- A. The Company has an investment in a joint venture but it does not exceed 10% of the Company's admitted assets.
- B. The Company did not recognize any impairment write down for its investment in the joint venture during the statement periods.
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
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	\$ 302,939,365	\$ 243,964,052
Gross deferred tax liabilities	18,422,161	45,551,215
Net deferred tax assets	284,517,204	198,412,837
Non-admitted deferred tax assets	64,372,214	13,293,786
Net admitted deferred tax assets	\$ 220,144,990	\$ 185,119,051
Increase (decrease) in non-admitted deferred tax assets	\$ 51,078,428	\$ (48,580,069)

- 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	\$ 212,930,695	\$ 96,628,143
Audit adjustment: 1997-98 IRS examination	--	(1,322,393)
Prior year underaccrual (overaccrual)	(3,973,895)	(5,252,407)
Current income taxes incurred	\$ 208,956,800	\$ 90,053,343

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	\$ 77,103,423	\$ 70,154,470	\$ 6,948,953
Unearned premiums	112,942,978	91,961,877	20,981,101
Non-admitted assets	34,638,004	37,739,853	(3,101,849)
Non-deductible reserves	33,379,801	27,728,580	5,651,221
Unrealized capital losses	20,238,407	6,601,031	13,637,376
Intercompany deferred losses	160,536	249,320	(88,784)
Investment write-downs	18,701,946	0	18,701,946
Other	5,774,270	9,528,921	(3,754,651)
Gross deferred tax assets	\$ 302,939,365	\$ 243,964,052	\$ 58,975,313
Non-admitted deferred tax assets	\$ 64,372,214	\$ 13,293,786	\$ 51,078,428

DTLs Resulting from Statutory/Tax Difference in	December 31, 2002	December 31, 2001	Change
Unrealized capital gains	\$ 10,638,675	\$ 32,228,367	\$ (21,589,692)
Bond market discount	281,036	1,036,178	(755,142)
Depreciable assets	1,281,357	4,960,087	(3,678,730)
Salvage and subrogation	2,739,837	3,130,602	(390,765)
Intercompany deferred gains	2,829,024	3,352,912	(523,888)
Other	652,232	843,069	(190,837)
Gross deferred tax liabilities	\$ 18,422,161	\$ 45,551,215	\$ (27,129,054)

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):

## NOTES TO FINANCIAL STATEMENTS

Description	December 31, 2002	December 31, 2001	Change
Total deferred tax assets	\$ 302,939,365	\$ 243,964,052	\$ 58,975,313
Total deferred tax liabilities	18,422,161	45,551,215	(27,129,054)
Net deferred tax asset (liability)	\$ 284,517,204	\$ 198,412,837	\$ 86,104,367
Tax effect of unrealized gains (losses)			(35,227,068)
Change in net deferred income tax			\$ 50,877,299

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	\$ 159,279,530	35 %
Exempt interest income	(3,537,714)	
Dividends received deduction	(3,840,705)	(1)
Other	287,991	
Total	\$ 152,189,102	34 %
Federal and foreign income taxes incurred	\$ 208,956,800	46 %
Change in net deferred income taxes	(50,877,299)	(11)
Change in deferred from non-admitted assets and intercompany gains (losses)	(2,666,745)	(1)
Other miscellaneous adjustments	(3,223,654)	
Total statutory income taxes	\$ 152,189,102	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 \$212,930,695 for the current tax year and \$97,840,841 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.

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 a capital contribution of \$137,000,000 from TPC and made a capital contribution of \$18,000,000 to Specialty in 2002. The Company paid an ordinary cash dividend of \$98,700,000 and an extraordinary cash dividend of \$141,300,000 to TPC in 2001. The Company received cash dividends of \$63,000,000 and \$11,500,000 from Specialty and Gulf (see Note 1C), respectively, in 2001.

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 \$218,115,325 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 \$40,906,513 payable to TPC for the Company's Federal income tax liability. The intercompany balances are settled quarterly.

The payable to parent and affiliates balance at December 31, 2001 includes a net \$39.5 million payable (\$66.1 million payable and \$26.6 million receivable) unsettled from third quarter, 2001 due to an accounting error. The third quarter, 2001 balance should have been fully settled by the end of fourth quarter, 2001 as stipulated in the agreement, which governs the centralized cash management system. This error was corrected in first quarter, 2002. The Company notified the Ohio DOI of the error and its correction.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management and Service Agreements

The Company participates in management and service agreements with many of its non-pooled insurance and non-insurance affiliates. Under the terms of the agreements, the affiliates are provided underwriting and loss adjustment services for business produced in exchange for a management fee based on their use of services. In addition, the Company also is provided various services by Progressive Resource Services Co., a non-insurance affiliate, in exchange for a management fee.

The Company participates in joint management services agreements with four of its non-pooled insurance affiliates. Under the terms of the agreements, the Company provides these four affiliates with underwriting and loss adjustment services for specific business produced, and they provide the Company with similar services for other specific business produced. In exchange for these services, the companies charge management fees based on each company's use of the other's services.

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## NOTES TO FINANCIAL STATEMENTS

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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 is one of twelve insurance companies along with several non-insurance companies in the Group that retain employees. The Company participates but has no legal obligation or direct liability for expenses in the following employee benefit plans:

A. Defined Benefit Plan

Not applicable

B. Defined Contribution Plan

TPC sponsors a defined contribution savings plan. See Note 12D.

C. Multiemployer Plans

Not applicable

D. Consolidated / Holding Company Plans

TPC sponsors a two-tiered Retirement Security Program. The first tier is a defined contribution pension plan covering all employees who meet requirements as to age and length of service. Contributions vary from 1% to 5% of annual eligible compensation up to the Social Security wage base, based on years of eligible service. The second tier is a long-term savings plan under which TPC matches amounts contributed to the plan by an employee up to a maximum of 3% of the employee's eligible compensation. Effective April 1, 2002, TPC matching contributions may be invested by a participant in any of the investment funds available under the plan. Previously, such contributions were required to be invested in the TPC stock fund until fully vested.

TPC provides various postemployment benefits to former or inactive employees who meet eligibility requirements, their beneficiaries and covered dependents. Postemployment benefits include salary continuation and disability-related benefits, including workers' compensation and, if elected, continuation of health care benefits.

TPC provides postretirement health and life insurance benefits to all employees who met requirements as to age and length of service at December 31, 1988. TPC's funding policy is to contribute annually the maximum amount that can be deducted for Federal income tax purposes. Contributions are intended to provide not only for benefits attributed to services to date, but also for those expected to be earned in the future.

