



ANNUAL STATEMENT

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

PROGRESSIVE PREFERRED INSURANCE COMPANY

NAIC Group Code..... 155, 155 (Current Period) (Prior Period) NAIC Company Code..... 37834 Employer's ID Number..... 34-1287020

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

Incorporated..... September 24, 1979 Commenced Business..... April 15, 1980

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

DIRECTORS OR TRUSTEES

ALAN REX BAUER WILLIAM THOMAS FORRESTER, II CHARLES ELWOOD JARRETT THOMAS ALFRED KING
BRIAN JAMES PASSELL GLENN MORRIS RENWICK MICHAEL ROBERT UTH 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) GLENN MORRIS RENWICK (Printed Name) President	(Signature) KATHLEEN MARY CERNY (Printed Name) Assistant Secretary	(Signature) JAMES LEE KUSMER (Printed Name) 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.....	462,425,233		462,425,233	333,241,661
2. Stocks:				
2.1 Preferred stocks (Schedule D, Part 2, Section 1).....	2,248,250		2,248,250	2,170,050
2.2 Common stocks (Schedule D, Part 2, Section 2).....			.0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			.0	
3.2 Other than first liens.....			.0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			.0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			.0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			.0	
5. Cash (\$.....99,000 Schedule E, Part 1) and short-term investments (\$.....0 Schedule DA, Part 2).....	99,000		99,000	99,000
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).....	464,772,483	.0	464,772,483	335,510,711
10. Agents' balances or uncollected premiums:				
10.1 Premiums and agents' balances in course of collection.....	6,687,399	1,814,457	4,872,942	4,054,156
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	95,054,494		95,054,494	102,658,647
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).....	21,887		21,887	108,682
15. Federal and foreign income tax recoverable and interest thereon (including \$.....22,536,986 net deferred tax asset).....	24,722,482	2,185,496	22,536,986	19,758,392
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.....	5,402,783		5,402,783	4,303,422
19. Net adjustments in assets and liabilities due to foreign exchange rates.....			.0	
20. Receivable from parent, subsidiaries and affiliates.....	25,587,460		25,587,460	35,121,359
21. Amount due from/to protected cells.....			.0	
22. Equities and deposits in pools and associations.....			.0	
23. Amounts receivable relating to uninsured accident and health plans.....			.0	
24. Other assets nonadmitted (Exhibit 1).....			.0	
25. Aggregate write-ins for other than invested assets.....	221,317	202,861	18,456	7,808
26. Total assets excluding protected cell assets (Lines 9 through 25).....	622,470,305	4,202,814	618,267,491	501,523,177
27. Protected cell assets.....			.0	
28. TOTALS (Lines 26 and 27).....	622,470,305	4,202,814	618,267,491	501,523,177

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.....	37,734	19,278	18,456	7,808
2502. PREPAID EXPENSES.....	183,583	183,583	.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).....	221,317	202,861	18,456	7,808

PROGRESSIVE PREFERRED INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 34, Column 8).....	163,705,275	139,591,755
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).....	38,179,570	31,418,645
4. Commissions payable, contingent commissions and other similar charges.....	912,367	724,660
5. Other expenses (excluding taxes, licenses and fees).....	14,189,137	10,128,164
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	3,281,869	2,964,825
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 \$.....175,320,595 and including warranty reserves of \$.....0).....	178,440,798	147,954,972
10. Advance premiums.....	3,578,577	3,646,941
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	23,732	23,082
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.....	40,231	31,980
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	27,001,560	25,220,616
19. Payable to parent, subsidiaries and affiliates.....	7,279,964	
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.....	452,198	498,775
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	437,085,278	362,204,415
25. Protected cell liabilities.....		
26. Total liabilities (Lines 24 and 25).....	437,085,278	362,204,415
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	3,003,300	3,003,300
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.....	40,712,474	40,712,474
33. Unassigned funds (surplus).....	137,466,439	95,602,988
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).....	181,182,213	139,318,762
36. TOTALS (Page 2, Line 28, Col. 3).....	618,267,491	501,523,177

DETAILS OF WRITE-INS

2301. STATE PLAN LIABILITY.....	281,319	210,996
2302. UNEARNED FEE RESERVE.....	121,480	128,480
2303. OTHER LIABILITIES.....	25,008	3,476
2398. Summary of remaining write-ins for Line 23 from overflow page.....	24,391	155,823
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above).....	452,198	498,775
2701.		
2702.		
2703.		
2798. Summary of remaining write-ins for Line 27 from overflow page.....	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above).....	0	0
3001.		
3002.		
3003.		
3098. Summary of remaining write-ins for Line 30 from overflow page.....	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098) (Line 30 above).....	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

	1	2
	Current Year	Prior Year
STATEMENT OF INCOME		
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 34, Column 4).....	495,235,491	399,927,844
DEDUCTIONS		
2. Losses incurred (Part 2, Line 34, Column 7).....	284,257,785	237,456,302
3. Loss expenses incurred (Part 3, Line 25, Column 1).....	66,382,480	57,053,468
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	113,136,717	91,335,845
5. Aggregate write-ins for underwriting deductions.....	31,132	0
6. Total underwriting deductions (Lines 2 through 5).....	463,808,114	385,845,615
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	31,427,377	14,082,229
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	22,058,387	20,479,277
10. Net realized capital gains (losses) (Exhibit of Capital Gains (Losses)).....	8,479,334	5,172,848
11. Net investment gain (loss) (Lines 9 + 10).....	30,537,721	25,652,125
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$... 406,285 amount charged off \$... 4,223,003).....	(3,816,718)	(5,115,795)
13. Finance and service charges not included in premiums.....	10,883,628	12,764,353
14. Aggregate write-ins for miscellaneous income.....	1,025,725	1,047,871
15. Total other income (Lines 12 through 14).....	8,092,635	8,696,429
16. Net income before dividends to policyholders and before federal and foreign income taxes (Lines 8 + 11 + 15).....	70,057,733	48,430,783
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 16 minus Line 17).....	70,057,733	48,430,783
19. Federal and foreign income taxes incurred.....	27,338,324	15,419,390
20. Net income (Line 18 minus Line 19) (to Line 22).....	42,719,409	33,011,393
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 38, Column 2).....	139,318,762	116,850,492
GAINS AND (LOSSES) IN SURPLUS		
22. Net income (from Line 20).....	42,719,409	33,011,393
23. Net unrealized capital gains or (losses).....	33,864	146,634
24. Change in net unrealized foreign exchange capital gains (loss).....		
25. Change in net deferred income tax.....	3,137,591	(240,672)
26. Change in nonadmitted assets (Exhibit 1, Line 5, Column 3).....	15,916	668,034
27. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
28. Change in surplus notes.....		
29. Surplus (contributed to) withdrawn from protected cells.....		
30. Cumulative effect of changes in accounting principles.....		19,382,881
31. Capital changes:		
31.1 Paid in.....		
31.2 Transferred from surplus (Stock Dividend).....		
31.3 Transferred to surplus.....		
32. Surplus adjustments:		
32.1 Paid in.....		
32.2 Transferred to capital (Stock Dividend).....		
32.3. Transferred from capital.....		
33. Net remittances from or (to) Home Office.....		
34. Dividends to stockholders.....	(3,000,000)	(30,500,000)
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.....	(1,043,329)	0
37. Change in surplus as regards policyholders for the year (Lines 22 through 36).....	41,863,451	22,468,270
38. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 37) (Page 3, Line 35).....	181,182,213	139,318,762

