PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

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ANNUAL STATEMENT

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

PROGRESSIVE SPECIALTY INSURANCE COMPANY

NAIC Group Code..... 155, 155 (Current Period) (Prior Period) NAIC Company Code..... 32786 Employer's ID Number..... 34-1172685

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

Incorporated..... August 4, 1975 Commenced Business..... May 26, 1976

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

DIRECTORS OR TRUSTEES

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

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

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

(Signature)	(Signature)	(Signature)
GLENN MORRIS RENWICK	KATHLEEN MARY CERNY	JAMES LEE KUSMER
(Printed Name)	(Printed Name)	(Printed Name)
President	Assistant Secretary	VP/ Assistant Treasurer

Subscribed and sworn to before me this

.....day of February, 2003

.....

a. Is this an original filing? Yes [X] No [ ]

b. If no: 1. State the amendment number
2. Date filed.....
3. Number of pages attached.....

ASSETS

		Current Year			Prior Year
		1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1.	Bonds	472,800,080		472,800,080	321,652,771
2.	Stocks:				
	2.1 Preferred stocks (Schedule D, Part 2, Section 1)	17,025,020		17,025,020	33,523,271
	2.2 Common stocks (Schedule D, Part 2, Section 2)	55,883,023		55,883,023	45,151,759
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens			0	
	3.2 Other than first liens			0	
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $.....0 encumbrances)			0	
	4.2 Properties held for the production of income (less $.....0 encumbrances)			0	
	4.3 Properties held for sale (less $.....0 encumbrances)			0	
5.	Cash ($.....404,723 Schedule E, Part 1) and short-term investments ($.....199,153 Schedule DA, Part 2)	603,876		603,876	382,414
6.	Other invested assets (Schedule BA)			0	
7.	Receivable for securities			0	
8.	Aggregate write-ins for invested assets	0	0	0	0
9.	Subtotals, cash and invested assets (Lines 1 to 8)	546,311,999	0	546,311,999	400,710,215
10.	Agents' balances or uncollected premiums:				
	10.1 Premiums and agents' balances in course of collection	6,931,217	2,435,228	4,495,989	4,646,055
	10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including $.....0 earned but unbilled premiums)	98,524,801		98,524,801	125,839,571
	10.3 Accrued retrospective premiums			0	
11.	Funds held by or deposited with reinsured companies			0	
12.	Bills receivable, taken for premiums			0	
13.	Amounts receivable under high deductible policies			0	
14.	Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Cols. 7 and 8)	27,207		27,207	52,330
15.	Federal and foreign income tax recoverable and interest thereon (including $.....27,073,020 net deferred tax asset)	31,933,066	4,860,046	27,073,020	23,720,181
16.	Guaranty funds receivable or on deposit			0	
17.	Electronic data processing equipment and software			0	
18.	Interest, dividends and real estate income due and accrued	5,117,491		5,117,491	4,137,342
19.	Net adjustments in assets and liabilities due to foreign exchange rates			0	
20.	Receivable from parent, subsidiaries and affiliates	35,705,321		35,705,321	21,340,031
21.	Amount due from/to protected cells			0	
22.	Equities and deposits in pools and associations	894,893		894,893	1,047,038
23.	Amounts receivable relating to uninsured accident and health plans			0	
24.	Other assets nonadmitted (Exhibit 1)			0	
25.	Aggregate write-ins for other than invested assets	312,251	216,402	95,849	1,715
26.	Total assets excluding protected cell assets (Lines 9 through 25)	725,758,246	7,511,676	718,246,570	581,494,478
27.	Protected cell assets			0	
28.	TOTALS (Lines 26 and 27)	725,758,246	7,511,676	718,246,570	581,494,478

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	102,412	6,563	95,849	1,715
2502.	PREPAID EXPENSES	209,839	209,839	0	
2503.				0	
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above)	312,251	216,402	95,849	1,715

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 34, Column 8)	190,989,487	162,857,047
2.	Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 6)		
3.	Loss adjustment expenses (Part 2A, Line 34, Column 9)	44,542,832	36,655,085
4.	Commissions payable, contingent commissions and other similar charges	1,064,428	845,437
5.	Other expenses (excluding taxes, licenses and fees)	16,553,993	11,816,191
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	3,828,847	3,458,962
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 $.....180,528,130 and including warranty reserves of $.....0)	208,180,931	172,614,133
10.	Advance premiums	5,013,820	5,189,008
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	43,565	68,947
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	1,492	3,344
15.	Remittances and items not allocated		
16.	Provision for reinsurance (Schedule F, Part 7)	12,000	115,200
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	24,515,624	25,827,300
19.	Payable to parent, subsidiaries and affiliates	7,728,609	
20.	Payable for securities		
21.	Liability for amounts held under uninsured accident and health plans		
22.	Capital notes $.....0 and interest thereon $.....0		
23.	Aggregate write-ins for liabilities	335,068	609,701
24.	Total liabilities excluding protected cell liabilities (Lines 1 through 23)	502,810,696	420,060,355
25.	Protected cell liabilities		
26.	Total liabilities (Lines 24 and 25)	502,810,696	420,060,355
27.	Aggregate write-ins for special surplus funds	0	0
28.	Common capital stock	3,500,000	3,500,000
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	70,633,331	52,633,331
33.	Unassigned funds (surplus)	141,302,543	105,300,792
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)	215,435,874	161,434,123
36.	TOTALS (Page 2, Line 28, Col. 3)	718,246,570	581,494,478

DETAILS OF WRITE-INS

2301.	UNEARNED FEE RESERVE	141,727	149,893
2302.	OTHER LIABILITIES	104,245	186,866
2303.	ESCHEATABLE PROPERTY	89,096	272,942
2398.	Summary of remaining write-ins for Line 23 from overflow page	0	0
2399.	Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	335,068	609,701
2701.			
2702.			
2703.			
2798.	Summary of remaining write-ins for Line 27 from overflow page	0	0
2799.	Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	0
3001.			
3002.			
3003.			
3098.	Summary of remaining write-ins for Line 30 from overflow page	0	0
3099.	Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above)	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

	STATEMENT OF INCOME	1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 34, Column 4)	577,774,740	466,582,485
	DEDUCTIONS		
2.	Losses incurred (Part 2, Line 34, Column 7)	331,634,082	277,032,352
3.	Loss expenses incurred (Part 3, Line 25, Column 1)	77,446,227	66,562,379
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	131,992,837	106,558,485
5.	Aggregate write-ins for underwriting deductions	36,320	0
6.	Total underwriting deductions (Lines 2 through 5)	541,109,466	450,153,216
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	36,665,274	16,429,269
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	24,729,138	24,246,908
10.	Net realized capital gains (losses) (Exhibit of Capital Gains (Losses))	1,103,980	6,899,600
11.	Net investment gain (loss) (Lines 9 + 10)	25,833,118	31,146,508
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $.....418,186 amount charged off $.....6,055,908)	(5,637,722)	(5,937,646)
13.	Finance and service charges not included in premiums	14,193,007	14,947,807
14.	Aggregate write-ins for miscellaneous income	1,150,891	1,307,045
15.	Total other income (Lines 12 through 14)	9,706,176	10,317,206
16.	Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15)	72,204,568	57,892,983
17.	Dividends to policyholders		
18.	Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17)	72,204,568	57,892,983
19.	Federal and foreign income taxes incurred	30,563,389	19,662,526
20.	Net income (Line 18 minus Line 19) (to Line 22)	41,641,179	38,230,457
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2)	161,434,123	160,198,039
	GAINS AND (LOSSES) IN SURPLUS		
22.	Net income (from Line 20)	41,641,179	38,230,457
23.	Net unrealized capital gains or (losses)	(5,108,496)	1,882,763
24.	Change in net unrealized foreign exchange capital gains (loss)		
25.	Change in net deferred income tax	5,079,844	(455,262)
26.	Change in nonadmitted assets (Exhibit 1, Line 5, Column 3)	(4,496,759)	1,373,036
27.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	103,200	146,800
28.	Change in surplus notes		
29.	Surplus (contributed to) withdrawn from protected cells		
30.	Cumulative effect of changes in accounting principles		23,058,290
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	18,000,000	
	32.2 Transferred to capital (Stock Dividend)		
	32.3. Transferred from capital		
33.	Net remittances from or (to) Home Office		
34.	Dividends to stockholders		(63,000,000)
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	(1,217,217)	0
37.	Change in surplus as regards policyholders for the year (Lines 22 through 36)	54,001,751	1,236,084
38.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35)	215,435,874	161,434,123