The Company participates in TPC's 1995 Incentive Plan, which provides for the granting of stock options and other stock-based awards to key employees of the Group. This plan is accounted for under Accounting Principles Bulletin No. 25, and the Company incurs no expenses. The Company participated in TPC's 1989 Incentive Plan, which has expired. TPC also maintains The Progressive Corporation Executive Deferred Compensation Plan, which permits eligible executives to defer receipt of some or all of their annual bonuses or other incentive awards. No matching contributions are provided by this plan; therefore, the Company incurs no expenses.

E. Postemployment Benefits and Compensated Absences

TPC is responsible for postemployment benefits. See Note 12D.

The Company is allocated employee benefit expense based on the pooling agreement (see Note 25). The amount of employee benefit expense allocated to the Company was \$15,425,345 and \$12,636,646 in 2002 and 2001, respectively.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

A. Outstanding Shares

The Company has 5,000 shares of \$1,666.67 par value common stock authorized and 1,800 shares 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 \$246,127,572 in 2003 without prior approval.

## NOTES TO FINANCIAL STATEMENTS

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
- 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 net of deferred income taxes	\$ 393,328,450
Non-admitted assets	(186,107,305)
Provision for reinsurance	(1,088,000)
Total	\$ 206,133,145

- 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 is also named as defendant in a number of putative class action lawsuits. Other insurance companies face many of these same issues. The lawsuits discussed below are in various stages of development. The Company plans to contest these suits vigorously and pursue settlement negotiations in those cases for which it deems it appropriate to do so. The outcome of these cases, excluding those where a settlement agreement has been reached and approved by the court, 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.

There is a putative class action lawsuit pending against the Company in state court seeking actual and punitive damages and alleging breach of contract and fraud because of the Company's specification of after-market (non-original equipment manufacturer) replacement parts in the repair of insured or claimant vehicles. Plaintiffs in this suit allege that after-market parts are inferior to replacement parts manufactured by the vehicle's original manufacturer and that the use of such parts fails to restore the damaged vehicle to its "pre-loss" condition, as required by their insurance policies. The Company does not consider a loss from this case to be probable and estimable, and is unable to estimate a range of loss, if any, at this time.

The Company is defending a putative class action lawsuit in state court seeking damages from the Company alleging breach of contract for failing to pay inherent diminished value of insureds' vehicles under the collision, comprehensive or uninsured motorist property damage provisions of their auto policies. Inherent diminished value is defined by plaintiffs as the difference between the market value of the insured automobile before an accident and the market value after proper repair. Plaintiffs allege that they are entitled to the payment of inherent diminished value under the terms of their insurance policies. In February 2002, the Company along with several of its insurance affiliates reached an agreement to settle its Georgia diminution in value case for \$19.8 million, plus administrative costs. The Company's net exposure to this settlement was determined by its participation in the 100% pooling reinsurance agreement (see Note 25). The Company believes that Georgia law on diminution in value is an anomaly and has successfully defended several of these cases in other jurisdictions. Accordingly, the Company does not consider a loss from this case to be probable and estimable, and is unable to estimate a range of loss, if any, at this time.

There is a putative class action lawsuit pending against the Company in Florida challenging the legal propriety of the Company's payment of preferred provider rates on personal injury protection ("PIP") claims. The primary issue is whether the Company violated Florida law by paying PIP medical expense claims at preferred provider rates. The Company has established a loss reserve in connection with this case. The Company believes that the ultimate disposition of this lawsuit for an amount in excess of the current reserve will not materially affect the Company's financial condition, cash flows or results of operations.

## NOTES TO FINANCIAL STATEMENTS

There is a putative class action pending against the Company, which challenges the Company's use of certain automated database vendors to assist in valuing total loss claims. Plaintiffs allege that these databases systematically undervalue total loss claims to the detriment of insureds. The plaintiffs are seeking actual and punitive damages. The Company has established a loss reserve in connection with this case. The Company believes that the ultimate disposition of this lawsuit for amounts in excess of the current reserve will not materially affect the Company's financial condition, cash flows or results of operations.

Several members of the Pool along with several non-pooled 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. In November 2002, the Insurance Companies reached an agreement to settle their lawsuit relating to the classification of the Insurance Companies' California claims employees as exempt workers for purposes of state wage and hour laws for an amount not to exceed \$10 million. The Company's net exposure to this settlement was determined by its participation in the 100% pooling reinsurance agreement (see Note 25). This class action lawsuit was based on California-specific law. The Insurance Companies continue to believe that their classification of claims representatives as exempt workers is appropriate under federal law. Accordingly, the Insurance Companies do not consider a loss from the remaining cases to be probable and estimable, and is unable to estimate a range of loss, if any, at this time.

In July 2002, Specialty, a member of the Pool, settled a nationwide class action lawsuit challenging Specialty's practice of charging betterment in first party physical damage claims. The Company's net exposure to this settlement was determined by its participation in the 100% pooling reinsurance agreement (see Note 25). This settlement has received trial court approval and the claims process is complete.

The Insurance Companies are currently defending putative class actions challenging the Insurance Companies' alternative commissions programs. Under these programs, the Insurance Companies' independent insurance agencies were able to offer their insurance products at different commission levels. In July 2002, the Insurance Companies reached a nationwide settlement of these cases. The settlement will result in the payment of approximately \$60 million including the costs of settlement and attorney's fees. The Company's net exposure to this settlement was determined by its participation in the 100% pooling reinsurance agreement (see Note 25). This exposure was primarily incurred by the Pool. This class action settlement has received trial court approval and the claims process is complete. The settlement of these cases is currently being appealed by various objectors. On December 23, 2002, a case was filed in Mississippi on behalf of 19 individuals who opted-out of the above settlement. This case also challenges the alternative commissions program. This case was not brought as a class action because Mississippi law provides no procedural mechanism for class actions; rather, it was brought on behalf of the multiple named plaintiffs.

The Company is currently defending a putative class action challenging certain aspects of the Company's use of credit information and notice requirements under the federal Fair Credit Reporting Act. The Company does not consider a loss from this case to be probable and estimable, and is unable to estimate a range of loss, if any, at this time.