DETAILS OF WRITE-INS

0501. 2002 PRIVATE PASS AUTO ESCROW.....	31,132	
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).....	31,132	0
1401. INTEREST INCOME ON INTERCOMPANY BALANCES.....	523,703	694,616
1402. SERVICE BUSINESS REVENUE.....	421,415	277,535
1403. MISCELLANEOUS INCOME.....	80,607	75,720
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).....	1,025,725	1,047,871
3601. CORRECTION OF PRIOR YEARS SURPLUS. SEE FOOTNOTE 2A.....	(1,043,329)	
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).....	(1,043,329)	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	533,157,511	424,210,697
2. Loss and loss adjustment expenses paid (net of salvage and subrogation).....	317,898,081	280,068,713
3. Underwriting expenses paid.....	108,570,993	88,463,013
4. Other underwriting income (expenses).....	(31,132)	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4).....	106,657,305	55,678,971
6. Net investment income.....	23,649,099	23,256,781
7. Other income (expenses):		
7.1 Agents' balances charged off.....	(4,026,976)	(5,389,239)
7.2 Net funds held under reinsurance treaties.....		
7.3 Net amount withheld or retained for account of others.....	8,251	30,507
7.4 Aggregate write-ins for miscellaneous items.....	11,909,353	13,812,224
7.5 Total other income (Lines 7.1 to 7.4).....	7,890,628	8,453,492
8. Dividends to policyholders on direct business, less \$.....0 dividends on reinsurance assumed or ceded (net).....		
9. Federal and foreign income taxes (paid) recovered.....	(27,338,324)	(15,419,390)
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9).....	110,858,708	71,969,854
CASH FROM INVESTMENTS		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds.....	414,203,456	277,537,864
11.2 Stocks.....		7,838,030
11.3 Mortgage loans.....		
11.4 Real estate.....		
11.5 Other invested assets.....		
11.6 Net gains or (losses) on cash and short-term investments.....		
11.7 Miscellaneous proceeds.....		
11.8 Total investment proceeds (Lines 11.1 to 11.7).....	414,203,456	285,375,894
12. Cost of investments acquired (long-term only):		
12.1 Bonds.....	537,623,868	293,705,080
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Miscellaneous applications.....		
12.7 Total investments acquired (Lines 12.1 to 12.6).....	537,623,868	293,705,080
13. Net cash from investments (Line 11.8 minus Line 12.7).....	(123,420,412)	(8,329,186)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in.....		
14.2 Capital notes \$.....0 less amounts repaid \$.....0.....		
14.3 Net transfers from affiliates.....	16,813,863	
14.4 Borrowed funds received.....		
14.5 Other cash provided.....		198,233
14.6 Total (Lines 14.1 to 14.5).....	16,813,863	198,233
15. Cash applied:		
15.1 Dividends to stockholders paid.....	3,000,000	30,500,000
15.2 Net transfers to affiliates.....		33,851,725
15.3 Borrowed funds repaid.....		
15.4 Other applications.....	1,252,159	50,924
15.5 Total (Lines 15.1 to 15.4).....	4,252,159	64,402,649
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5).....	12,561,704	(64,204,416)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net change in cash and short-term investments (Line 10 plus Line 13 plus Line 16).....	(0)	(563,748)
18. Cash and short-term investments:		
18.1 Beginning of year.....	99,000	662,748
18.2 End of year (Line 17 plus Line 18.1).....	99,000	99,000

DETAILS OF WRITE-INS

7.401 FINANCE & SERVICE CHARGES NOT INCLUDED IN PREMIUMS.....	10,883,628	12,764,353
7.402 INTEREST INCOME ON INTERCOMPANY BALANCES.....	523,703	694,616
7.403 SERVICE BUSINESS REVENUE.....	421,415	277,535
7.498 Summary of remaining write-ins for Line 7.4 from overflow page.....	80,607	75,720
7.499 Total (Lines 7.401 thru 7.403 plus 7.498) (Line 7.4 above).....	11,909,353	13,812,224

PROGRESSIVE PREFERRED INSURANCE COMPANY 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.....		33	33	0
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....	1,208,782	546,717	641,565	1,113,933
5. Commercial multiple peril.....				0
6. Mortgage guaranty.....				0
8. Ocean marine.....				0
9. Inland marine.....	4,315,454	1,624,601	2,088,893	3,851,162
10. Financial guaranty.....				0
11.1 Medical malpractice - occurrence.....				0
11.2 Medical malpractice - claims-made.....				0
12. Earthquake.....	44	20	16	48
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.....	2,099,310	802,236	1,021,343	1,880,203
17.2 Other liability - claims-made.....	660,068	757,469	714,403	703,134
18.1 Products liability - occurrence.....				0
18.2 Products liability - claims-made.....				0
19.1, 19.2 Private passenger auto liability.....	280,783,316	75,149,275	89,671,133	266,261,458
19.3, 19.4 Commercial auto liability.....	41,318,188	13,814,186	18,857,769	36,274,605
21. Auto physical damage.....	194,941,037	54,726,151	64,977,702	184,689,486
22. Aircraft (all perils).....				0
23. Fidelity.....	361,404	491,089	424,304	428,189
24. Surety.....	17,011	18,147	16,725	18,432
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.....	16,705	25,048	26,911	14,843
34. TOTALS.....	525,721,318	147,954,971	178,440,798	495,235,491

DETAILS OF WRITE-INS

3301. Gap addendum.....	16,705	25,048	26,911	14,843
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).....	16,705	25,048	26,911	14,843

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

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

	1 Amount Unearned (Running One Year or Less from Date of Policy) (b)	2 Amount Unearned (Running more than One Year from Date of Policy) (b)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
Line of Business					
1. Fire.....					.0
2. Allied lines.....	33				33
3. Farmowners multiple peril.....					.0
4. Homeowners multiple peril.....	641,565				641,565
5. Commercial multiple peril.....					.0
6. Mortgage guaranty.....					.0
8. Ocean marine.....					.0
9. Inland marine.....	2,088,893				2,088,893
10. Financial guaranty.....					.0
11.1 Medical malpractice - occurrence.....					.0
11.2 Medical malpractice - claims-made.....					.0
12. Earthquake.....	16				16
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.....	1,021,343				1,021,343
17.2 Other liability - claims-made.....	245,857	468,547			714,403
18.1 Products liability - occurrence.....					.0
18.2 Products liability - claims-made.....					.0
19.1, 19.2 Private passenger auto liability.....	89,671,133				89,671,133
19.3, 19.4 Commercial auto liability.....	18,857,769				18,857,769
21. Auto physical damage.....	64,977,624	78			64,977,702
22. Aircraft (all perils).....					.0
23. Fidelity.....	124,112	300,192			424,304
24. Surety.....	3,314	13,411			16,725
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.....	26,911	0	0	0	26,911
34. TOTALS.....	177,658,571	788,227	0	0	178,440,798
35. Accrued retrospective premiums based on experience.....					
36. Earned but unbilled premiums.....					
37. Balance (sum of Lines 34 through 36).....					178,440,798

DETAILS OF WRITE-INS

3301. Gap addendum.....	26,911				26,911
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).....	26,911	0	0	0	26,911

- (a) By gross premiums is meant the aggregate of all the premiums written in the policies or renewals in force. Are they so returned in this statement? Yes [X] No [].
 (b) State here basis of computation used in each case: Pro Rata and Rule of 78s

PROGRESSIVE PREFERRED INSURANCE COMPANY UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

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

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2	3	4	5	
		From Affiliates	From Non-Affiliates	To Affiliates	To Non-Affiliates	
1. Fire.....						.0
2. Allied lines.....						.0
3. Farmowners multiple peril.....						.0
4. Homeowners multiple peril.....		1,208,782				1,208,782
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....	4,788,017	4,315,454		4,787,560	457	4,315,454
10. Financial guaranty.....						.0
11.1 Medical malpractice - occurrence.....						.0
11.2 Medical malpractice - claims-made.....						.0
12. Earthquake.....		44				44
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.....	1,977,954	2,099,310		1,976,845	1,109	2,099,310
17.2 Other liability - claims-made.....		660,068				660,068
18.1 Products liability - occurrence.....						.0
18.2 Products liability - claims-made.....						.0
19.1, 19.2 Private passenger auto liability.....	227,298,030	280,783,316		227,277,101	20,929	280,783,316
19.3, 19.4 Commercial auto liability.....	68,681,673	41,318,188		68,680,623	1,050	41,318,188
21. Auto physical damage.....	181,540,771	194,941,037		181,525,775	14,996	194,941,037
22. Aircraft (all perils).....						.0
23. Fidelity.....		361,404				361,404
24. Surety.....		17,011				17,011
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	16,705	.0	.0	.0	16,705
34. TOTALS.....	484,286,445	525,721,318	.0	484,247,904	38,541	525,721,318