DETAILS OF WRITE-INS

0501.	2002 PRIVATE PASS AUTO ESCROW	36,320	
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)	36,320	0
1401.	INTEREST INCOME ON INTERCOMPANY BALANCES	565,199	894,914
1402.	SERVICE BUSINESS REVENUE	491,651	323,791
1403.	MISCELLANEOUS INCOME	94,041	88,340
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	1,150,891	1,307,045
3601.	CORRECTION OF PRIOR YEARS SURPLUS. SEE FOOTNOTE 2A	(1,217,217)	
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)	(1,217,217)	0

CASH FLOW

		1 Current Year	2 Prior Year
	CASH FROM OPERATIONS		
1.	Premiums collected net of reinsurance	641,072,021	472,802,917
2.	Loss and loss adjustment expenses paid (net of salvage and subrogation)	374,346,675	319,146,512
3.	Underwriting expenses paid	126,666,159	103,206,850
4.	Other underwriting income (expenses)	(36,320)	
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	140,022,867	50,449,555
6.	Net investment income	29,222,418	29,369,533
7.	Other income (expenses):		
	7.1 Agents' balances charged off	(5,788,286)	(6,025,622)
	7.2 Net funds held under reinsurance treaties		
	7.3 Net amount withheld or retained for account of others	(1,852)	1,695
	7.4 Aggregate write-ins for miscellaneous items	15,496,043	16,199,995
	7.5 Total other income (Lines 7.1 to 7.4)	9,705,905	10,176,068
8.	Dividends to policyholders on direct business, less $.....0 dividends on reinsurance assumed or ceded (net)		
9.	Federal and foreign income taxes (paid) recovered	(30,563,389)	(19,662,526)
10.	Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	148,387,801	70,332,630
	CASH FROM INVESTMENTS		
11.	Proceeds from investments sold, matured or repaid:		
	11.1 Bonds	309,009,417	279,698,052
	11.2 Stocks	38,352,922	75,043,342
	11.3 Mortgage loans		
	11.4 Real estate		
	11.5 Other invested assets		
	11.6 Net gains or (losses) on cash and short-term investments		
	11.7 Miscellaneous proceeds		241,767
	11.8 Total investment proceeds (Lines 11.1 to 11.7)	347,362,339	354,983,161
12.	Cost of investments acquired (long-term only):		
	12.1 Bonds	462,061,329	301,576,480
	12.2 Stocks	42,910,004	49,901,819
	12.3 Mortgage loans		
	12.4 Real estate		
	12.5 Other invested assets		
	12.6 Miscellaneous applications		
	12.7 Total investments acquired (Lines 12.1 to 12.6)	504,971,333	351,478,299
13.	Net cash from investments (Line 11.8 minus Line 12.7)	(157,608,994)	3,504,862
	CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14.	Cash provided:		
	14.1 Surplus notes, capital and surplus paid in	18,000,000	
	14.2 Capital notes $.....0 less amounts repaid $.....0		
	14.3 Net transfers from affiliates		
	14.4 Borrowed funds received		
	14.5 Other cash provided		1,700,782
	14.6 Total (Lines 14.1 to 14.5)	18,000,000	1,700,782
15.	Cash applied:		
	15.1 Dividends to stockholders paid		63,000,000
	15.2 Net transfers to affiliates	6,636,681	12,719,643
	15.3 Borrowed funds repaid		
	15.4 Other applications	1,920,664	40,334
	15.5 Total (Lines 15.1 to 15.4)	8,557,345	75,759,977
16.	Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	9,442,655	(74,059,195)
	RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17.	Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16)	221,462	(221,703)
18.	Cash and short-term investments:		
	18.1 Beginning of year	382,414	604,117
	18.2 End of year (Line 17 plus Line 18.1)	603,876	382,414

DETAILS OF WRITE-INS

7.401	FINANCE & SERVICE CHARGES NOT INCLUDED IN PREMIUMS	14,193,007	14,947,807
7.402	INTEREST INCOME ON INTERCOMPANY BALANCES	565,199	894,914
7.403	SERVICE BUSINESS REVENUE	491,651	323,791
7.498	Summary of remaining write-ins for Line 7.4 from overflow page	246,186	33,483
7.499	Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above)	15,496,043	16,199,995

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

	Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3 Last Year's Part 2	3 Unearned Premiums December 31 Current Year- per Col. 5 Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire				0
2.	Allied lines		39	39	0
3.	Farmowners multiple peril				0
4.	Homeowners multiple peril	1,410,245	637,836	748,493	1,299,589
5.	Commercial multiple peril				0
6.	Mortgage guaranty				0
8.	Ocean marine				0
9.	Inland marine	5,034,696	1,895,367	2,437,041	4,493,022
10.	Financial guaranty				0
11.1	Medical malpractice - occurrence				0
11.2	Medical malpractice - claims-made				0
12.	Earthquake	51	23	18	56
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	2,449,195	935,943	1,191,567	2,193,570
17.2	Other liability - claims-made	770,080	883,714	833,471	820,323
18.1	Products liability - occurrence				0
18.2	Products liability - claims-made				0
19.1, 19.2	Private passenger auto liability	327,580,537	87,674,154	104,616,322	310,638,368
19.3, 19.4	Commercial auto liability	48,204,552	16,116,551	22,000,731	42,320,372
21.	Auto physical damage	227,431,210	63,847,176	75,807,319	215,471,067
22.	Aircraft (all perils)				0
23.	Fidelity	421,638	572,937	495,021	499,554
24.	Surety	19,846	21,171	19,513	21,504
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	19,489	29,223	31,396	17,316
34.	TOTALS	613,341,538	172,614,133	208,180,931	577,774,741

DETAILS OF WRITE-INS

3301.	Gap addendum	19,489	29,223	31,396	17,316
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)	19,489	29,223	31,396	17,316

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:

	Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire					0
2.	Allied lines	39				39
3.	Farmowners multiple peril					0
4.	Homeowners multiple peril	748,493				748,493
5.	Commercial multiple peril					0
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	2,437,041				2,437,041
10.	Financial guaranty					0
11.1	Medical malpractice - occurrence					0
11.2	Medical malpractice - claims-made					0
12.	Earthquake	18				18
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	1,191,567				1,191,567
17.2	Other liability - claims-made	286,833	546,638			833,471
18.1	Products liability - occurrence					0
18.2	Products liability - claims-made					0
19.1, 19.2	Private passenger auto liability	104,616,322				104,616,322
19.3, 19.4	Commercial auto liability	22,000,731				22,000,731
21.	Auto physical damage	75,807,228	91			75,807,319
22.	Aircraft (all perils)					0
23.	Fidelity	144,798	350,224			495,021
24.	Surety	3,867	15,646			19,513
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	31,396	0	0	0	31,396
34.	TOTALS	207,268,333	912,598	0	0	208,180,931
35.	Accrued retrospective premiums based on experience					
36.	Earned but unbilled premiums					
37.	Balance (sum of Lines 34 through 36)					208,180,931