There is currently a putative class action pending against the Company challenging the Company's use of automated database vendors to assist in evaluating certain first party bodily injury claims. The plaintiff alleges that the Company uses biased third party vendors to analyze medical bills and determine whether the treatment and/or expenses are "reasonable" and "necessary". The plaintiff alleges that the reports generated by these vendors wrongfully reduce the claims of insureds seeking payment or reimbursement for medical treatment and/or expenses. The Company does not consider a loss from this case to be probable and estimable, and is unable to estimate a range of loss, if any, at this time.

### 15. Leases

#### A. Lessee Leasing Arrangements

- 1) The Company leases office facilities and equipment under various noncancelable operating leases that expire through December 31, 2017. The Company is allocated a percentage of the Group's total rental expense based on the pooling agreement (see Note 25). In 2002 and 2001 the Company was allocated \$33,268,190 and \$34,160,013, respectively of rental expense, which represented 47% and 49%, respectively of the Group's total rental expense. Future minimum rental payments on leases held by the Company are as follows:

Year	Amount
2003	\$ 55,460,347
2004	40,818,329
2004	24,901,387
2006	16,976,713
2007	11,999,127
Thereafter	33,278,466
Total	\$ 183,434,369

- 2) Certain rental commitments have renewal options extending through July 31, 2032. Some of these renewals are subject to adjustments in future periods.
- 3) The Company has no sales-leaseback arrangements and four noncancelable subleases that are immaterial to the Company.

#### B. Lessor Leasing Arrangements

The Company does lease some of its owned properties to outside parties, however, these leases are not a significant part of the Company's business activities.

### 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

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**NOTES TO FINANCIAL STATEMENTS**


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## 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

## 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 \$4,712,277 and \$4,691,186, respectively, were on deposit with various regulatory agencies to meet statutory requirements.

In December 2001, the North Carolina Insurance Commissioner (the "Commissioner") disapproved the North Carolina Rate Bureau's ("Rate Bureau") rate filing. In January 2002, the Rate Bureau decided to implement its rates effective April 1, 2002 and the North Carolina Insurance Department issued a bulletin with guidelines for the establishment of escrow, and accounting and reporting requirements for the potential premium refund of the rates implemented effective April 1, 2002. The amount placed in escrow for each policy is based on the difference between the premiums written and those that would have been written using the Commissioner's rates.

While the Company is not directly liable for the escrowed premium, it assumes an immaterial amount through its participation in the 100% pooling reinsurance agreement (see Note 25). The amount assumed from the Pool is reported as a write-in on page 4, line 5 entitled "2002 Private Passenger Auto Escrow".

## 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

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

The Company reported net admitted premiums and agents' balances in course of collection of \$80,864,612 at December 31, 2002. Of this amount there were no premiums due from a controlled or controlling person as defined in Florida statute 625.012 (5).

## NOTES TO FINANCIAL STATEMENTS

## 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	\$ 2,629,573	\$ --	\$ 1,397,786	\$ --	\$ 1,231,787	\$ --
All Other	--	--	35,253	5,897	(35,253)	(5,897)
Totals	\$ 2,629,573	\$ --	\$ 1,433,039	\$ 5,897	\$ 1,196,534	\$ (5,897)

Direct Unearned Premium Reserve is \$379,677

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

## D. Uncollectible Reinsurance

None

## E. Commutation of Ceded Reinsurance

None

## F. Retroactive Reinsurance

None

## 23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

## A. Method Used to Estimate

The Company calculates accrued retrospective premium for each policy period based on inception-to-date incurred losses and defense and cost containment expense grossed up for certain unallocated LAE and premium tax reimbursement factors as stipulated in the contracts. The difference between the inception-to-date retrospective premium and the inception-to-date basic premium that has been paid is accrued as a retrospective premium adjustment. The Company's only retrospectively rated contract was cancelled and is in run-off effective April 5, 2002.

## B. How Retrospective Premiums are Recorded

The Company records accrued retrospective premium as an adjustment to net premiums written.

## C. Amount and Percent of Net Retrospective Premiums

Net premiums written on retrospective policies (prior to pooling – see Note 25) for 2002 were \$181,211, which is less than 1% of total net premiums written.

## D. Calculation of Non-Admitted Accrued Retrospective Premiums

For the year ended December 31, 2002, the amount of accrued retrospective premiums not offset by retrospective return premiums, other liabilities to the same party (other than loss and LAE reserves) or collateral as permitted by SSAP 66, Retrospectively Rated Contracts, has been non-admitted based on the quality rating of the insured. The calculation is as follows:

Total unsecured accrued retrospective premium	\$ 73,060
Insured's current quality rating is 1 = factor of 1% non-admitted	X 1%
Total non-admitted	<u>\$ 731</u>

## 24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and LAE attributable to insured events of prior years have increased by \$1,606,430 in 2002 as a result of reestimation of unpaid losses and LAE. The increase 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

The Company and ten of its property-casualty affiliates (the "Pool") participate in a pooling reinsurance agreement under which 100% of the underwriting business of each member company, net of external reinsurance, is ceded to the Company, the pool manager and a pool participant. The combined premiums, losses and expenses are then retroceded to each pool member based on pre-determined pooling percentages. The pooling percentages for each pool member as of December 31, 2002 and 2001 were as follows:

## NOTES TO FINANCIAL STATEMENTS

	NAIC Code	2002 Pool %	2001 Pool %
Progressive Casualty Insurance Company	24260	53	53
Progressive Northern Insurance Company	38628	12	12
Progressive Northwestern Insurance Company	42919	12	12
Progressive Specialty Insurance Company	32786	7	7
Progressive Preferred Insurance Company	37834	6	6
Progressive Classic Insurance Company	42994	3	3
Progressive American Insurance Company	24252	2	2
Progressive Gulf Insurance Company	42412	2	2
Progressive Bayside Insurance Company	17350	1	1
Progressive Mountain Insurance Company	35190	1	1
Progressive Southeastern Insurance Company	38784	1	1
		100%	100%

All business written by each pool participant is subject to pooling. An immaterial amount of business is ceded by the Company to non-affiliated reinsurers, prior to pooling. There are no discrepancies between the assumed and ceded reinsurance schedules of the pool participants. The Company does not participate in any intercompany sharing of the provision for reinsurance and the write-off of uncollectible reinsurance.

26. Structured Settlements

Not applicable

27. High Deductibles

As of December 31, 2002 and 2001, the amount of reserve credit recorded for high deductibles on unpaid losses was \$320,575 and \$387,122, respectively, and the amount billed and recoverable was \$664 and \$2,546, respectively. All amounts were fully collateralized.

28. Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not applicable

29. Asbestos/Environmental Reserves (all amounts in 000's)

A. Because the Company is primarily an insurer of motor vehicles, it has limited exposure for asbestos and environmental claims. The Company's exposure arises from participation in various reinsurance pools from 1968 to 1975, which underwrote general liability insurance. These exposures are recorded by the Company as assumed business.

The Company records case and defense and cost containment expense ("D&CC") reserves based on financial information received from the various external reinsurance pool managers. IBNR reserves are established based on previous experience.

Asbestos reserves gross and net of external reinsurance are as follows:

Asbestos, Gross of Reinsurance	Calendar Year Ending				
	2002	2001	2000	1999	1998
Beginning reserves	\$1,756	\$1,642	\$1,605	\$1,425	\$1,333
Losses and D&CC incurred	539	195	144	201	209
Calendar year payments for losses and D&CC	125	81	107	21	117
Ending reserves	\$2,170	\$1,756	\$1,642	\$1,605	\$1,425

Asbestos, Net of External Reinsurance	Calendar Year Ending				
	2002	2001	2000	1999	1998
Beginning reserves	\$1,242	\$1,144	\$1,133	\$1,089	\$982
Losses and D&CC incurred	483	141	83	62	216
Calendar year payments for losses and D&CC	78	43	72	18	109
Ending reserves	\$1,647	\$1,242	\$1,144	\$1,133	\$1,089

B,C. The amounts above include IBNR of \$1,027 and \$495 on a gross basis and \$963 and \$474 on a net basis at December 31, 2002 and 2001, respectively, and future D&CC (including coverage dispute costs) of \$0 on a gross and net basis at both December 31, 2002 and 2001. The loss and D&CC reserves the Company assumed from the Pool for asbestos claims were \$944 and \$729 in 2002 and 2001, respectively.

D. Environmental reserves gross and net of external reinsurance are as follows:

Environmental, Gross of Reinsurance	Calendar Year Ending				
	2002	2001	2000	1999	1998
Beginning reserves	\$482	\$681	\$458	\$462	\$501
Losses and D&CC incurred	(44)	44	264	13	8
Calendar year payments for losses and D&CC	184	243	41	17	47
Ending reserves	\$254	\$482	\$681	\$458	\$462

Environmental, Net of External Reinsurance	Calendar Year Ending				
	2002	2001	2000	1999	1998
Beginning reserves	\$482	\$681	\$458	\$406	\$442
Losses and D&CC incurred	(44)	44	264	69	10
Calendar year payments for losses and D&CC	184	243	41	17	46
Ending reserves	\$254	\$482	\$681	\$458	\$406

E,F. The amounts above include IBNR of \$189 and \$280 on a gross and net basis at December 31, 2002 and 2001, respectively, and future D&CC (including coverage dispute costs) of \$0 on a gross and net basis at both December 31, 2002 and 2001. The loss and D&CC reserves the Company assumed from the Pool for environmental claims were \$136 and \$257 in 2002 and 2001, respectively.

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## **NOTES TO FINANCIAL STATEMENTS**

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30. Subscriber Savings Accounts

Not applicable

31. Financial Guaranty Insurance Exposures

Not applicable

# PROGRESSIVE CASUALTY 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.....	499,498,352	10.4	499,498,352	10.4
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).....	25,505,896	0.5	25,505,896	0.5
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....	238,775,552	4.9	238,775,552	5.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....		0.0		0.0
1.43 Revenue and assessment obligations.....	204,525,743	4.2	204,525,743	4.2
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.....	12,715,063	0.3	12,715,063	0.3
1.513 Privately issued.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC.....	218,647,477	4.5	218,647,477	4.5
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.....	491,166,112	10.2	491,166,112	10.2
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	753,813,996	15.6	753,813,996	15.6
2.2 Unaffiliated foreign securities.....	80,768,776	1.7	80,768,776	1.7
2.3 Affiliated securities.....	2,100,000	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.....	86,095,647	1.8	86,095,647	1.8
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....	666,352,626	13.8	666,352,626	13.8
3.4 Other equity securities:				
3.41 Affiliated.....	650,791,615	13.5	650,791,615	13.5
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.....	343,239,696	7.1	343,239,696	7.1
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.....	4,862,803	0.1	4,862,803	0.1
8. Cash and short-term investments.....	545,505,415	11.3	545,505,415	11.3
9. Other invested assets.....	249,500	0.0	249,500	0.0
10. Total invested assets.....	4,824,614,269	100.0	4,822,514,269	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). 01/06/2000

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.....	.....5,000,000	.....1,800,000	.....1,666.67	.....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
STATE STREET BANK	801 PENNSYLVANIA AVE. KANSAS CITY, MO 64105
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
30107	STATE STREET GLOBAL MARKETS, LLC	225 FRANKLIN STREET BOSTON, MA 02110

**OTHER**

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....1,134,510

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	687,580

24.1 Amount of payments for legal expenses, if any? \$.....8,039,517

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
BAKER & HOSTETLER	2,806,728

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? Workers' Compensation risks were covered under Treaty Reinsurance contracts.		
<hr/>			
<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 of each claim 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's net comprehensive exposures in the catastrophe prone states of Florida, Louisiana, Texas, and California is limited since the company is a member of a 100% pooling reinsurance agreement with 10 of its property casualty affiliates.		
<hr/>			
<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's estimated PML is less than 10% of surplus, the company carries no external catastrophe reinsurance to cover their limited catastrophe exposure.		
<hr/>			
<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 uninsured 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 [X] No [ ] N/A [ ]

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 \$.....435,984  
 10.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....88,146

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 [X] N/A [ ]

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

10.41 From .....0.0 %  
 10.42 To .....0.0 %

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 [X] No [ ]

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 \$.....144,902

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): \$.....5,300,000

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 [X] No [ ]

14.11 Name of real estate holding company SEE ATTACHED  
 14.12 Number of parcels involved .....0  
 14.13 Total book/adjusted carrying value \$.....4,003,385

14.2 If yes, provide explanation

We hold common stock interest in several real estate holding companies. The number of parcels is unknown.

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: .....