DETAILS OF WRITE-INS

3301. Gap addendum.....		16,705				16,705
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	16,705	.0	.0	.0	16,705

(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				Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....		(40)		(40)			(40)	
2. Allied lines.....		(312)		(312)			(312)	
3. Farmowners multiple peril.....				0			0	
4. Homeowners multiple peril.....		504,693		504,693	116,315	110,304	510,704	45.8
5. Commercial multiple peril.....		1,321		1,321	14,580	17,820	(1,919)	
6. Mortgage guaranty.....				0			0	
8. Ocean marine.....				0			0	
9. Inland marine.....	1,642,375	1,877,852	1,642,375	1,877,852	253,294	243,906	1,887,239	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.....		10,684		10,684	24,445	30,201	4,927	
17.1 Other liability - occurrence.....	340,847	368,667	340,847	368,667	626,665	512,148	483,185	25.7
17.2 Other liability - claims-made.....		573,910		573,910	1,206,691	1,762,661	17,940	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.....	142,062,233	138,263,548	142,062,233	138,263,548	133,980,299	118,121,484	154,122,363	57.9
19.3, 19.4 Commercial auto liability.....	27,651,582	13,910,550	27,651,583	13,910,549	24,913,955	16,238,173	22,586,331	62.3
21. Auto physical damage.....	102,804,546	104,172,244	102,804,545	104,172,245	1,871,672	1,785,581	104,258,336	56.5
22. Aircraft (all perils).....				0			0	
23. Fidelity.....		398,411		398,411	400,914	523,912	275,413	64.3
24. Surety.....				0	489	60,745	(60,257)	(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	20,732		20,732	293,324	181,964	132,092	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	
33. Aggregate write-ins for other lines of business.....	0	42,004	0	42,004	2,631	2,855	41,781	281.5
34. TOTALS.....	274,501,583	260,144,265	274,501,583	260,144,265	163,705,276	139,591,756	284,257,785	57.4
DETAILS OF WRITE-INS								
3301. Gap addendum.....		42,004		42,004	2,631	2,855	41,781	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	42,004	0	42,004	2,631	2,855	41,781	281.5

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				.0				.0	
2. Allied lines.....				.0				.0	
3. Farmowners multiple peril.....				.0				.0	
4. Homeowners multiple peril.....		83,649		83,649		32,666		116,315	36,266
5. Commercial multiple peril.....		12,420		12,420		2,160		14,580	1,422
6. Mortgage guaranty.....				.0				.0	
8. Ocean marine.....				.0				.0	
9. Inland marine.....	92,332	131,717	92,332	131,717	143,150	121,577	143,150	253,294	63,487
10. Financial guaranty.....				.0				.0	
11.1 Medical malpractice - occurrence.....				.0				.0	
11.2 Medical malpractice - claims-made.....				.0				.0	
12. Earthquake.....				.0		2		2	1
13. Group accident and health.....				.0				(a) .0	
14. Credit accident and health (group and individual).....				.0				.0	
15. Other accident and health.....				.0				(a) .0	
16. Workers' compensation.....		24,445		24,445				24,445	3,127
17.1 Other liability - occurrence.....	391,875	465,407	391,875	465,407	173,417	161,259	173,418	626,665	98,601
17.2 Other liability - claims-made.....		331,383		331,383		875,308		1,206,691	163,356
18.1 Products liability - occurrence.....				.0				.0	
18.2 Products liability - claims-made.....				.0				.0	
19.1, 19.2 Private passenger auto liability.....	114,927,089	100,943,439	114,927,089	100,943,439	21,394,766	33,036,860	21,394,765	133,980,299	31,057,154
19.3, 19.4 Commercial auto liability.....	39,705,961	20,856,144	39,705,961	20,856,144	7,115,874	4,057,808	7,115,872	24,913,955	4,886,859
21. Auto physical damage.....	5,416,351	5,956,076	5,416,351	5,956,076	(4,225,773)	(4,084,404)	(4,225,773)	1,871,672	1,801,045
22. Aircraft (all perils).....				.0				.0	
23. Fidelity.....		408,678		408,678		(7,764)		400,914	68,127
24. Surety.....				.0		489		489	37
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	80,624		80,624	XXX	212,700		293,324	
32. Reinsurance - nonproportional assumed financial lines.....	XXX			.0	XXX			.0	
33. Aggregate write-ins for other lines of business.....	.0	252	.0	252	.0	2,379	.0	2,631	91
34. TOTALS.....	160,533,608	129,294,235	160,533,608	129,294,235	24,601,434	34,411,040	24,601,432	163,705,276	38,179,570

DETAILS OF WRITE-INS

3301. Gap addendum.....		252		252		2,379		2,631	91
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	252	.0	252	.0	2,379	.0	2,631	91

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	8,023,282			8,023,282
1.2 Reinsurance assumed.....	11,249,438			11,249,438
1.3 Reinsurance ceded.....	8,023,282			8,023,282
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	11,249,438	0	0	11,249,438
2. Commission and brokerage:				
2.1 Direct excluding contingent.....		31,291,305		31,291,305
2.2 Reinsurance assumed excluding contingent.....		36,203,109		36,203,109
2.3 Reinsurance ceded excluding contingent.....		31,291,305		31,291,305
2.4 Contingent - direct.....		853,592		853,592
2.5 Contingent - reinsurance assumed.....		1,212,940		1,212,940
2.6 Contingent - reinsurance ceded.....		853,592		853,592
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	37,416,049	0	37,416,049
3. Allowances to managers and agents.....		54,435		54,435
4. Advertising.....		5,650,980		5,650,980
5. Boards, bureaus and associations.....	142,691	101,325		244,016
6. Surveys and underwriting reports.....	310,672	3,018,599		3,329,271
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	28,770,610	28,859,623	133,614	57,763,847
8.2 Payroll taxes.....	2,074,594	2,248,750	13,496	4,336,840
9. Employee relations and welfare.....	5,589,065	3,597,736	1,205	9,188,006
10. Insurance.....	1,254	254,349		255,603
11. Directors' fees.....		7		7
12. Travel and travel items.....	2,704,792	604,710	708	3,310,210
13. Rent and rent items.....	3,177,383	2,114,244	6,050	5,297,677
14. Equipment.....	1,300,538	1,757,561	458	3,058,557
15. Cost or depreciation of EDP equipment and software.....	939,955	3,503,452		4,443,407
16. Printing and stationery.....	650,284	745,798	1,193	1,397,275
17. Postage, telephone and telegraph, exchange and express.....	4,364,188	4,393,561	2,630	8,760,379
18. Legal and auditing.....	536,280	3,764,675	57,652	4,358,607
19. Totals (Lines 3 to 18).....	50,562,306	60,669,805	217,006	111,449,117
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....35,816.....		10,136,286		10,136,286
20.2. Insurance department licenses and fees.....		760,595		760,595
20.3. Gross guaranty association assessments.....		1,155,199		1,155,199
20.4. All other (excluding federal and foreign income and real estate).....		1,176,289		1,176,289
20.5. Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	13,228,369	0	13,228,369
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.....	4,570,736	1,822,497	19,892	6,413,125
25. Total expenses incurred.....	66,382,480	113,136,720	236,898	(a) 179,756,098
26. Less unpaid expenses - current year.....	38,179,570	18,383,373		56,562,943
27. Add unpaid expenses - prior year.....	31,418,644	13,817,649		45,236,293
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).....	59,621,554	108,570,996	236,898	168,429,448