DETAILS OF WRITE-INS

3301.	Gap addendum	31,396				31,396
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)	31,396	0	0	0	31,396

(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

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 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire						0
2.	Allied lines						0
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril		1,410,245				1,410,245
5.	Commercial multiple peril						0
6.	Mortgage guaranty						0
8.	Ocean marine						0
9.	Inland marine	4,010,187	5,034,696		4,007,563	2,624	5,034,696
10.	Financial guaranty						0
11.1	Medical malpractice - occurrence						0
11.2	Medical malpractice - claims-made						0
12.	Earthquake		51				51
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	1,955,304	2,449,195		1,949,957	5,347	2,449,195
17.2	Other liability - claims-made		770,080				770,080
18.1	Products liability - occurrence						0
18.2	Products liability - claims-made						0
19.1, 19.2	Private passenger auto liability	311,127,259	327,580,536		311,029,923	97,335	327,580,537
19.3, 19.4	Commercial auto liability	27,547,857	48,204,552		27,547,836	21	48,204,552
21.	Auto physical damage	217,417,534	227,431,210		217,352,280	65,254	227,431,210
22.	Aircraft (all perils)						0
23.	Fidelity		421,638				421,638
24.	Surety		19,846				19,846
26.	Burglary and theft						0
27.	Boiler and machinery						0
28.	Credit						0
29.	International						0
30.	Reinsurance - nonproportional assumed property	XXX					0
31.	Reinsurance - nonproportional assumed liability	XXX					0
32.	Reinsurance - nonproportional assumed financial lines	XXX					0
33.	Aggregate write-ins for other lines of business	0	19,489	0	0	0	19,489
34.	TOTALS	562,058,141	613,341,537	0	561,887,559	170,581	613,341,538
	DETAILS OF WRITE-INS						
3301.	Gap addendum		19,489				19,489
3302.	0						0
3303.	0						0
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0
3399.	TOTALS (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	19,489	0	0	0	19,489

(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 1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	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.	Fire		(46)		(46)			(46)	
2.	Allied lines		(364)		(364)			(364)	
3.	Farmowners multiple peril				0			0	
4.	Homeowners multiple peril		588,809		588,809	135,701	128,688	595,821	45.8
5.	Commercial multiple peril		1,541		1,541	17,010	20,790	(2,239)	
6.	Mortgage guaranty				0			0	
8.	Ocean marine				0			0	
9.	Inland marine	1,949,768	2,190,827	1,949,768	2,190,827	295,510	284,556	2,201,781	49.0
10.	Financial guaranty				0			0	
11.1	Medical malpractice - occurrence				0			0	
11.2	Medical malpractice - claims-made				0			0	
12.	Earthquake				0	2	1	1	2.0
13.	Group accident and health				0			0	
14.	Credit accident and health (group and individual)				0			0	
15.	Other accident and health				0			0	
16.	Workers' compensation		12,464		12,464	28,519	35,234	5,749	
17.1	Other liability - occurrence	157,949	430,112	157,949	430,112	731,109	597,504	563,718	25.7
17.2	Other liability - claims-made		669,562		669,562	1,407,806	2,056,438	20,930	2.6
18.1	Products liability - occurrence				0			0	
18.2	Products liability - claims-made				0			0	
19.1, 19.2	Private passenger auto liability	185,232,509	161,307,473	185,232,509	161,307,473	156,310,348	137,808,399	179,809,422	57.9
19.3, 19.4	Commercial auto liability	11,590,097	16,228,975	11,590,097	16,228,975	29,066,278	18,944,533	26,350,721	62.3
21.	Auto physical damage	127,244,660	121,534,285	127,244,660	121,534,285	2,183,617	2,083,180	121,634,721	56.5
22.	Aircraft (all perils)				0			0	
23.	Fidelity		464,813		464,813	467,733	611,231	321,315	64.3
24.	Surety				0	570	70,869	(70,299)	(326.9)
26.	Burglary and theft				0			0	
27.	Boiler and machinery				0			0	
28.	Credit				0			0	
29.	International				0			0	
30.	Reinsurance - nonproportional assumed property	XXX			0			0	
31.	Reinsurance - nonproportional assumed liability	XXX	24,187		24,187	342,212	212,292	154,107	
32.	Reinsurance - nonproportional assumed financial lines	XXX			0			0	
33.	Aggregate write-ins for other lines of business	0	49,005	0	49,005	3,070	3,330	48,745	281.5
34.	TOTALS	326,174,983	303,501,643	326,174,983	303,501,643	190,989,486	162,857,046	331,634,082	57.4
	DETAILS OF WRITE-INS								
3301.	Gap addendum		49,005		49,005	3,070	3,330	48,745	281.5
3302.	0				0			0	
3303.	0				0			0	
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	49,005	0	49,005	3,070	3,330	48,745	281.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

	Line of Business	Reported Losses 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)	Incurred But Not Reported 5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded	8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
1.	Fire			0	0			0	0	
2.	Allied lines			0	0			0	0	
3.	Farmowners multiple peril			0	0			0	0	
4.	Homeowners multiple peril		97,591		97,591		38,110		135,701	42,310
5.	Commercial multiple peril		14,490		14,490		2,520		17,010	1,659
6.	Mortgage guaranty			0	0			0	0	
8.	Ocean marine			0	0			0	0	
9.	Inland marine	68,746	153,670	68,745	153,671	113,663	141,839	113,663	295,510	74,068
10.	Financial guaranty			0	0			0	0	
11.1	Medical malpractice - occurrence			0	0			0	0	
11.2	Medical malpractice - claims-made			0	0			0	0	
12.	Earthquake			0	0		2		2	1
13.	Group accident and health			0	0			0	(a) 0	
14.	Credit accident and health (group and individual)			0	0			0	0	
15.	Other accident and health			0	0			0	(a) 0	
16.	Workers' compensation		28,519		28,519				28,519	3,648
17.1	Other liability - occurrence	86,302	542,974	86,302	542,974	143,062	188,136	143,063	731,109	115,034
17.2	Other liability - claims-made		386,614		386,614		1,021,192		1,407,806	190,582
18.1	Products liability - occurrence			0	0			0	0	
18.2	Products liability - claims-made			0	0			0	0	
19.1, 19.2	Private passenger auto liability	129,918,083	117,767,345	129,918,082	117,767,346	37,291,305	38,543,003	37,291,306	156,310,348	36,233,346
19.3, 19.4	Commercial auto liability	13,551,131	24,332,168	13,551,131	24,332,168	2,471,342	4,734,110	2,471,342	29,066,278	5,701,336
21.	Auto physical damage	5,748,855	6,948,756	5,748,856	6,948,755	(1,804,562)	(4,765,138)	(1,804,562)	2,183,617	2,101,220
22.	Aircraft (all perils)				0				0	
23.	Fidelity		476,791		476,791		(9,058)		467,733	79,482
24.	Surety				0		570		570	43
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	94,062		94,062	XXX	248,150		342,212	
32.	Reinsurance - nonproportional assumed financial lines	XXX			0	XXX			0	
33.	Aggregate write-ins for other lines of business	0	294	0	294	0	2,776	0	3,070	106
34.	TOTALS	149,373,117	150,843,274	149,373,116	150,843,275	38,214,810	40,146,213	38,214,812	190,989,486	44,542,832
	DETAILS OF WRITE-INS									
3301.	Gap addendum		294		294		2,776		3,070	106
3302.	0				0				0	
3303.	0				0				0	
3398.	Summary of remaining write-ins for Line 33 from overflow page	0	0	0	0	0	0	0	0	0
3399.	Totals (Lines 3301 thru 3303 plus 3398) (Line 33 above)	0	294	0	294	0	2,776	0	3,070	106