# PROGRESSIVE CASUALTY INSURANCE COMPANY

## 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
<b>Gross Premiums Written</b> (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).....	5,452,505,954	4,156,753,385	3,501,476,845	3,540,994,808	3,169,894,513
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	3,323,611,295	2,608,955,940	2,270,103,803	2,187,759,259	1,800,203,927
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	20,164,466	17,142,895	13,449,037	12,312,542	10,880,467
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	13,022,798	15,300,889	13,114,268	14,298,490	10,865,096
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....		(5,526)			
6. Total (Line 34).....	8,809,304,513	6,798,147,583	5,798,143,953	5,755,365,099	4,991,844,003
<b>Net Premiums Written</b> (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).....	2,869,604,460	2,184,404,821	1,840,164,067	1,863,389,789	1,742,784,385
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,760,099,385	1,381,986,397	1,200,512,194	1,157,235,582	992,638,750
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	10,677,571	9,076,937	7,120,146	6,525,647	6,109,269
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	3,490,222	4,435,451	3,706,592	4,249,139	3,548,297
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....		(2,929)			
12. Total (Line 34).....	4,643,871,638	3,579,900,677	3,051,503,000	3,031,400,157	2,745,080,700
<b>Statement of Income</b> (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	277,608,499	124,393,032	(184,899,914)	(32,436,436)	130,617,538
14. Net investment gain (loss) (Line 11).....	140,332,444	190,608,402	183,044,362	128,206,841	128,644,932
15. Total other income (Line 15).....	37,143,429	35,214,525	47,131,171	42,883,243	31,288,168
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	208,956,800	90,053,343	17,098,507	46,219,260	134,717,199
18. Net income (Line 20).....	246,127,572	260,162,616	28,177,112	92,434,388	155,833,439
<b>Balance Sheet Lines</b> (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	6,092,398,526	4,761,793,221	4,239,845,655	3,931,681,519	3,386,468,305
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	80,864,612	72,859,530	28,839,543	33,091,458	34,821,028
20.2 Deferred and not yet due (Line 10.2).....	911,930,069	667,495,437	453,273,028	536,844,073	489,015,034
20.3 Accrued retrospective premiums (Line 10.3).....	72,329	436,118			
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	4,472,960,217	3,510,963,140	3,252,426,228	2,853,602,690	2,417,666,942
22. Losses (Page 3, Lines 1 & 2).....	1,968,034,438	1,633,019,768	1,394,532,094	1,147,962,854	954,548,285
23. Loss adjustment expenses (Page 3, Line 3).....	337,252,872	277,531,359	235,915,822	189,646,921	167,156,272
24. Unearned premiums (Page 3, Line 9).....	1,576,227,050	1,306,935,582	1,259,730,857	1,340,924,958	1,116,598,670
25. Capital paid up (Page 3, Lines 28 & 29).....	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 35).....	1,619,438,309	1,250,830,081	987,419,427	1,078,078,829	968,801,363
<b>Risk-Based Capital Analysis</b>					
27. Total adjusted capital.....	1,619,438,309	1,250,830,081	987,419,427	1,078,078,829	968,801,363
28. Authorized control level risk-based capital.....	294,176,577	236,758,567	250,171,519	266,908,770	226,672,231
<b>Percentage Distribution of Cash and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1).....	52.4	51.0	50.5	56.0	51.0
30. Stocks (Lines 2.1 & 2.2).....	29.1	39.1	35.7	31.3	29.6
31. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
32. Real estate (Lines 4.1, 4.2 & 4.3).....	7.1	9.3	9.4	8.8	7.7
33. Cash and short-term investments (Line 5).....	11.3	0.5	4.4	4.0	11.4
34. Other invested assets (Line 6).....	0.0	0.0	0.0		
35. Receivable for securities (Line 7).....	0.1	0.1	0.0	0.0	0.4
36. Aggregate write-ins for invested assets (Line 8).....			0.0		
37. Cash and invested assets (Line 9).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
38. Affiliated bonds (Sch. D, Summary, Line 25, Col. 1).....	2,100,000	2,100,000			
39. Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1).....					
40. Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2).....	650,791,615	569,164,924	551,035,874	537,105,805	519,131,209
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.....	652,891,615	571,264,924	551,035,874	537,105,805	519,131,209
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).....	40.3	45.7	55.8	49.8	53.6

# PROGRESSIVE CASUALTY INSURANCE COMPANY

## FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2002	2001	2000	1999	1998
<b>Capital and Surplus Accounts</b> (Page 4)					
46. Net unrealized capital gains (losses) (Line 23).....	(1,795,009)	8,837,306	(28,915,225)	75,627,038	32,495,092
47. Dividends to stockholders (Line 34).....		(240,000,000)	(90,000,000)	(45,000,000)	
48. Change in surplus as regards policyholders for the year (Line 37).....	368,608,228	263,410,654	(90,659,402)	109,277,466	288,868,772
<b>Gross Losses Paid</b> (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).....	2,573,615,004	2,254,185,128	2,196,571,677	1,947,211,380	1,543,806,718
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,768,583,421	1,511,288,202	1,459,472,436	1,197,451,068	954,729,038
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	8,433,569	7,771,505	5,727,969	5,464,422	6,037,496
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	10,800,836	5,412,905	5,097,542	4,068,825	3,807,033
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	400,485	463,512	217,693	85,055	300,787
54. Total (Line 34).....	4,361,833,315	3,779,121,252	3,667,087,317	3,154,280,750	2,508,681,072
<b>Net Losses Paid</b> (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).....	1,352,625,009	1,183,584,582	1,154,462,449	1,012,174,688	697,673,731
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	936,772,742	799,310,387	772,355,597	633,362,841	502,724,999
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	4,469,792	4,118,898	3,035,824	2,896,144	3,156,877
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	3,890,336	2,339,413	2,199,609	1,554,947	172,636
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	183,130	222,116	93,150	43,701	(34,459)
60. Total (Line 34).....	2,297,941,008	1,989,575,395	1,932,146,630	1,650,032,320	1,203,693,784
<b>Operating Percentages</b> (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).....	57.4	59.4	69.9	62.6	55.3
63. Loss expenses incurred (Line 3).....	13.4	14.3	13.7	12.5	13.2
64. Other underwriting expenses incurred (Line 4).....	22.8	22.8	22.3	26.0	26.2
65. Net underwriting gain (loss) (Line 8).....	6.3	3.5	(5.9)	(1.2)	5.4
<b>Other Percentages</b>					
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).....	20.7	21.6	21.4	22.7	22.0
67. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	70.8	73.6	83.6	75.1	68.4
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).....	286.8	286.2	309.0	281.2	283.3
<b>One Year Loss Development (000 omitted)</b>					
69. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	6,431	(57,569)	41,937	2,025	(85,017)
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).....	0.5	(5.8)	3.9	0.2	(12.5)
<b>Two Year Loss Development (000 omitted)</b>					
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).....	(47,391)	43,474	(1,508)	(91,279)	(95,920)
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).....	(4.8)	4.0	(0.2)	(13.4)	(16.6)