DETAILS OF WRITE-INS

2401. OUTSIDE PROGRAMMING AND IT CHARGES.....	3,634,979	177,621	10,250	3,822,850
2402. OUTSIDE SERVICES.....	551,947	1,021,089	5,910	1,578,946
2403. MISCELLANEOUS EXPENSES.....	383,810	623,787	3,732	1,011,329
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).....	4,570,736	1,822,497	19,892	6,413,125

(a) Includes management fees of \$.....34,953,977 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).....4,751,812	.....4,953,518
1.1 Bonds exempt from U.S. tax.....	(a).....4,159,707	.....4,909,445
1.2 Other bonds (unaffiliated).....	(a).....11,824,804	.....11,967,559
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....183,294	.....187,730
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....2,052	.....2,052
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash/short-term investments.....	(e).....274,259	.....274,984
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....21,195,928	.....22,295,288
11. Investment expenses.....	.....	(g).....236,897
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).....	.....	.....236,897
17. Net investment income (Line 10 minus Line 16).....	.....	.....22,058,391

DETAILS OF WRITE-INS

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

- (a) Includes \$.....325,035 accrual of discount less \$.....3,014,961 amortization of premium and less \$.....3,023,325 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Increases (Decreases) by Adjustment	4 Net Gain or (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	5 Total
1. U.S. government bonds.....	.....6,907,539	.....	.....	.....	.....6,907,539
1.1 Bonds exempt from U.S. tax.....	.....900,096	.....	.....	.....	.....900,096
1.2 Other bonds (unaffiliated).....	.....671,698	.....	.....	.....	.....671,698
1.3 Bonds of affiliates.....	.....	.....	.....(26,247)	.....	.....(26,247)
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....78,346	.....	.....78,346
2.11 Preferred stocks of affiliates.....	.....	.....	.....	.....	.....0
2.2 Common stocks (unaffiliated).....	.....	.....	.....	.....	.....0
2.21 Common stocks of affiliates.....	.....	.....	.....	.....	.....0
3. Mortgage loans.....	.....	.....	.....	.....	.....0
4. Real estate.....	.....	.....	.....	.....	.....0
5. Contract loans.....	.....	.....	.....	.....	.....0
6. Cash/short-term investments.....	.....	.....	.....	.....	.....0
7. Derivative instruments.....	.....	.....	.....	.....	.....0
8. Other invested assets.....	.....	.....	.....	.....	.....0
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....8,479,333	.....0	.....52,099	.....0	.....8,531,432

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.....	3,999,953	4,099,110	99,157
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.....	202,861	119,620	(83,241)
5. Total (Line 1 plus Lines 3 and 4).....	4,202,814	4,218,730	15,916

DETAILS OF WRITE-INS

0401. PREPAID EXPENSES.....	183,583	119,620	(63,963)
0402. MISCELLANEOUS OTHER ASSETS.....	19,278		(19,278)
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).....	202,861	119,620	(83,241)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

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

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

C. Accounting Policies

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

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

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	\$ (1,109,265)
Federal income tax adjustment 1993	81,362
Federal income tax adjustment 1995	(15,426)
Total adjustment to surplus	\$ (1,043,329)

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	\$116,850,492
Codification adjustments:	
Assets:	
Deferred tax asset	\$19,376,725
Premium receivable change in non-admitted assets	477,613
Liabilities:	
Excess of statutory reserves over statement reserves	833,000
Bad debt reserve	(1,304,458)
Total Codification adjustments	19,382,880
Surplus at January 1, 2001 per Codification	\$136,233,372

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

See Note 1(c) Investments

E. Repurchase Agreements

See Note 1(c) Investments

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

A. Accrued Investment Income

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

B. Amounts Non-admitted

None

8. Derivative Instruments

Not applicable

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

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

Description	December 31, 2002	December 31, 2001
Gross deferred tax assets	\$ 25,698,850	\$ 22,631,072
Gross deferred tax liabilities	976,368	1,027,946
Net deferred tax assets	24,722,482	21,603,126
Non-admitted deferred tax assets	2,185,496	1,844,734
Admitted deferred tax assets	\$ 22,536,986	\$ 19,758,392
Increase (decrease) in non-admitted deferred tax assets	\$ 340,762	\$ (638,165)

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	\$ 27,788,199	\$ 16,163,707
Audit adjustment: 1997-98 IRS examination	--	(149,705)
Prior year underaccrual (overaccrual)	(449,875)	(594,612)
Current income taxes incurred	\$ 27,338,324	\$ 15,419,390

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	\$ 8,728,658	\$ 7,942,281	\$ 786,377
Unearned premiums	12,567,180	10,523,587	2,043,593
Non-admitted assets	638,268	830,899	(192,631)
Non-deductible reserves	3,730,742	3,327,518	403,224
Unrealized capital losses	9,186	--	9,186
Intercompany deferred losses	24,816	6,787	18,029
Gross deferred tax assets	\$ 25,698,850	\$ 22,631,072	\$ 3,067,778
Non-admitted deferred tax assets	\$ 2,185,496	\$ 1,844,734	\$ 340,762

DTLs Resulting from Statutory/Tax Difference in	December 31, 2002	December 31, 2001	Change
Unrealized capital gains	\$ 89,548	\$ 62,127	\$ 27,421
Bond market discount	136,667	129,873	6,794
Salvage and subrogation	310,138	354,674	(44,536)
Intercompany deferred gains	409,378	471,434	(62,056)
Other	30,637	9,838	20,799
Gross deferred tax liabilities	\$ 976,368	\$ 1,027,946	\$ (51,578)

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

Description	December 31, 2002	December 31, 2001	Change
Total deferred tax assets	\$ 25,698,850	\$ 22,631,072	\$ 3,067,778
Total deferred tax liabilities	976,368	1,027,946	(51,578)
Net deferred tax asset (liability)	\$ 24,722,482	\$ 21,603,126	\$ 3,119,356
Tax effect of unrealized gains (losses)			18,235
Change in net deferred income tax			\$ 3,137,591

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	\$ 24,520,207	35 %
Exempt interest income	(1,417,622)	(2)
Dividends received deduction	(927)	--
Other	32,603	--
Total	\$ 23,134,261	33 %
Federal and foreign income taxes incurred	\$ 27,338,324	39 %
Change in net deferred income taxes	(3,137,591)	(5)
Change in deferred from non-admitted assets and intercompany gains (losses)	(112,546)	--
Other miscellaneous adjustments	(953,926)	(1)
Total statutory income taxes	\$ 23,134,261	33 %

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 \$27,788,199 for the current tax year and \$13,974,776 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 a 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 paid ordinary cash dividends of \$3,000,000 and \$11,600,000 and extraordinary cash dividends of \$0 and \$18,900,000 to TPC in 2002 and 2001, respectively.
- 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 \$18,307,496 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 \$7,279,964 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 \$19.3 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 TPC. The structure of the holding company organization is shown on Schedule Y, Part 1.
- H. Amount Deducted for Investment in Upstream Company
- Not applicable
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets
- Not applicable
- J. Writedown for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies
- Not applicable
11. Debt
- Not applicable
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefits
- The Company is one of twelve insurance companies along with several non-insurance companies in the Group that retain employees. The Company participates but has no legal obligation or direct liability for expenses in the following employee benefit plans:
- A. Defined Benefit Plan

Not applicable
 - B. Defined Contribution Plan

TPC sponsors a defined contribution savings plan. See Note 12D.
 - C. Multiemployer Plans

Not applicable

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 \$1,746,266 and \$1,430,564 in 2002 and 2001, respectively.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**A. Outstanding Shares**

The Company has 750 shares of \$4,700 par value common stock authorized and 639 shares issued and outstanding. The Company has no preferred stock authorized, issued or outstanding.