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct	12,328,001			12,328,001
1.2 Reinsurance assumed	13,124,344			13,124,344
1.3 Reinsurance ceded	12,328,001			12,328,001
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	13,124,344	0	0	13,124,344
2. Commission and brokerage:				
2.1 Direct excluding contingent		42,465,230		42,465,230
2.2 Reinsurance assumed excluding contingent		42,236,960		42,236,960
2.3 Reinsurance ceded excluding contingent		42,465,230		42,465,230
2.4 Contingent - direct		1,206,988		1,206,988
2.5 Contingent - reinsurance assumed		1,415,096		1,415,096
2.6 Contingent - reinsurance ceded		1,206,988		1,206,988
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	43,652,056	0	43,652,056
3. Allowances to managers and agents		63,507		63,507
4. Advertising		6,592,809		6,592,809
5. Boards, bureaus and associations	166,473	118,212		284,685
6. Surveys and underwriting reports	362,451	3,521,699		3,884,150
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	33,565,712	33,669,560	162,273	67,397,545
8.2 Payroll taxes	2,420,360	2,623,542	16,391	5,060,293
9. Employee relations and welfare	6,520,576	4,197,359	1,464	10,719,399
10. Insurance	1,463	296,740		298,203
11. Directors' fees		8		8
12. Travel and travel items	3,155,591	705,495	860	3,861,946
13. Rent and rent items	3,706,946	2,466,618	7,348	6,180,912
14. Equipment	1,517,294	2,050,488	556	3,568,338
15. Cost or depreciation of EDP equipment and software	1,096,614	4,087,360		5,183,974
16. Printing and stationery	758,665	870,098	1,449	1,630,212
17. Postage, telephone and telegraph, exchange and express	5,091,553	5,125,821	3,194	10,220,568
18. Legal and auditing	625,659	4,392,121	69,627	5,087,407
19. Totals (Lines 3 to 18)	58,989,357	70,781,437	263,162	130,033,956
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.....41,785		11,825,668		11,825,668
20.2. Insurance department licenses and fees		887,361		887,361
20.3. Gross guaranty association assessments		1,347,732		1,347,732
20.4. All other (excluding federal and foreign income and real estate)		1,372,337		1,372,337
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	0	15,433,098	0	15,433,098
21. Real estate expenses				0
22. Real estate taxes				0
23. Reimbursements by uninsured accident and health plans				0
24. Aggregate write-ins for miscellaneous expenses	5,332,525	2,126,246	24,158	7,482,929
25. Total expenses incurred	77,446,226	131,992,837	287,320	(a) 209,726,383
26. Less unpaid expenses - current year	44,542,832	21,447,269		65,990,101
27. Add unpaid expenses - prior year	36,655,085	16,120,590		52,775,675
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)	69,558,479	126,666,158	287,320	196,511,957

DETAILS OF WRITE-INS

2401. OUTSIDE PROGRAMMING AND IT CHARGES	4,240,809	207,224	12,448	4,460,481
2402. OUTSIDE SERVICES	643,938	1,191,270	7,178	1,842,386
2403. MISCELLANEOUS EXPENSES	447,778	727,752	4,532	1,180,062
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)	5,332,525	2,126,246	24,158	7,482,929

(a) Includes management fees of $.....40,768,951 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) 612,043	780,393
1.1	Bonds exempt from U.S. tax	(a) 1,859,139	2,621,477
1.2	Other bonds (unaffiliated)	(a) 19,282,516	19,239,889
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 1,463,071	1,521,977
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	796,300	829,308
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	
5.	Contract loans		
6.	Cash/short-term investments	(e) 90,327	90,501
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income	(67,087)	(67,087)
10.	Total gross investment income	24,036,309	25,016,458
11.	Investment expenses		(g) 287,320
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 0
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		287,320
17.	Net investment income (Line 10 minus Line 16)		24,729,138
	DETAILS OF WRITE-INS		
0901.	Reversal of Prior Year Accretion Income on Term Trust Common Equity	(67,087)	(67,087)
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)	(67,087)	(67,087)
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 $.....1,216,303 accrual of discount less $.....6,622,180 amortization of premium and less $.....2,573,594 paid for accrued interest on purchases.
(b) Includes $.....85 accrual of discount less $.....548 amortization of premium and less $.....0 paid for accrued dividends on purchases.
(c) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(d) Includes $.....0 for company's occupancy of its own buildings; and excludes $.....0 interest on encumbrances.
(e) Includes $.....0 accrual of discount less $.....0 amortization of premium and less $.....0 paid for accrued interest on purchases.
(f) Includes $.....0 accrual of discount less $.....0 amortization of premium.
(g) Includes $.....0 investment expenses and $.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $.....0 interest on surplus notes and $.....0 interest on capital notes.
(i) Includes $.....0 depreciation on real estate and $.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1.	U.S. government bonds	217,725				217,725
1.1	Bonds exempt from U.S. tax	10,453				10,453
1.2	Other bonds (unaffiliated)	4,617,350	(1,212,362)	(131,893)		3,273,095
1.3	Bonds of affiliates					0
2.1	Preferred stocks (unaffiliated)	1,193,324		852,312		2,045,636
2.11	Preferred stocks of affiliates					0
2.2	Common stocks (unaffiliated)	305,781	(4,028,292)	(8,579,643)		(12,302,154)
2.21	Common stocks of affiliates					0
3.	Mortgage loans					0
4.	Real estate					0
5.	Contract loans					0
6.	Cash/short-term investments					0
7.	Derivative instruments					0
8.	Other invested assets					0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	6,344,633	(5,240,654)	(7,859,224)	0	(6,755,245)
	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	7,295,272	2,958,006	(4,337,266)
2. Other Nonadmitted Assets:			
2.1 Bills receivable			0
2.2 Furniture, equipment and supplies			0
2.3 Leasehold improvements			0
2.4 Loans on personal security, endorsed or not			0
3. Total (Lines 2.1 to 2.4)	0	0	0
4. Aggregate write-ins for other assets	216,402	56,910	(159,492)
5. Total (Line 1 plus Lines 3 and 4)	7,511,674	3,014,916	(4,496,758)

DETAILS OF WRITE-INS

0401. PREPAID EXPENSES	209,839	49,220	(160,619)
0402. MISCELLANEOUS OTHER ASSETS	6,563	7,690	1,127
0403.			0
0498. Summary of remaining write-ins for Line 4 from overflow page	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	216,402	56,910	(159,492)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of Progressive Specialty 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.

In addition, the Company uses the following accounting policies:

Investments

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

Loss and LAE Reserves

- Loss reserves represent the estimated liability on claims reported to the Company, plus reserves for losses incurred but not yet reported ("IBNR"). These estimates are reported net of amounts recoverable from salvage and subrogation. LAE reserves represent the estimated expenses required to settle reported claims and IBNR losses. Such loss and LAE reserves could be susceptible to significant change in the near term. The Company conducts extensive reviews each month on portions of its business to help ensure that the Company is meeting its objective of always having reserves that are adequate, with minimal variation. Results would differ if different assumptions were made (see Notes 24 and 29).

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors

A. Accounting Changes Other than Codification and Correction of Errors

During the current year, the Company discovered errors relating to prior years in the compiling and reporting of the receivable from parent and affiliates balance and Federal income taxes incurred. The table below provides details on the errors. To correct for these errors, an adjustment was made in the current year on page 4, line 36 and page 2, line 20.

Description	Increase (Decrease) in Surplus
Federal income tax adjustment 1992	$ (1,294,141)
Federal income tax adjustment 1993	94,922
Federal income tax adjustment 1995	(17,998)
Total adjustment to surplus	$ (1,217,217)

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		$160,198,039
Codification adjustments:		
Assets:		
Deferred tax asset	$23,142,995	
Premium receivable change in non-admitted assets	441,460	
Liabilities:		
Excess of statutory reserves over statement reserves	971,000	
Bad debt reserve	(1,497,164)	
Total Codification adjustments		23,058,291
Surplus at January 1, 2001 per Codification		$183,256,330

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

See Note 1(c) Investments

E. Repurchase Agreements

See Note 1(c) Investments

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

A. Accrued Investment Income

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

B. Amounts Non-admitted

None

8. Derivative Instruments

Not applicable

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

Description	December 31, 2002	December 31, 2001
Gross deferred tax assets	$ 34,047,559	$ 27,202,293
Gross deferred tax liabilities	2,114,493	3,099,799
Net deferred tax assets	31,933,066	24,102,494
Non-admitted deferred tax assets	4,860,046	382,313
Admitted deferred tax assets	$ 27,073,020	$ 23,720,181
Increase (decrease) in non-admitted deferred tax assets	$ 4,477,733	$ (1,228,231)

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	$ 31,088,243	$ 20,530,896
Audit adjustment: 1997-98 IRS examination	--	(174,656)
Prior year underaccrual (overaccrual)	(524,854)	(693,714)
Current income taxes incurred	$ 30,563,389	$ 19,662,526