## 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
<b>BONDS</b>					
Governments (Including all obligations guaranteed by governments)	1. United States.....	499,498,352	501,682,934	499,513,211	498,688,000
	2. Canada.....	25,505,896	25,368,760	25,847,759	37,000,000
	3. Other Countries.....				
	4. Totals.....	525,004,248	527,051,694	525,360,970	535,688,000
States, Territories and Possessions (Direct and guaranteed)	5. United States.....	238,775,552	238,775,552	239,691,693	218,775,000
	6. Canada.....				
	7. Other Countries.....				
	8. Totals.....	238,775,552	238,775,552	239,691,693	218,775,000
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.....	204,525,743	205,338,444	204,775,765	195,531,000
	14. Canada.....				
	15. Other Countries.....				
	16. Totals.....	204,525,743	205,338,444	204,775,765	195,531,000
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.....	1,476,342,648	1,495,302,570	1,492,490,073	1,396,284,619
	22. Canada.....	34,678,628	36,870,450	34,669,150	35,000,000
	23. Other Countries.....	46,090,148	48,920,000	45,888,000	52,000,000
	24. Totals.....	1,557,111,424	1,581,093,020	1,573,047,223	1,483,284,619
Parent, Subsidiaries and Affiliates	25. Totals.....	2,100,000	2,100,000	2,100,000	2,100,000
	26. <b>Total Bonds.....</b>	<b>2,527,516,967</b>	<b>2,554,358,710</b>	<b>2,544,975,651</b>	<b>2,435,378,619</b>
<b>PREFERRED STOCKS</b>					
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.....	73,176,540	73,176,540	64,985,344	
	32. Canada.....				
	33. Other Countries.....	5,071,607	5,071,607	5,258,421	
	34. Totals.....	78,248,147	78,248,147	70,243,765	
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	7,847,500	7,847,500	7,300,000	
	36. Canada.....				
	37. Other Countries.....				
	38. Totals.....	7,847,500	7,847,500	7,300,000	
Parent, Subsidiaries and Affiliates	39. Totals.....				
	40. <b>Total Preferred Stocks....</b>	<b>86,095,647</b>	<b>86,095,647</b>	<b>77,543,765</b>	
<b>COMMON STOCKS</b>					
Public Utilities (Unaffiliated)	41. United States.....	18,396,449	18,396,449	20,882,370	
	42. Canada.....				
	43. Other Countries.....				
	44. Totals.....	18,396,449	18,396,449	20,882,370	
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	145,346,456	145,346,454	139,741,545	
	46. Canada.....				
	47. Other Countries.....				
	48. Totals.....	145,346,456	145,346,454	139,741,545	
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	502,289,563	502,289,560	535,846,305	
	50. Canada.....	320,158	320,158	310,732	
	51. Other Countries.....				
	52. Totals.....	502,609,721	502,609,719	536,157,037	
Parent, Subsidiaries and Affiliates	53. Totals.....	650,791,615	650,791,615	229,635,091	
	54. <b>Total Common Stocks.....</b>	<b>1,317,144,241</b>	<b>1,317,144,237</b>	<b>926,416,043</b>	
	55. <b>Total Stocks.....</b>	<b>1,403,239,888</b>	<b>1,403,239,883</b>	<b>1,003,959,808</b>	
	56. <b>Total Bonds and Stocks...</b>	<b>3,930,756,855</b>	<b>3,957,598,593</b>	<b>3,548,935,459</b>	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....2,023,275,264.

## SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	3,408,503,117	6. Foreign exchange adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	3,902,381,542	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.....	(13,928,691)	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....	5,274,636	6.4 Column 11, Part 4.....	0
3.3 Column 10, Part 2, Section 2.....	(63,297,094)	7. Book/adjusted carrying value at end of current period.....	3,930,756,855
3.4 Column 10, Part 4.....	(46,335,338)	8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....	64,018,960	9. Subtotal (Lines 7 plus 8).....	3,930,756,855
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4.....	3,325,860,277	10. Total nonadmitted amounts.....	2,100,000
		11. Statement value of bonds and stocks, current period.....	3,928,656,855