B. Dividend Rate of Preferred Stock

Not applicable

C. Dividend Restrictions

Based on the dividend laws currently in effect, the maximum amount of dividends the Company can pay to TPC in 2003 without prior regulatory approval from the Ohio DOI is limited to the greater of 10% of policyholders' surplus at December 31, 2002 or the net income for the year 2002, not to exceed earned surplus. Accordingly, the Company may pay dividends of \$42,719,409 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 gain net of deferred income taxes	\$ 149,242
Non-admitted assets	(4,202,814)
Provision for reinsurance	--
Total	\$ (4,053,572)

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.

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

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

15. Leases**A. Lessee Leasing Arrangements**

- 1) The Company leases office facilities under various noncancelable operating leases that expire through December 31, 2004. The Company is allocated a percentage of the Group's total rental expense based on the pooling agreement (see Note 25). In 2002 and 2001 the Company was allocated \$3,766,210 and \$3,867,171, respectively of rental expense, which represented 5% and 6%, respectively of the Group's total rental expense. Future minimum rental payments on leases held by the Company are as follows:

Year	Amount
2003	\$ 521,462
2004	521,462
2005	--
2006	--
2007	--
Thereafter	--
Total	<u>\$ 1,042,924</u>

- 2) Certain rental commitments have renewal options extending through December 31, 2008. Some of these renewals are subject to adjustments in future periods.
- 3) The Company has no noncancelable subleases or sales-leaseback arrangements.

B. Lessor Leasing Arrangements

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

NOTES TO FINANCIAL STATEMENTS

- B. Transfers and Servicing of Financial Assets
Not applicable
- C. Wash Sales
The Company had no wash sales of securities with a NAIC rating of 3 or below during the year.
18. Gain or Loss from Uninsured Accident and Health Plans and the Uninsured Portion of Partially Insured Plans
Not applicable
19. Direct Premiums Written/Produced by Managing General Agents/Third Party Administrators
Not applicable
20. Other Items
- A. Extraordinary Items
Not applicable
- B. Troubled Debt Restructuring for Debtors
Not applicable
- C. Other Disclosures
At December 31, 2002 and 2001, bonds at the amortized cost of \$4,736,701 and \$4,750,761, respectively, were on deposit with various regulatory agencies to meet statutory requirements.

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

While the Company is not directly liable for the escrowed premium, it assumes an immaterial amount through its participation in the 100% pooling reinsurance agreement (see Note 25). The amount assumed from the Pool is reported as a write-in on page 4, line 5 entitled "2002 Private Passenger Auto Escrow".
- D. Uncollectible Premiums Receivable
The Company routinely assesses the collectibility of premiums receivable and records a bad debt reserve for amounts exceeding the non-admitted balance that the Company believes are uncollectible.
- E. Reinsurance Accounted for as a Deposit
Not applicable
- F. Multiple Peril Crop Insurance
Not applicable
- G. Mezzanine Real Estate Loans
Not applicable
- H. Health Care Receivables
Not applicable
- I. September 11 Events
TPC's exposure to risk as a result of the terrorist attacks on September 11, 2001 was very limited. In the days after September 11, TPC experienced some slowdown in new business applications and also saw a decline in claims frequency. TPC had less than 100 related auto claims reported in New York.
- J. Real Estate
Not applicable
- K. Participating Policies
Not applicable
- L. Premium Deficiency Reserves
The Company anticipates investment income as a factor in the premium deficiency calculation, in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 53, Property-Casualty Contracts-Premiums. As of December 31, 2002, the Company has not recorded a premium deficiency reserve.
- M. Noncash Transactions
Not applicable
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	\$ 178,441	\$ --	\$ 175,309	\$ --	\$ 3,132	\$ --
All Other	--	--	12	4	(12)	(4)
Totals	\$ 178,441	\$ --	\$ 175,321	\$ 4	\$ 3,120	\$ (4)

Direct Unearned Premium Reserve is \$175,321

- 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 \$181,860 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 \$106,908 and \$82,577 in 2002 and 2001, respectively, and for environmental claims were \$15,421 and \$29,090 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.....	135,900,123	29.2	135,900,123	29.2
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.....	111,748,405	24.0	111,748,405	24.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations..	3,230,145	0.7	3,230,145	0.7
1.43 Revenue and assessment obligations.....	48,019,997	10.3	48,019,997	10.3
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.....	22,410,128	4.8	22,410,128	4.8
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.....	51,028,427	11.0	51,028,427	11.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO).....	83,236,978	17.9	83,236,978	17.9
2.2 Unaffiliated foreign securities.....	6,851,027	1.5	6,851,027	1.5
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.....	2,248,250	0.5	2,248,250	0.5
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (includes \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (\$.....0 including property acquired in satisfaction of debt).....		0.0		0.0
6. Policy loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash and short-term investments.....	99,000	0.0	99,000	0.0
9. Other invested assets.....		0.0		0.0
10. Total invested assets.....	464,772,481	100.0	464,772,480	100.0

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.....	.....750.000	.....639.000	.....4,700.00	.....XXX.....	.....XXX.....XXX.....	.....XXX.....XXX.....

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

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

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

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

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

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

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

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

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

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

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
NONE		

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

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

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

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
	NONE	

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.....83,564

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	83,564

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

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

1 Name	2 Amount Paid

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

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

1 Name	2 Amount Paid

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$.....0	
1.3	What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$.....0	
1.31	Reason for excluding:		
<hr/>			
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$.....0	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$.....0	
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$.....0	
1.62	Total incurred claims	\$.....0	
1.63	Number of covered lives	.....0	
	All years prior to most current three years:		
1.64	Total premium earned	\$.....0	
1.65	Total incurred claims	\$.....0	
1.66	Number of covered lives	.....0	
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$.....0	
1.72	Total incurred claims	\$.....0	
1.73	Number of covered lives	.....0	
	All years prior to most current three years:		
1.74	Total premium earned	\$.....0	
1.75	Total incurred claims	\$.....0	
1.76	Number of covered lives	.....0	
2.1	Does the reporting entity issue both participating and non-participating policies?	Yes []	No [X]
2.2	If yes, state the amount of calendar year premiums written on:		
2.21	Participating	\$.....0	
2.22	Non-participating policies	\$.....0	
3.	For Mutual Reporting Entities and Reciprocal Exchange only:		
3.1	Does the reporting entity issue assessable policies?	Yes []	No []
3.2	Does the reporting entity issue non-assessable policies?	Yes []	No []
3.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?	.....0.0 %	
3.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$.....0	
4.	For Reciprocal Exchanges only:		
4.1	Does the exchange appoint local agents?	Yes []	No []
4.2	If yes, is the commission paid:		
4.21	Out of Attorney's-in-fact compensation	Yes []	No [] N/A []
4.22	As a direct expense of the exchange	Yes []	No [] N/A []
4.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?		
<hr/>			
4.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions been deferred?	Yes []	No []
4.5	If yes, give full information:		
<hr/>			
5.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? The Company does not write Workers' Compensation Insurance.		
<hr/>			
<hr/>			
5.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process: The company's probable maximum loss (PML) is estimated by analyzing historical major occurrences and estimating frequency of loss and severity of each claim based on the potential force of an occurrence and the total number of autos exposed. The estimate of the PML was made exclusively by Progressive employees. The company's net comprehensive exposures in the catastrophe prone states of Florida, Louisiana, Texas, and California is limited since the company is a member of a 100% pooling reinsurance agreement with 10 of its property casualty affiliates.		
<hr/>			
<hr/>			
5.3	What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable property insurance loss? The primary property coverage sold by the company is auto comprehensive. Since the company's estimated PML is less than 10% of surplus, the company carries no external catastrophe reinsurance to cover their limited catastrophe exposure.		
<hr/>			
<hr/>			
5.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes []	No [X]
5.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss. NONE		
<hr/>			
6.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract which includes a provision which would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes []	No [X]
6.2	If yes, indicate the number of reinsurance contracts containing such provisions.	.....