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	$ 10,183,377	$ 9,266,481	$ 916,896
Unearned premiums	14,661,709	12,296,979	2,364,730
Non-admitted assets	864,342	921,411	(57,069)
Non-deductible reserves	4,443,820	3,876,484	567,336
Unrealized capital losses	2,108,749	387,166	1,721,583
Intercompany deferred losses	3,145	4,660	(1,515)
Investment write-downs	1,771,688	--	1,771,688
Other	10,729	449,112	(438,383)
Gross deferred tax assets	$ 34,047,559	$ 27,202,293	$ 6,845,266
Non-admitted deferred tax assets	$ 4,860,046	$ 382,313	$ 4,477,733

DTLs Resulting from Statutory/Tax Difference in	December 31, 2002	December 31, 2001	Change
Unrealized capital gains	$ 564,551	$ 1,593,696	$ (1,029,145)
Bond market discount	46,283	76,055	(29,772)
Salvage and subrogation	361,771	414,272	(52,501)
Intercompany deferred gains	973,374	904,415	68,959
Other	168,514	111,361	57,153
Gross deferred tax liabilities	$ 2,114,493	$ 3,099,799	$ (985,306)

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 surplus section of the annual statement):

Description	December 31, 2002	December 31, 2001	Change
Total deferred tax assets	$ 34,047,559	$ 27,202,293	$ 6,845,266
Total deferred tax liabilities	2,114,493	3,099,799	(985,306)
Net deferred tax asset (liability)	$ 31,933,066	$ 24,102,494	$ 7,830,572
Tax effect of unrealized gains (losses)			(2,750,728)
Change in net deferred income tax			$ 5,079,844

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	$ 25,271,599	35 %
Exempt interest income	(763,997)	(1)
Dividends received deduction	(269,558)	--
Other	38,036	--
Total	$ 24,276,080	34 %
Federal and foreign income taxes incurred	$ 30,563,389	42 %
Change in net deferred income taxes	(5,079,844)	(7)
Change in deferred from non-admitted assets and intercompany gains (losses)	(127,543)	--
Other miscellaneous adjustments	(1,079,922)	(1)
Total statutory income taxes	$ 24,276,080	34 %

NOTES TO FINANCIAL STATEMENTS

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 $31,088,243 for the current tax year and $18,659,451 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 $18,000,000 from Progressive Casualty Insurance Company (“Casualty”), an insurance affiliate domiciled in Ohio (see Note 10G), in 2002. The Company paid an ordinary cash dividend of $16,010,000 and an extraordinary cash dividend of $46,990,000 to Casualty 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 $27,976,712 net receivable from 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 $7,728,609 payable to TPC for the Company’s Federal income tax liability, which is reported separately on page 3, line 19. The intercompany balances are settled quarterly.

The receivable from parent and affiliates balance at December 31, 2001 includes $3.9 million 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 January 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 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 Casualty. 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

NOTES TO FINANCIAL STATEMENTS

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 $2,037,310 and $1,668,991 in 2002 and 2001, respectively.

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

A. Outstanding Shares

The Company has 2,000 shares of $5,000 par value common stock authorized and 700 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 Casualty 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 $41,641,179 in 2003 without prior approval.

Within the limitation described above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

D. Mutual Surplus Advances

Not applicable

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 loss net of deferred income taxes	$ (2,867,797)
Non-admitted assets	(7,511,674)
Provision for reinsurance	(12,000)
Total	$ (10,391,471)

H. Surplus Notes

Not applicable

I. Quasi Reorganizations

Not applicable

14. Contingencies

A. Contingent Commitments

None

NOTES TO FINANCIAL STATEMENTS

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.

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.

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, the Company settled a nationwide class action lawsuit challenging the Company'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.

15. Leases

Not applicable

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

A. Financial Instruments With Off-Balance Sheet Risk

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

B. Financial Instruments with Concentrations of Credit Risk

Not applicable

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

The Company had no wash sales of securities with a NAIC rating of 3 or below during the year.

NOTES TO FINANCIAL STATEMENTS

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 $3,712,384 and $3,734,089, 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 it's 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 $4,495,989 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).

21. Events Subsequent

Not applicable

NOTES TO FINANCIAL STATEMENTS

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	$ 208,181	$ --	$ 180,494	$ --	$ 27,687	$ --
All Other	--	--	35	11	(35)	(11)
Totals	$ 208,181	$ --	$ 180,529	$ 11	$ 27,652	$ (11)
Direct Unearned Premium Reserve is $108,529						

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

Not applicable

24. Change in Incurred Losses and Loss Adjustment Expenses

Reserves for incurred losses and LAE attributable to insured events of prior years have increased by $212,170 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 Progressive Casualty Insurance Company ("Casualty"), an insurance affiliate domiciled in Ohio, 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:

	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

Not applicable

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

29. Asbestos/Environmental Reserves

Because the Company is primarily an insurer of motor vehicles, it has limited exposure for asbestos and environmental claims. The exposure arises primarily from Casualty's participation in various reinsurance pools from 1968 to 1975, which underwrote general liability insurance. These exposures are recorded by Casualty as assumed business, and the Company assumes an immaterial amount through participation in the 100% pooling reinsurance agreement (see Note 25). The loss and defense and cost containment expense reserves the Company assumed from the Pool for asbestos claims were $124,726 and $96,340 in 2002 and 2001, respectively, and for environmental claims were $17,992 and $33,938 in 2002 and 2001, respectively.

30. Subscriber Savings Accounts

Not applicable

31. Financial Guaranty Insurance Exposures

Not applicable

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	45,321,426	8.3	45,321,426	8.3
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.0		0.0
1.22 Issued by U.S. government sponsored agencies		0.0		0.0
1.3 Foreign government (including Canada, excluding mortgage-backed securities)		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	81,458,497	14.9	81,458,497	14.9
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations		0.0		0.0
1.43 Revenue and assessment obligations	57,866,438	10.6	57,866,438	10.6
1.44 Industrial development and similar obligations		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA		0.0		0.0
1.512 Issued by FNMA and FHLMC		0.0		0.0
1.513 Privately issued		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC	38,842,450	7.1	38,842,450	7.1
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	81,924,492	15.0	81,924,492	15.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	159,912,494	29.3	159,912,494	29.3
2.2 Unaffiliated foreign securities	7,474,283	1.4	7,474,283	1.4
2.3 Affiliated securities		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated		0.0		0.0
3.22 Unaffiliated	17,025,020	3.1	17,025,020	3.1
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.0		0.0
3.32 Unaffiliated	55,883,022	10.2	55,883,022	10.2
3.4 Other equity securities:				
3.41 Affiliated		0.0		0.0
3.42 Unaffiliated		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.0		0.0
3.52 Unaffiliated		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development		0.0		0.0
4.2 Agricultural		0.0		0.0
4.3 Single family residential properties		0.0		0.0
4.4 Multifamily residential properties		0.0		0.0
4.5 Commercial loans		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company		0.0		0.0
5.2 Property held for production of income (includes $.....0 of property acquired in satisfaction of debt)		0.0		0.0
5.3 Property held for sale ($.....0 including property acquired in satisfaction of debt)		0.0		0.0
6. Policy loans		0.0		0.0
7. Receivables for securities		0.0		0.0
8. Cash and short-term investments	603,876	0.1	603,876	0.1
9. Other invested assets		0.0		0.0
10. Total invested assets	546,311,998	100.0	546,311,998	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	.....2,000.000	.....700.000	.....5,000.00	.....XXX.....	.....XXX.....XXX.....	.....XXX.....XXX....

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

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

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

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

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

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

19.31
19.32
19.33 SEE ATTACHED
19.34
19.35
19.36
19.37
19.38
19.39

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
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? $.....51,159

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	51,159

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

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes [ ]	No [X]
1.2	If yes, indicate premium earned on U.S. business only.		$.....0	
1.3	What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?		$.....0	
	1.31 Reason for excluding:			
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?			
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:			

5.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

The company does not write Workers' Compensation Insurance.

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.

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.

5.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes [ ]	No [X]
5.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss.		