## 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.....	640	90	122	5	62	155	730	XXX.....		
2. 1993.....	912,273	79,393	832,879	505,651	65,840	21,365	2,253	68,272	23,537	527,190	XXX.....		
3. 1994.....	1,214,890	100,238	1,114,651	703,382	71,735	28,075	2,246	90,223	34,749	747,683	XXX.....		
4. 1995.....	1,435,253	84,530	1,350,724	865,973	62,900	33,980	1,996	108,741	43,566	943,750	XXX.....		
5. 1996.....	1,618,834	66,573	1,552,261	969,935	49,300	42,187	1,450	143,190	50,986	1,104,345	XXX.....		
6. 1997.....	2,018,534	31,343	1,987,191	1,161,169	21,490	51,262	582	206,213	64,276	1,395,645	XXX.....		
7. 1998.....	2,451,438	27,088	2,424,349	1,426,159	21,508	45,988	529	265,584	84,097	1,714,124	XXX.....		
8. 1999.....	2,843,917	36,842	2,807,075	1,761,595	20,606	47,221	601	302,844	113,838	2,087,055	XXX.....		
9. 2000.....	3,186,268	53,571	3,132,697	1,992,242	28,659	41,041	931	354,046	138,258	2,354,506	XXX.....		
10. 2001.....	3,571,065	38,367	3,532,698	1,844,900	20,096	22,628	158	394,609	135,085	2,239,374	XXX.....		
11. 2002.....	4,422,624	48,043	4,374,581	1,652,381	13,721	6,137	25	391,515	86,271	2,033,838	XXX.....		
12. Totals.....	XXX.....	XXX.....	XXX.....	12,884,027	375,944	340,007	10,777	2,325,298	774,820	15,148,240	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.....	3,829	758	1,921	40	203	4		39	1	5,190	XXX.....		
2. 1993.....	666	135	78	83	72	1	4	30	1	625	XXX.....		
3. 1994.....	1,383	491	78	84	120	3	4	38	1	1,040	XXX.....		
4. 1995.....	3,721	2,598	1,004	669	283	3	85	132	5	1,915	XXX.....		
5. 1996.....	3,215	474	1,091	802	581	14	88	223	10	3,825	XXX.....		
6. 1997.....	10,074	1,153	1,887	745	1,846	33	140	559	16	12,500	XXX.....		
7. 1998.....	18,638	237	2,832	412	3,535	36	226	2,319	20	26,823	XXX.....		
8. 1999.....	50,771	1,836	11,113	703	9,822	79	1,729	5,561	39	76,301	XXX.....		
9. 2000.....	128,851	2,484	27,624	1,165	23,364	171	4,092	12,410	81	192,379	XXX.....		
10. 2001.....	272,150	7,939	62,784	1,962	39,257	396	8,916	28,277	149	400,839	XXX.....		
11. 2002.....	680,143	13,239	205,576	5,362	64,941	590	27,907	102,992	216	1,061,878	XXX.....		
12. Totals.....	1,173,441	31,343	315,989	12,027	144,023	1,331	43,193	152,581	538	1,783,315	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.....	4,953	237	
2. 1993.....	596,138	68,323	527,815	65.3	86.1	63.4		53.00	526	99	
3. 1994.....	823,303	74,581	748,723	67.8	74.4	67.2		53.00	887	153	
4. 1995.....	1,013,919	68,254	945,665	70.6	80.7	70.0		53.00	1,459	456	
5. 1996.....	1,160,511	52,341	1,108,169	71.7	78.6	71.4		53.00	3,031	794	
6. 1997.....	1,433,151	25,005	1,408,145	71.0	79.8	70.9		53.00	10,063	2,437	
7. 1998.....	1,765,280	24,332	1,740,948	72.0	89.8	71.8		53.00	20,822	6,002	
8. 1999.....	2,190,655	27,300	2,163,356	77.0	74.1	77.1		53.00	59,345	16,956	
9. 2000.....	2,583,673	36,787	2,546,886	81.1	68.7	81.3		53.00	152,826	39,553	
10. 2001.....	2,673,521	33,308	2,640,213	74.9	86.8	74.7		53.00	325,033	75,806	
11. 2002.....	3,131,593	35,878	3,095,716	70.8	74.7	70.8		53.00	867,117	194,760	
12. Totals.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	XXX.....	1,446,061	337,254	

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 CASUALTY 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.....	256,095	190,037	172,424	167,190	162,479	159,311	158,133	159,924	157,822	157,998	176	(1,926)
2. 1993.....	515,386	479,124	475,586	466,979	464,032	461,057	459,340	459,566	459,608	459,519	(89)	(47)
3. 1994.....	XXX	702,566	687,941	674,952	665,534	663,370	660,775	659,426	659,733	658,479	(1,254)	(948)
4. 1995.....	XXX	XXX	893,682	864,483	849,287	838,985	838,656	839,346	837,481	836,845	(636)	(2,501)
5. 1996.....	XXX	XXX	XXX	1,011,207	983,983	966,165	960,461	966,649	964,789	964,983	194	(1,667)
6. 1997.....	XXX	XXX	XXX	XXX	1,250,578	1,201,977	1,207,245	1,201,458	1,203,498	1,202,317	(1,181)	859
7. 1998.....	XXX	XXX	XXX	XXX	XXX	1,469,688	1,477,969	1,472,676	1,477,739	1,474,634	(3,104)	1,958
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	1,813,162	1,858,632	1,858,547	1,858,388	(159)	(244)
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,226,620	2,167,514	2,183,744	16,230	(42,876)
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,223,730	2,219,983	(3,746)	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,603,874	XXX	XXX
12. Totals.....											6,431	(47,391)

**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	77,906	113,345	129,703	141,523	146,485	148,289	150,471	152,178	152,846	XXX	XXX
2. 1993.....	261,103	379,967	423,337	441,558	451,054	455,280	456,953	457,809	458,692	458,923	XXX	XXX
3. 1994.....	XXX	394,937	558,652	608,806	635,750	648,645	654,116	656,187	657,112	657,476	XXX	XXX
4. 1995.....	XXX	XXX	524,619	709,263	774,631	808,191	825,660	831,956	833,335	835,057	XXX	XXX
5. 1996.....	XXX	XXX	XXX	598,275	813,597	891,331	927,951	949,103	956,819	961,371	XXX	XXX
6. 1997.....	XXX	XXX	XXX	XXX	754,412	1,013,266	1,114,285	1,158,661	1,178,428	1,190,359	XXX	XXX
7. 1998.....	XXX	XXX	XXX	XXX	XXX	948,300	1,269,717	1,370,688	1,421,825	1,450,110	XXX	XXX
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	1,206,241	1,578,326	1,713,632	1,787,609	XXX	XXX
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,427,412	1,829,514	2,003,694	XXX	XXX
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,421,869	1,847,273	XXX	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,644,772	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.....	64,595	16,957	9,748	5,599	2,864	1,781	661	644	852	1,882
2. 1993.....	67,229	16,657	8,441	3,319	2,695	1,458		(34)	3	(6)
3. 1994.....	XXX	63,517	21,061	10,696	3,996	3,432	1,762	(181)	333	(6)
4. 1995.....	XXX	XXX	73,933	25,479	12,464	4,928	3,023	(433)	407	385
5. 1996.....	XXX	XXX	XXX	85,884	27,239	11,291	3,865	3,802	1,100	303
6. 1997.....	XXX	XXX	XXX	XXX	112,221	29,975	15,357	5,643	4,748	1,224
7. 1998.....	XXX	XXX	XXX	XXX	XXX	121,439	40,493	16,007	10,646	2,625
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	122,590	42,098	24,692	12,101
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	158,149	59,661	30,489
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	184,803	69,638
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	227,847