GENERAL INTERROGATORIES (continued)

Part 2 - Property and Casualty Interrogatories (continued)

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

7.2 If yes, give full information:

8. If the reporting entity has assumed risks from another entity, there should be a charge 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 From0.0 %

10.42 To0.0 %

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

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

10.61 Letters of credit \$.....0

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

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

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

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

12.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....600,000

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

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

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

13.2 If yes, give full information:

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

14.11 Name of real estate holding company _____

14.12 Number of parcels involved0

14.13 Total book/adjusted carrying value \$.....0

14.2 If yes, provide explanation

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

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

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

* Disclose type of coverage:

FIVE-YEAR HISTORICAL DATA

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

	1 2002	2 2001	3 2000	4 1999	5 1998
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	622,818,539	539,408,983	510,972,576	471,539,153	377,094,936
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	385,585,322	350,033,394	334,898,205	296,605,450	218,909,008
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,208,782	1,027,578	806,054	738,753	652,828
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	395,120	502,127	419,614	481,035	366,484
5. Non-proportional reinsurance lines (Lines 30, 31 & 32).....		(332)			
6. Total (Line 34).....	1,010,007,763	890,971,749	847,096,450	769,364,390	597,023,257
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).....	324,860,882	247,291,112	208,320,460	210,949,787	188,227,355
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	199,256,534	156,451,291	135,907,041	131,007,802	107,806,598
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,208,782	1,027,578	806,054	738,753	652,828
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	395,120	502,127	419,614	481,035	366,484
11. Non-proportional reinsurance lines (Lines 30, 31 & 32).....		(332)			
12. Total (Line 34).....	525,721,318	405,271,775	345,453,170	343,177,376	297,053,266
Statement of Income (Page 4)					
13. Net underwriting gain (Loss) (Line 8).....	31,427,377	14,082,229	(20,932,065)	(3,672,050)	14,786,890
14. Net investment gain (loss) (Line 11).....	30,537,721	25,652,125	17,720,400	14,398,308	16,696,493
15. Total other income (Line 15).....	8,092,635	8,696,429	10,966,720	9,718,786	8,463,698
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	27,338,324	15,419,390	2,329,765	6,784,423	18,019,635
18. Net income (Line 20).....	42,719,409	33,011,393	5,425,290	13,660,621	21,927,446
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding Protected Cell (Page 2, Line 26, Col. 3).....	618,267,491	501,523,177	457,005,083	422,844,670	366,204,561
20. Agents' balances or uncollected premiums (Page 2, Col. 3):					
20.1 In course of collection (Line 10.1).....	4,872,942	4,054,156	5,194,011	4,471,850	4,574,695
20.2 Deferred and not yet due (Line 10.2).....	95,054,494	102,658,647	120,910,173	108,319,108	60,696,902
20.3 Accrued retrospective premiums (Line 10.3).....					
21. Total liabilities excluding Protected Cell (Page 3, Line 24).....	437,085,278	362,204,415	340,154,591	306,593,050	264,446,616
22. Losses (Page 3, Lines 1 & 2).....	163,705,275	139,591,755	127,370,404	98,245,230	86,171,226
23. Loss adjustment expenses (Page 3, Line 3).....	38,179,570	31,418,645	26,707,452	21,469,463	18,923,352
24. Unearned premiums (Page 3, Line 9).....	178,440,798	147,954,972	142,611,040	151,802,825	126,407,397
25. Capital paid up (Page 3, Lines 28 & 29).....	3,003,300	3,003,300	3,003,300	3,003,300	3,003,300
26. Surplus as regards policyholders (Page 3, Line 35).....	181,182,213	139,318,762	116,850,492	116,251,620	101,757,945
Risk-Based Capital Analysis					
27. Total adjusted capital.....	181,182,213	139,318,762	116,850,492	116,251,620	101,757,945
28. Authorized control level risk-based capital.....	25,807,808	19,258,192	21,012,028	23,909,297	20,833,534
Percentage Distribution of Cash and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 9, Col. 3) x 100.0					
29. Bonds (Line 1).....	99.5	99.3	96.8	97.5	97.5
30. Stocks (Lines 2.1 & 2.2).....	0.5	0.6	3.0	2.1	2.2
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).....	0.0	0.0	0.2	0.4	0.3
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	2	3	4	5
	2002	2001	2000	1999	1998
Capital and Surplus Accounts (Page 4)					
46. Net unrealized capital gains (losses) (Line 23).....	33,864	146,634	576,665	166,017	(727,640)
47. Dividends to stockholders (Line 34).....	(3,000,000)	(30,500,000)	(5,000,000)		(10,000,000)
48. Change in surplus as regards policyholders for the year (Line 37).....	41,863,451	22,468,270	598,872	14,493,675	11,415,615
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).....	323,182,021	305,470,640	283,195,361	237,360,724	194,931,126
50. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	210,496,666	213,024,967	211,220,526	155,887,413	116,016,211
51. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	506,014	466,290	343,678	327,865	362,250
52. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	440,415	264,839	249,012	176,032	128,380
53. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	20,732	25,145	10,545	4,947	17,218
54. Total (Line 34).....	534,645,848	519,251,882	495,019,123	393,756,981	311,455,184
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).....	153,127,358	133,990,707	130,693,863	114,585,814	89,343,246
56. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	106,049,746	90,487,969	87,436,483	71,701,454	57,184,213
57. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	506,014	466,290	343,678	327,865	362,250
58. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29 & 33).....	440,415	264,839	249,012	176,032	128,380
59. Nonproportional reinsurance lines (Lines 30, 31 & 32).....	20,732	25,145	10,545	4,947	17,218
60. Total (Line 34).....	260,144,265	225,234,951	218,733,582	186,796,112	147,035,306
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).....	20.0	20.4	19.7	21.3	21.3
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).....	290.2	290.9	295.6	295.2	291.9
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).....	728	(6,517)	4,748	229	(9,625)
70. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 69 above divided by Page 4, Line 21, Col. 1 x 100).....	0.5	(5.6)	4.1	0.2	(10.7)
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).....	(5,365)	4,922	(171)	(10,333)	(10,859)
72. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second year end (Line 71 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(4.6)	4.2	(0.2)	(11.4)	(17.1)