NONE

6.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes [ ]	No [X]
6.2	If yes, indicate the number of reinsurance contracts containing such provisions.	.....	

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories (continued)

7.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

7.2 If yes, give full information:

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

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

9.2 If yes, give full information:

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

10.11 Unpaid losses $.....0

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

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

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

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

10.61 Letters of credit $.....0

10.62 Collateral and other funds $.....0

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

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

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

12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): $.....700,000

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 $.....798,840

14.2 If yes, provide explanation

We hold a 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:

FIVE-YEAR HISTORICAL DATA

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

		1 2002	2 2001	3 2000	4 1999	5 1998
	Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	719,634,783	612,472,388	522,518,802	469,248,812	319,583,192
2.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	453,893,678	398,629,050	342,210,633	300,981,773	195,639,767
3.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,410,245	1,198,841	940,397	861,878	467,957
4.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	460,973	585,814	489,550	561,207	160,978
5.	Non-proportional reinsurance lines (Lines 30, 31 & 32)		(387)			
6.	Total (Line 34)	1,175,399,678	1,012,885,706	866,159,382	771,653,671	515,851,895
	Net Premiums Written (Page 8, Part 1B, Col. 6)					
7.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	379,004,364	288,506,296	243,040,538	246,108,084	150,933,376
8.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	232,465,957	182,526,506	158,558,213	152,842,435	91,191,109
9.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	1,410,245	1,198,841	940,397	861,878	467,957
10.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	460,973	585,814	489,550	561,207	160,978
11.	Non-proportional reinsurance lines (Lines 30, 31 & 32)		(387)			
12.	Total (Line 34)	613,341,538	472,817,070	403,028,698	400,373,605	242,753,421
	Statement of Income (Page 4)					
13.	Net underwriting gain (Loss) (Line 8)	36,665,274	16,429,269	(24,420,743)	(4,284,057)	17,251,373
14.	Net investment gain (loss) (Line 11)	25,833,118	31,146,508	26,202,994	21,654,453	29,891,821
15.	Total other income (Line 15)	9,706,176	10,317,206	9,911,254	8,756,107	6,282,115
16.	Dividends to policyholders (Line 17)					
17.	Federal and foreign income taxes incurred (Line 19)	30,563,389	19,662,526	4,176,420	8,798,059	22,704,660
18.	Net income (Line 20)	41,641,179	38,230,457	7,517,085	17,328,444	30,720,649
	Balance Sheet Lines (Pages 2 and 3)					
19.	Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3)	718,246,570	581,494,478	545,698,343	516,251,396	482,747,861
20.	Agents' balances or uncollected premiums (Page 2, Col. 3):					
	20.1 In course of collection (Line 10.1)	4,495,989	4,646,055	5,567,122	4,621,735	5,047,317
	20.2 Deferred and not yet due (Line 10.2)	98,524,801	125,839,571	125,619,708	104,728,872	71,335,128
	20.3 Accrued retrospective premiums (Line 10.3)					
21.	Total liabilities excluding Protected Cell (Page 3, Line 24)	502,810,696	420,060,355	385,500,304	347,681,949	300,056,877
22.	Losses (Page 3, Lines 1 & 2)	190,989,487	162,857,047	148,598,804	114,619,435	100,533,097
23.	Loss adjustment expenses (Page 3, Line 3)	44,542,832	36,655,085	31,158,693	25,047,706	22,077,243
24.	Unearned premiums (Page 3, Line 9)	208,180,931	172,614,133	166,379,547	177,103,296	147,475,296
25.	Capital paid up (Page 3, Lines 28 & 29)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26.	Surplus as regards policyholders (Page 3, Line 35)	215,435,874	161,434,123	160,198,039	168,569,447	182,690,984
	Risk-Based Capital Analysis					
27.	Total adjusted capital	215,435,874	161,434,123	160,198,039	168,569,447	182,690,984
28.	Authorized control level risk-based capital	30,604,767	23,077,885	26,349,323	29,199,093	28,319,816
	Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29.	Bonds (Line 1)	86.5	80.3	74.9	84.8	98.1
30.	Stocks (Lines 2.1 & 2.2)	13.3	19.6	24.9	15.2	1.7
31.	Mortgage loans on real estate (Lines 3.1 & 3.2)					
32.	Real estate (Lines 4.1, 4.2 & 4.3)					
33.	Cash and short-term investments (Line 5)	0.1	0.1	0.2	0.1	0.2
34.	Other invested assets (Line 6)					
35.	Receivable for securities (Line 7)					
36.	Aggregate write-ins for invested assets (Line 8)					
37.	Cash and invested assets (Line 9)	100.0	100.0	100.0	100.0	100.0
	Investments in Parent, Subsidiaries and Affiliates					
38.	Affiliated bonds (Sch. D, Summary, Line 25, Col. 1)					
39.	Affiliated preferred stocks (Sch. D, Summary, Line 39, Col. 1)					
40.	Affiliated common stocks (Sch. D, Summary, Line 53, Col. 2)					
41.	Affiliated short-term investments (subtotals included in Schedule DA, Part 2, Col. 5, Line 11)					
42.	Affiliated mortgage loans on real estate					
43.	All other affiliated					
44.	Total of above lines 38 to 43	0	0	0	0	0
45.	Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 44 above divided by Page 3, Col. 1, Line 35 x 100.0)	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

		1 2002	2 2001	3 2000	4 1999	5 1998
	Capital and Surplus Accounts (Page 4)					
46.	Net unrealized capital gains (losses) (Line 23)	(5,108,496)	1,882,763	1,432,205	660,062	(716,896)
47.	Dividends to stockholders (Line 34)		(63,000,000)	(17,000,000)	(30,700,000)	(34,300,000)
48.	Change in surplus as regards policyholders for the year (Line 37)	54,001,751	1,236,084	(8,371,408)	(14,121,537)	(3,790,892)
	Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
49.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	375,629,141	330,968,200	297,985,091	250,569,740	280,718,730
50.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	252,919,130	229,364,685	201,279,537	155,004,564	124,059,749
51.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	590,350	544,005	400,958	382,510	459,581
52.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	513,818	308,979	290,514	205,370	973,820
53.	Nonproportional reinsurance lines (Lines 30, 31 & 32)	24,187	29,336	12,303	5,772	179,987
54.	Total (Line 34)	629,676,626	561,215,205	499,968,403	406,167,956	406,391,867
	Net Losses Paid (Page 9, Part 2, Col. 4)					
55.	Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	178,648,586	156,322,492	152,476,173	133,683,449	182,683,726
56.	Property lines (Lines 1, 2, 9, 12, 21 & 26)	123,724,702	105,569,297	102,009,229	83,651,695	68,773,959
57.	Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	590,350	544,005	400,958	382,510	459,479
58.	All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33)	513,818	308,979	290,514	205,370	973,820
59.	Nonproportional reinsurance lines (Lines 30, 31 & 32)	24,187	29,336	12,303	5,772	179,987
60.	Total (Line 34)	303,501,643	262,774,109	255,189,177	217,928,796	253,070,971
	Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
61.	Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
62.	Losses incurred (Line 2)	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
	Other Percentages					
66.	Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 34 x 100.0)	19.9	20.4	20.5	21.9	31.9
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)	284.7	292.9	251.6	237.5	132.9
	One Year Loss Development (000 omitted)					
69.	Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	849	(7,603)	5,539	267	(11,229)
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	(4.7)	3.3	0.1	(6.0)
	Two Year Loss Development (000 omitted)					
71.	Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(6,259)	5,742	(199)	(12,055)	(12,669)
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)	(3.9)	3.4	(0.1)	(6.5)	(9.1)