**PROGRESSIVE CASUALTY 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	13,223,201	13,458,683		6,831,826	10,745,124	5,173,641	277,792	435,216
2. Alaska.....AK	YES	11,957,367	11,006,589		4,608,982	3,761,267	2,892,861	219,737	
3. Arizona.....AZ	YES	62,622,887	52,675,064		25,487,806	30,304,803	16,316,262	763,337	88,080
4. Arkansas.....AR	YES	27,954,327	26,164,390		13,258,720	15,686,718	7,628,324	729,550	100,028
5. California.....CA	YES	166,077,738	145,478,841		57,170,317	93,239,947	76,772,148	2,027,835	1,907,073
6. Colorado.....CO	YES	54,666,096	51,053,888		30,080,715	30,260,541	20,696,163	999,456	60,930
7. Connecticut.....CT	YES	2,850,294	3,724,859		784,916	876,597	2,721,832	(157)	226,595
8. Delaware.....DE	YES	2,980,902	2,832,987		994,650	1,529,511	1,861,799	16,502	320,998
9. District of Columbia.....DC	YES	1,650,875	1,087,722		278,842	338,079	406,547	27,681	53,449
10. Florida.....FL	YES	2,399,841	2,891,058		1,304,793	398,741	3,787,180		1,342,310
11. Georgia.....GA	YES	10,142,426	11,357,728		8,918,249	5,847,877	3,174,906	209,296	723,667
12. Hawaii.....HI	YES	11,796,375	10,917,899		4,902,098	6,778,186	4,152,946	281,924	
13. Idaho.....ID	YES	7,399,485	7,243,064		3,328,294	3,578,409	2,477,539	143,986	(65,542)
14. Illinois.....IL	YES	18,727,201	18,943,807		7,740,449	9,428,084	9,371,674	379,358	1,580,172
15. Indiana.....IN	YES	8,215,936	15,037,998		9,197,589	7,011,693	5,304,200	344,601	753,087
16. Iowa.....IA	YES	7,358,803	2,628,115		651,498	791,638	990,912	44,777	164,922
17. Kansas.....KS	YES	6,943,901	7,479,514		3,380,613	3,198,384	1,383,178	150,731	84,827
18. Kentucky.....KY	YES	56,042	137,755		38,416	(265,520)	198,533	4,136	47,488
19. Louisiana.....LA	YES	681,237	549,598		144,101	(84,683)	876,340		209,088
20. Maine.....ME	YES	23,835,774	25,781,841		11,439,982	12,045,393	12,319,447	604,615	252,530
21. Maryland.....MD	YES	10,873,077	11,557,003		7,549,053	6,462,508	4,715,860	315,024	203,564
22. Massachusetts.....MA	YES	2,632,031	2,076,951		148,022	(1,408,541)	1,170,646		723,901
23. Michigan.....MI	YES	2,272,096	2,685,374		1,169,001	(1,080,735)	2,248,969	1,755	1,313,363
24. Minnesota.....MN	YES	19,567,748	19,175,909		9,404,830	10,559,972	5,878,966	381,207	78,974
25. Mississippi.....MS	YES	1,126,104	1,158,889		1,917,272	1,707,154	1,435,321	96	762,509
26. Missouri.....MO	YES	17,907,849	17,520,717		8,221,683	9,189,864	4,547,039	477,458	85,316
27. Montana.....MT	YES	10,582,641	9,158,234		4,238,335	4,913,080	2,613,024	168,566	(118,017)
28. Nebraska.....NE	YES	2,091,838	1,879,587		1,716,448	1,122,353	1,207,198	39,334	(12,546)
29. Nevada.....NV	YES	25,369,967	27,224,357		14,704,769	15,121,404	9,884,395	605,856	236,996
30. New Hampshire.....NH	YES	6,858,021	7,489,217		3,918,069	4,314,229	4,382,496	181,418	147,221
31. New Jersey.....NJ	YES	2,554,717	1,901,619		797,065	(755,248)	3,621,858		1,324,742
32. New Mexico.....NM	YES	3,134,861	3,209,297		2,535,240	2,374,001	1,714,754	74,696	239,439
33. New York.....NY	YES	6,537,272	7,234,946		2,980,501	(698,469)	7,637,271	59,263	
34. North Carolina.....NC	YES	13,017,164	12,660,251		5,032,680	5,926,307	7,369,859	65,063	262,888
35. North Dakota.....ND	YES	189,141	268,970		6,849	46,464	174,063		8,608
36. Ohio.....OH	YES	75,474,071	56,029,633		27,207,594	39,621,981	17,991,513	1,598,918	
37. Oklahoma.....OK	YES	21,335,125	17,462,490		7,453,426	9,427,441	3,078,434	525,372	63,237
38. Oregon.....OR	YES	775,220	618,836		340,417	(29,669)	152,876	13,095	472,288
39. Pennsylvania.....PA	YES	36,614,781	14,361,444		3,711,621	7,608,612	8,488,796	366,235	1,117,396
40. Rhode Island.....RI	YES	5,854,028	4,569,641		3,117,690	7,234,169	7,308,797	(16)	305,405
41. South Carolina.....SC	YES	21,733,650	22,599,462		12,472,646	13,694,803	5,328,502	732,169	146,253
42. South Dakota.....SD	YES	1,289,255	1,390,649		481,365	653,128	594,680	5,572	25,298
43. Tennessee.....TN	YES	13,106,208	12,036,641		6,222,650	6,255,267	2,995,625	322,969	87,377
44. Texas.....TX	YES	13,802,608	13,083,447		6,840,397	5,437,941	5,461,430	186,136	1,162,470
45. Utah.....UT	YES	7,460,517	7,095,589		3,310,732	2,935,935	1,320,700	187,435	99,123
46. Vermont.....VT	YES	16,672,420	15,128,592		5,885,310	7,556,833	5,519,932	365,004	114,374
47. Virginia.....VA	YES	39,754,884	38,033,216		19,639,779	19,949,831	16,157,183	1,122,400	671,180
48. Washington.....WA	YES	28,197,950	25,030,037		12,546,337	15,309,458	10,468,635	312,590	320,846
49. West Virginia.....WV	YES	430,691	400,385		5,580	(997,614)	764,507		291,345
50. Wisconsin.....WI	YES	7,810,089	6,812,590		2,653,203	3,583,200	1,943,827	92,551	6,616
51. Wyoming.....WY	YES	19,294,520	17,538,402		9,547,314	12,727,307	6,728,297	386,694	
52. American Samoa.....AS	NO								
53. Guam.....GU	YES	46,663	77,659			(119,123)	24,436		
54. Puerto Rico.....PR	YES	408,093	427,177		24,129	(69,148)	344,868		
55. US Virgin Islands.....VI	S/L	57,596	58,628			(75,461)	21,826		
56. Canada.....CN	YES	(32,409)	(21,833)		6,331,133	(4,045,228)	22,620,442	(19)	
57. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
58. Totals.....	(a).....53	876,341,195	788,385,406	0	382,673,996	439,924,795	354,423,457	15,811,998	18,425,084

**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.

**PROGRESSIVE CASUALTY INSURANCE COMPANY**

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

## PART 1 – ORGANIZATIONAL CHART

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	

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