SCHEDULE D - SUMMARY BY COUNTRY

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

Description	1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS				
Governments (Including all obligations guaranteed by governments)	1. United States.....135,900,123	.....139,035,659	.....136,157,363	.....134,271,023
	2. Canada.....	.....	.....	.....
	3. Other Countries.....	.....	.....	.....
	4. Totals.....135,900,123	.....139,035,659	.....136,157,363	.....134,271,023
States, Territories and Possessions (Direct and guaranteed)	5. United States.....111,748,405	.....112,003,620	.....112,820,567	.....102,430,000
	6. Canada.....	.....	.....	.....
	7. Other Countries.....	.....	.....	.....
	8. Totals.....111,748,405	.....112,003,620	.....112,820,567	.....102,430,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....3,230,145	.....3,275,027	.....3,238,650	.....2,955,000
	10. Canada.....	.....	.....	.....
	11. Other Countries.....	.....	.....	.....
	12. Totals.....3,230,145	.....3,275,027	.....3,238,650	.....2,955,000
Special Revenue and Special Assessment Obligations and all Non-guaranteed Obligations of Agencies and Authorities of Governments and their Political Subdivisions	13. United States.....48,019,997	.....48,527,576	.....47,884,679	.....45,750,000
	14. Canada.....	.....	.....	.....
	15. Other Countries.....	.....	.....	.....
	16. Totals.....48,019,997	.....48,527,576	.....47,884,679	.....45,750,000
Public Utilities (unaffiliated)	17. United States.....	.....	.....	.....
	18. Canada.....	.....	.....	.....
	19. Other Countries.....	.....	.....	.....
	20. Totals.....0	.....0	.....0	.....0
Industrial and Miscellaneous and Credit Tenant Loans (Unaffiliated)	21. United States.....156,675,533	.....158,437,493	.....161,294,499	.....140,662,930
	22. Canada.....4,981,027	.....5,435,250	.....4,978,350	.....5,000,000
	23. Other Countries.....1,870,000	.....1,870,000	.....1,888,760	.....2,000,000
	24. Totals.....163,526,560	.....165,742,743	.....168,161,609	.....147,662,930
Parent, Subsidiaries and Affiliates	25. Totals.....	.....	.....	.....
	26. Total Bonds.....462,425,230	.....468,584,625	.....468,262,868	.....433,068,953
PREFERRED STOCKS				
Public Utilities (Unaffiliated)	27. United States.....	.....	.....	.....
	28. Canada.....	.....	.....	.....
	29. Other Countries.....	.....	.....	.....
	30. Totals.....0	.....0	.....0	.....0
Banks, Trust and Insurance Companies (Unaffiliated)	31. United States.....	.....	.....	.....
	32. Canada.....	.....	.....	.....
	33. Other Countries.....2,248,250	.....2,248,250	.....1,992,400	.....
	34. Totals.....2,248,250	.....2,248,250	.....1,992,400	.....
Industrial and Miscellaneous (Unaffiliated)	35. United States.....	.....	.....	.....
	36. Canada.....	.....	.....	.....
	37. Other Countries.....	.....	.....	.....
	38. Totals.....0	.....0	.....0	.....0
Parent, Subsidiaries and Affiliates	39. Totals.....	.....	.....	.....
	40. Total Preferred Stocks.....2,248,250	.....2,248,250	.....1,992,400	.....
COMMON STOCKS				
Public Utilities (Unaffiliated)	41. United States.....	.....	.....	.....
	42. Canada.....	.....	.....	.....
	43. Other Countries.....	.....	.....	.....
	44. Totals.....0	.....0	.....0	.....0
Banks, Trust and Insurance Companies (Unaffiliated)	45. United States.....	.....	.....	.....
	46. Canada.....	.....	.....	.....
	47. Other Countries.....	.....	.....	.....
	48. Totals.....0	.....0	.....0	.....0
Industrial and Miscellaneous (Unaffiliated)	49. United States.....	.....	.....	.....
	50. Canada.....	.....	.....	.....
	51. Other Countries.....	.....	.....	.....
	52. Totals.....0	.....0	.....0	.....0
Parent, Subsidiaries and Affiliates	53. Totals.....	.....	.....	.....
	54. Total Common Stocks.....0	.....0	.....0	.....0
	55. Total Stocks.....2,248,250	.....2,248,250	.....1,992,400	.....
	56. Total Bonds and Stocks.....464,673,480	.....470,832,875	.....470,255,268	.....

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....265,228,090.

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year.....	335,411,711		6. Foreign exchange adjustment:		
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	537,623,868		6.1 Column 17, Part 1.....	_____	
3. Increase (decrease) by adjustment:			6.2 Column 13, Part 2, Section 1.....	_____	
3.1 Column 16, Part 1.....	(2,484,726)		6.3 Column 11, Part 2, Section 2.....	_____	
3.2 Column 12, Part 2, Section 1.....	78,200		6.4 Column 11, Part 4.....	_____	0
3.3 Column 10, Part 2, Section 2.....	_____		7. Book/adjusted carrying value at end of current period.....	_____	464,673,480
3.4 Column 10, Part 4.....	(231,450)	(2,637,976)	8. Total valuation allowance.....	_____	
4. Total gain (loss), Column 14, Part 4.....	8,479,333		9. Subtotal (Lines 7 plus 8).....	_____	464,673,480
5. Deduct consideration for bonds and stocks disposed of, Column 6, Part 4...	414,203,456		10. Total nonadmitted amounts.....	_____	
			11. Statement value of bonds and stocks, current period.....	_____	464,673,480

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments					
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	XXX.....	XXX.....	XXX.....	72.....	10.....	14.....	1.....	7.....	.....	18.....	83.....	XXX.....
2. 1993.....	103,276.....	8,988.....	94,288.....	57,243.....	7,454.....	2,419.....	255.....	7,729.....	1.....	2,665.....	59,682.....	XXX.....	
3. 1994.....	137,535.....	11,348.....	126,187.....	79,628.....	8,121.....	3,178.....	254.....	10,214.....	2.....	3,934.....	84,643.....	XXX.....	
4. 1995.....	162,482.....	9,569.....	152,912.....	98,035.....	7,121.....	3,847.....	226.....	12,310.....	5.....	4,932.....	106,840.....	XXX.....	
5. 1996.....	183,264.....	7,537.....	175,728.....	109,804.....	5,581.....	4,776.....	164.....	16,210.....	24.....	5,772.....	125,020.....	XXX.....	
6. 1997.....	228,513.....	3,548.....	224,965.....	131,453.....	2,433.....	5,803.....	66.....	23,345.....	105.....	7,277.....	157,998.....	XXX.....	
7. 1998.....	277,521.....	3,067.....	274,455.....	161,452.....	2,435.....	5,206.....	60.....	30,066.....	178.....	9,520.....	194,052.....	XXX.....	
8. 1999.....	321,953.....	4,171.....	317,782.....	199,426.....	2,333.....	5,346.....	68.....	34,284.....	385.....	12,887.....	236,270.....	XXX.....	
9. 2000.....	360,710.....	6,065.....	354,645.....	225,537.....	3,244.....	4,646.....	105.....	40,081.....	366.....	15,652.....	266,548.....	XXX.....	
10. 2001.....	404,271.....	4,343.....	399,928.....	208,857.....	2,275.....	2,562.....	18.....	44,673.....	284.....	15,293.....	253,514.....	XXX.....	
11. 2002.....	500,674.....	5,439.....	495,236.....	187,062.....	1,553.....	695.....	3.....	44,322.....	277.....	9,767.....	230,246.....	XXX.....	
12. Totals.....	XXX.....	XXX.....	XXX.....	1,458,569.....	42,560.....	38,491.....	1,220.....	263,241.....	1,627.....	87,715.....	1,714,895.....	XXX.....	