SCHEDULE D - SUMMARY BY COUNTRY

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

Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS	1. United States	45,321,426	45,728,109	45,338,121	45,100,000
Governments	2. Canada				
(Including all obligations guaranteed	3. Other Countries				
by governments)	4. Totals	45,321,426	45,728,109	45,338,121	45,100,000
	5. United States	81,458,497	81,512,015	81,596,053	75,195,000
States, Territories and Possessions	6. Canada				
(Direct and guaranteed)	7. Other Countries				
	8. Totals	81,458,497	81,512,015	81,596,053	75,195,000
Political Subdivisions of States,	9. United States				
Territories and Possessions	10. Canada				
(Direct and guaranteed)	11. Other Countries				
	12. Totals	0	0	0	0
Special Revenue and Special Assessment	13. United States	57,866,438	58,280,606	58,165,011	53,830,000
Obligations and all Non-guaranteed Obligations	14. Canada				
of Agencies and Authorities of Governments	15. Other Countries				
and their Political Subdivisions	16. Totals	57,866,438	58,280,606	58,165,011	53,830,000
	17. United States	3,201,772	3,265,530	3,206,820	3,000,000
Public Utilities	18. Canada				
(unaffiliated)	19. Other Countries				
	20. Totals	3,201,772	3,265,530	3,206,820	3,000,000
Industrial and Miscellaneous and	21. United States	277,477,664	277,954,946	284,840,046	244,742,552
Credit Tenant Loans	22. Canada				
(Unaffiliated)	23. Other Countries	7,474,283	7,585,000	7,547,850	8,000,000
	24. Totals	284,951,947	285,539,946	292,387,896	252,742,552
Parent, Subsidiaries and Affiliates	25. Totals				
	26. **Total Bonds**	472,800,080	474,326,206	480,693,901	429,867,552
PREFERRED STOCKS	27. United States				
Public Utilities	28. Canada				
(Unaffiliated)	29. Other Countries				
	30. Totals	0	0	0	
	31 United States	8,613,920	8,613,920	7,201,600	
Banks, Trust and Insurance Companies	32. Canada				
(Unaffiliated)	33. Other Countries	8,411,100	8,411,100	7,453,920	
	34. Totals	17,025,020	17,025,020	14,655,520	
	35. United States				
Industrial and Miscellaneous	36. Canada				
(Unaffiliated)	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals				
	40. **Total Preferred Stocks**	17,025,020	17,025,020	14,655,520	
COMMON STOCKS	41. United States	1,101,250	1,101,250	990,123	
Public Utilities	42. Canada				
(Unaffiliated)	43. Other Countries				
	44. Totals	1,101,250	1,101,250	990,123	
	45. United States	11,721,762	11,721,762	13,020,680	
Banks, Trust and Insurance Companies	46. Canada				
(Unaffiliated)	47. Other Countries				
	48. Totals	11,721,762	11,721,762	13,020,680	
	49. United States	43,027,341	43,027,341	48,490,056	
Industrial and Miscellaneous	50. Canada	32,669	32,669	31,769	
(Unaffiliated)	51. Other Countries				
	52. Totals	43,060,010	43,060,011	48,521,825	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. **Total Common Stocks**	55,883,022	55,883,023	62,532,628	
	55. **Total Stocks**	72,908,042	72,908,043	77,188,148	
	56. **Total Bonds and Stocks**	545,708,122	547,234,249	557,882,049	

(a) The aggregate value of bonds which are valued at other than actual fair value is $.....326,832,227.

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year		400,327,803
2. Cost of bonds and stocks acquired, Column 6, Part 3		504,971,333
3. Increase (decrease) by adjustment:		
3.1 Column 16, Part 1	(3,964,909)	
3.2 Column 12, Part 2, Section 1	1,704,880	
3.3 Column 10, Part 2, Section 2	(12,045,700)	
3.4 Column 10, Part 4	(4,267,579)	(18,573,308)
4. Total gain (loss), Column 14, Part 4		6,344,631
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4		347,362,339
6. Foreign exchange adjustment:		
6.1 Column 17, Part 1		
6.2 Column 13, Part 2, Section 1		
6.3 Column 11, Part 2, Section 2		
6.4 Column 11, Part 4		0
7. Book/adjusted carrying value at end of current period		545,708,120
8. Total valuation allowance		
9. Subtotal (Lines 7 plus 8)		545,708,120
10. Total nonadmitted amounts		
11. Statement value of bonds and stocks, current period		545,708,120

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								12
				Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	84	12	16	1	8		21	96	XXX
2. 1993	120,489	10,486	110,003	66,784	8,696	2,822	298	9,017	1	3,109	69,629	XXX
3. 1994	160,457	13,239	147,218	92,899	9,474	3,708	297	11,916	2	4,589	98,751	XXX
4. 1995	189,562	11,164	178,397	114,374	8,308	4,488	264	14,362	6	5,754	124,646	XXX
5. 1996	213,808	8,793	205,016	128,105	6,511	5,572	192	18,912	29	6,734	145,857	XXX
6. 1997	266,599	4,140	262,459	153,362	2,838	6,770	77	27,236	122	8,489	184,330	XXX
7. 1998	323,775	3,578	320,197	188,361	2,841	6,074	70	35,077	207	11,107	226,394	XXX
8. 1999	375,612	4,866	370,746	232,664	2,722	6,237	79	39,998	449	15,035	275,649	XXX
9. 2000	420,828	7,075	413,752	263,126	3,785	5,421	123	46,761	427	18,261	310,973	XXX
10. 2001	471,650	5,067	466,583	243,666	2,654	2,989	21	52,118	331	17,841	295,766	XXX
11. 2002	584,120	6,345	577,775	218,239	1,812	811	3	51,710	323	11,394	268,620	XXX
12. Totals	XXX	XXX	XXX	1,701,664	49,653	44,907	1,423	307,115	1,898	102,335	2,000,711	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded	Salvage and Subrogation Anticipated	Total Net Losses and Expenses Unpaid	Number of Claims Outstanding-Direct and Assumed
1. Prior	506	100	254	5	27	1			5	0		685	XXX
2. 1993	88	18	10	11	9	0	1	1	4	0	2	83	XXX
3. 1994	183	65	10	11	16	0	1	1	5	0	7	137	XXX
4. 1995	491	343	133	88	37	0	11	5	17	1	19	253	XXX
5. 1996	425	63	144	106	77	2	12	10	29	1	47	505	XXX
6. 1997	1,331	152	249	98	244	4	19	8	74	2	110	1,651	XXX
7. 1998	2,462	31	374	54	467	5	30	3	306	3	229	3,543	XXX
8. 1999	6,706	243	1,468	93	1,297	10	228	5	734	5	557	10,077	XXX
9. 2000	17,018	328	3,648	154	3,086	23	541	8	1,639	11	1,411	25,409	XXX
10. 2001	35,944	1,049	8,292	259	5,185	52	1,178	13	3,735	20	3,338	52,941	XXX
11. 2002	89,830	1,749	27,152	708	8,577	78	3,686	36	13,603	29	13,090	140,248	XXX
12. Totals	154,983	4,140	41,734	1,588	19,022	176	5,705	89	20,152	71	18,810	235,532	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	654	31
2. 1993	78,735	9,024	69,711	65.3	86.1	63.4			7.00	69	13
3. 1994	108,738	9,850	98,888	67.8	74.4	67.2			7.00	117	20
4. 1995	133,914	9,015	124,899	70.6	80.7	70.0			7.00	193	60
5. 1996	153,275	6,913	146,362	71.7	78.6	71.4			7.00	400	105
6. 1997	189,284	3,303	185,981	71.0	79.8	70.9			7.00	1,329	322
7. 1998	233,150	3,214	229,936	72.0	89.8	71.8			7.00	2,750	793
8. 1999	289,332	3,606	285,726	77.0	74.1	77.1			7.00	7,838	2,239
9. 2000	341,240	4,859	336,381	81.1	68.7	81.3			7.00	20,185	5,224
10. 2001	353,107	4,399	348,707	74.9	86.8	74.7			7.00	42,929	10,012
11. 2002	413,607	4,739	408,868	70.8	74.7	70.8			7.00	114,525	25,723
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	190,989	44,543

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.

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	2	3	4	5	6	7	8	9	10	11	12
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	One Year	Two Year
1. Prior	33,824	25,099	22,773	22,082	21,459	21,041	20,885	21,122	20,844	20,868	23	(254)
2. 1993	68,070	63,280	62,813	61,676	61,287	60,894	60,668	60,697	60,703	60,691	(12)	(6)
3. 1994	XXX	92,792	90,860	89,145	87,901	87,615	87,272	87,094	87,135	86,969	(166)	(125)
4. 1995	XXX	XXX	118,033	114,177	112,170	110,809	110,766	110,857	110,611	110,527	(84)	(330)
5. 1996	XXX	XXX	XXX	133,556	129,960	127,607	126,853	127,671	127,425	127,451	26	(220)
6. 1997	XXX	XXX	XXX	XXX	165,171	158,752	159,447	158,683	158,953	158,797	(156)	113
7. 1998	XXX	XXX	XXX	XXX	XXX	194,110	195,203	194,504	195,173	194,763	(410)	259
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	239,474	245,480	245,468	245,447	(21)	(32)
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	294,082	286,275	288,419	2,144	(5,663)
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	293,700	293,205	(495)	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	343,908	XXX	XXX
12. Totals											849	(6,259)

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	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002		
1. Prior	000	10,290	14,970	17,131	18,692	19,347	19,585	19,873	20,099	20,187	XXX	XXX
2. 1993	34,485	50,184	55,912	58,319	59,573	60,131	60,352	60,465	60,582	60,612	XXX	XXX
3. 1994	XXX	52,161	73,784	80,408	83,967	85,670	86,393	86,666	86,788	86,836	XXX	XXX
4. 1995	XXX	XXX	69,289	93,676	102,310	106,742	109,049	109,881	110,063	110,291	XXX	XXX
5. 1996	XXX	XXX	XXX	79,017	107,456	117,723	122,560	125,353	126,372	126,974	XXX	XXX
6. 1997	XXX	XXX	XXX	XXX	99,639	133,828	147,170	153,031	155,641	157,217	XXX	XXX
7. 1998	XXX	XXX	XXX	XXX	XXX	125,247	167,698	181,034	187,788	191,524	XXX	XXX
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	159,315	208,458	226,329	236,099	XXX	XXX
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	188,526	241,634	264,639	XXX	XXX
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	187,794	243,979	XXX	XXX
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	217,234	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	2	3	4	5	6	7	8	9	10
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1. Prior	8,531	2,240	1,287	739	378	235	87	85	113	249
2. 1993	8,879	2,200	1,115	438	356	193		(4)	0	(1)
3. 1994	XXX	8,389	2,782	1,413	528	453	233	(24)	44	(1)
4. 1995	XXX	XXX	9,765	3,365	1,646	651	399	(57)	54	51
5. 1996	XXX	XXX	XXX	11,343	3,598	1,491	511	502	145	40
6. 1997	XXX	XXX	XXX	XXX	14,822	3,959	2,028	745	627	162
7. 1998	XXX	XXX	XXX	XXX	XXX	16,039	5,348	2,114	1,406	347
8. 1999	XXX	XXX	XXX	XXX	XXX	XXX	16,191	5,560	3,261	1,598
9. 2000	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,888	7,880	4,027
10. 2001	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	24,408	9,198
11. 2002	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	30,093

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: 2 Direct Premiums Written	3 Direct Premiums Earned	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)
1. Alabama AL	YES	186,030,648	183,913,479		102,202,372	114,702,966	53,507,544	5,113,874	
2. Alaska AK	YES	8,720,783	8,792,050		5,899,020	4,128,551	5,390,827	179,545	
3. Arizona AZ	YES				4,829	(10,290)	15,513		
4. Arkansas AR	YES	1,784,281	2,154,841		1,571,047	1,360,039	536,307	78,290	
5. California CA	YES	(1,037)	(1,037)		(3,364)	(3,346)			
6. Colorado CO	YES	41,114,250	44,373,505		29,088,328	32,172,210	22,162,898	900,564	
7. Connecticut CT	YES								
8. Delaware DE	YES								
9. District of Columbia DC	YES	737,661	583,169		203,996	389,612	187,053	19,615	
10. Florida FL	YES	64	59		218,055	(68,841)	499,753		
11. Georgia GA	YES	(885)	19,718		11,799	(2,290)	860	120	
12. Hawaii HI	YES	4,025,407	3,487,049		1,381,631	2,420,961	1,445,056	56,399	
13. Idaho ID	YES	2,752	2,752			(1)			
14. Illinois IL	YES	19,496,951	20,720,990		8,232,535	10,164,269	3,578,609	466,474	
15. Indiana IN	YES	24,228,691	52,177,792		32,725,914	32,550,686	15,979,488	1,334,253	
16. Iowa IA	YES	4,078,244	4,305,719		1,896,562	2,208,981	753,923	67,382	
17. Kansas KS	YES	988	988		(4,569)	(4,734)	113		
18. Kentucky KY	YES	9,730,292	10,648,822		7,901,435	8,212,747	4,485,004	166,683	
19. Louisiana LA	NO				9,233	(5,435)			
20. Maine ME	YES								
21. Maryland MD	YES								
22. Massachusetts MA	NO								
23. Michigan MI	YES	20,641	20,641		282	527	1,302		
24. Minnesota MN	YES	57,451,543	55,430,495		26,252,751	28,803,098	15,948,255	1,109,789	
25. Mississippi MS	YES				68	68			
26. Missouri MO	YES	12,871,576	14,185,326		7,704,977	8,176,841	4,153,106	326,086	
27. Montana MT	YES	5,815,757	6,057,272		2,641,464	3,808,231	2,291,298	139,413	
28. Nebraska NE	YES								
29. Nevada NV	YES	19,865,162	21,468,343		13,438,944	10,921,422	7,460,425	587,743	
30. New Hampshire NH	NO								
31. New Jersey NJ	YES								
32. New Mexico NM	YES	9,256,476	10,429,505		6,112,032	6,492,002	3,431,466	269,432	
33. New York NY	YES	2,051,185	2,149,535		711,445	331,688	1,151,461	31,448	
34. North Carolina NC	NO								
35. North Dakota ND	YES								
36. Ohio OH	YES	40,090,913	36,060,551		15,368,387	22,050,925	8,430,110	815,523	
37. Oklahoma OK	YES	15,920,199	15,733,260		8,240,819	9,591,242	2,609,221	437,542	
38. Oregon OR	YES	966,751	1,125,772		986,412	937,542	410,908	54,683	
39. Pennsylvania PA	YES								
40. Rhode Island RI	YES								
41. South Carolina SC	YES	18,965,769	16,646,474		9,241,670	9,586,932	4,285,806	557,554	
42. South Dakota SD	YES	6,684,097	6,481,899		3,239,872	3,319,591	1,772,299	116,433	
43. Tennessee TN	YES	1,191	1,191		272,591	(21,660)	346,096		
44. Texas TX	YES				39	39		20	
45. Utah UT	YES	5,455,777	5,873,038		3,279,868	3,146,205	2,110,238	119,396	
46. Vermont VT	YES	15,214,763	15,696,707		7,269,522	8,445,218	7,376,673	380,330	
47. Virginia VA	YES	42,540,440	40,014,591		22,520,804	28,278,486	12,915,005	691,422	
48. Washington WA	YES	8,936,810	9,637,801		7,554,211	6,826,870	4,351,309	172,993	
49. West Virginia WV	YES								
50. Wisconsin WI	YES								
51. Wyoming WY	NO								
52. American Samoa AS	NO								
53. Guam GU	NO								
54. Puerto Rico PR	NO								
55. US Virgin Islands VI	NO								
56. Canada CN	NO								
57. Aggregate Other Alien OT	XXX	0	0	0	0	0	0	0	0
58. Totals	(a) 46	562,058,140	588,192,297	0	326,174,981	358,911,352	187,587,926	14,193,006	0
DETAILS OF WRITE-INS									
5701.	XXX								
5702.	XXX								
5703.	XXX								
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	0	0	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 + Line 5798) (Line 57 above)	XXX	0	0	0	0	0	0	0	0

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

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

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

PART 1 – ORGANIZATIONAL CHART

THE PROGRESSIVE CORPORATION
(OH) 34-0963169

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

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

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	

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