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	433.....	86.....	218.....	5.....	23.....	0.....	.....	.....	4.....	0.....	.....	588.....	XXX.....
2. 1993.....	75.....	15.....	9.....	9.....	8.....	0.....	0.....	1.....	3.....	0.....	2.....	71.....	XXX.....
3. 1994.....	157.....	56.....	9.....	9.....	14.....	0.....	0.....	1.....	4.....	0.....	6.....	118.....	XXX.....
4. 1995.....	421.....	294.....	114.....	76.....	32.....	0.....	10.....	4.....	15.....	1.....	17.....	217.....	XXX.....
5. 1996.....	364.....	54.....	123.....	91.....	66.....	2.....	10.....	8.....	25.....	1.....	41.....	433.....	XXX.....
6. 1997.....	1,140.....	131.....	214.....	84.....	209.....	4.....	16.....	7.....	63.....	2.....	94.....	1,415.....	XXX.....
7. 1998.....	2,110.....	27.....	321.....	47.....	400.....	4.....	26.....	2.....	262.....	2.....	196.....	3,037.....	XXX.....
8. 1999.....	5,748.....	208.....	1,258.....	80.....	1,112.....	9.....	196.....	4.....	630.....	4.....	477.....	8,638.....	XXX.....
9. 2000.....	14,587.....	281.....	3,127.....	132.....	2,645.....	19.....	463.....	7.....	1,405.....	9.....	1,210.....	21,779.....	XXX.....
10. 2001.....	30,809.....	899.....	7,108.....	222.....	4,444.....	45.....	1,009.....	11.....	3,201.....	17.....	2,861.....	45,378.....	XXX.....
11. 2002.....	76,997.....	1,499.....	23,273.....	607.....	7,352.....	67.....	3,159.....	31.....	11,659.....	24.....	11,220.....	120,213.....	XXX.....
12. Totals..	132,842.....	3,548.....	35,772.....	1,362.....	16,304.....	151.....	4,890.....	76.....	17,273.....	61.....	16,123.....	201,885.....	XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	.....	.....	XXX.....	561.....	27.....
2. 1993..	67,487.....	7,735.....	59,753.....	65.3.....	86.1.....	63.4.....	.....	.....	6.00.....	60.....	11.....
3. 1994..	93,204.....	8,443.....	84,761.....	67.8.....	74.4.....	67.2.....	.....	.....	6.00.....	100.....	17.....
4. 1995..	114,783.....	7,727.....	107,056.....	70.6.....	80.7.....	70.0.....	.....	.....	6.00.....	165.....	52.....
5. 1996..	131,379.....	5,925.....	125,453.....	71.7.....	78.6.....	71.4.....	.....	.....	6.00.....	343.....	90.....
6. 1997..	162,243.....	2,831.....	159,413.....	71.0.....	79.8.....	70.9.....	.....	.....	6.00.....	1,139.....	276.....
7. 1998..	199,843.....	2,755.....	197,088.....	72.0.....	89.8.....	71.8.....	.....	.....	6.00.....	2,357.....	679.....
8. 1999..	247,999.....	3,091.....	244,908.....	77.0.....	74.1.....	77.1.....	.....	.....	6.00.....	6,718.....	1,920.....
9. 2000..	292,491.....	4,165.....	288,327.....	81.1.....	68.7.....	81.3.....	.....	.....	6.00.....	17,301.....	4,478.....
10. 2001..	302,663.....	3,771.....	298,892.....	74.9.....	86.8.....	74.7.....	.....	.....	6.00.....	36,796.....	8,582.....
11. 2002..	354,520.....	4,062.....	350,458.....	70.8.....	74.7.....	70.8.....	.....	.....	6.00.....	98,164.....	22,048.....
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0.....	0.....	XXX.....	163,705.....	38,180.....

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 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	11 One Year	12 Two Year
1. Prior.....	28,992	21,514	19,520	18,927	18,394	18,035	17,902	18,105	17,867	17,887	20	(218)
2. 1993.....	58,346	54,240	53,840	52,866	52,532	52,195	52,001	52,026	52,031	52,021	(10)	(5)
3. 1994.....	XXX	79,536	77,880	76,410	75,344	75,099	74,805	74,652	74,687	74,545	(142)	(107)
4. 1995.....	XXX	XXX	101,172	97,866	96,146	94,979	94,942	95,020	94,809	94,737	(72)	(283)
5. 1996.....	XXX	XXX	XXX	114,476	111,394	109,377	108,731	109,432	109,221	109,243	22	(189)
6. 1997.....	XXX	XXX	XXX	XXX	141,575	136,073	136,669	136,014	136,245	136,111	(134)	97
7. 1998.....	XXX	XXX	XXX	XXX	XXX	166,380	167,317	166,718	167,291	166,940	(351)	222
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	205,264	210,411	210,402	210,384	(18)	(28)
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	252,070	245,379	247,216	1,837	(4,854)
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	251,743	251,319	(424)	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	294,778	XXX	XXX
12. Totals.....											728	(5,365)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
1. Prior.....	.000	8,820	12,831	14,683	16,021	16,583	16,787	17,034	17,228	17,303	XXX	XXX
2. 1993.....	29,559	43,015	47,925	49,988	51,063	51,541	51,731	51,827	51,927	51,954	XXX	XXX
3. 1994.....	XXX	44,710	63,244	68,921	71,972	73,431	74,051	74,285	74,390	74,431	XXX	XXX
4. 1995.....	XXX	XXX	59,391	80,294	87,694	91,493	93,471	94,184	94,340	94,535	XXX	XXX
5. 1996.....	XXX	XXX	XXX	67,729	92,105	100,905	105,051	107,446	108,319	108,834	XXX	XXX
6. 1997.....	XXX	XXX	XXX	XXX	85,405	114,709	126,146	131,169	133,407	134,758	XXX	XXX
7. 1998.....	XXX	XXX	XXX	XXX	XXX	107,355	143,742	155,172	160,961	164,163	XXX	XXX
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	136,556	178,678	193,996	202,371	XXX	XXX
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	161,594	207,115	226,833	XXX	XXX
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	160,966	209,125	XXX	XXX
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	186,201	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1 1993	2 1994	3 1995	4 1996	5 1997	6 1998	7 1999	8 2000	9 2001	10 2002
1. Prior.....	7,313	1,920	1,104	634	324	202	75	73	96	213
2. 1993.....	7,611	1,886	956	376	305	165		(4)	0	(1)
3. 1994.....	XXX	7,191	2,384	1,211	452	389	199	(20)	38	(1)
4. 1995.....	XXX	XXX	8,370	2,884	1,411	558	342	(49)	46	44
5. 1996.....	XXX	XXX	XXX	9,723	3,084	1,278	438	430	125	34
6. 1997.....	XXX	XXX	XXX	XXX	12,704	3,393	1,739	639	537	139
7. 1998.....	XXX	XXX	XXX	XXX	XXX	13,748	4,584	1,812	1,205	297
8. 1999.....	XXX	XXX	XXX	XXX	XXX	XXX	13,878	4,766	2,795	1,370
9. 2000.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	17,904	6,754	3,452
10. 2001.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	20,921	7,884
11. 2002.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	25,794

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Is Insurer Licensed? (Yes or No)	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Pur- chasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	NO								
2. Alaska.....AK	YES				1,136	11,326	154,307		
3. Arizona.....AZ	YES				12,980	(22,905)	9,188		
4. Arkansas.....AR	NO								
5. California.....CA	NO								
6. Colorado.....CO	YES	(11,422)	186,119		3,442,102	1,069,183	3,233,844	2,356	
7. Connecticut.....CT	NO								
8. Delaware.....DE	YES								
9. District of Columbia.....DC	YES								
10. Florida.....FL	NO								
11. Georgia.....GA	YES	116,560,654	104,346,399		52,029,664	57,578,163	37,662,312	2,290,590	
12. Hawaii.....HI	YES								
13. Idaho.....ID	YES								
14. Illinois.....IL	NO								
15. Indiana.....IN	YES	603,969	4,324,567		2,755,326	2,379,859	1,369,488	90,890	
16. Iowa.....IA	YES								
17. Kansas.....KS	NO								
18. Kentucky.....KY	YES	2,633	3,230		1	77	90	10	
19. Louisiana.....LA	S/L								
20. Maine.....ME	YES								
21. Maryland.....MD	YES								
22. Massachusetts.....MA	NO								
23. Michigan.....MI	YES								
24. Minnesota.....MN	YES								
25. Mississippi.....MS	YES								
26. Missouri.....MO	YES	23	21			2	2		
27. Montana.....MT	YES								
28. Nebraska.....NE	YES								
29. Nevada.....NV	YES	2,228,772	1,061,995		480,778	610,021	349,342	26,718	
30. New Hampshire.....NH	NO								
31. New Jersey.....NJ	YES								
32. New Mexico.....NM	YES	17,321,694	16,441,911		9,581,286	10,490,333	4,548,560	341,306	
33. New York.....NY	YES								
34. North Carolina.....NC	YES	(16)	116		273,141	(40,621)	6,370	25	
35. North Dakota.....ND	NO								
36. Ohio.....OH	YES	258,089,638	270,481,296		161,155,083	156,438,463	111,860,217	6,215,467	
37. Oklahoma.....OK	YES	10,009,102	11,438,090		7,030,421	6,637,274	2,766,848	210,189	
38. Oregon.....OR	YES	13,614,117	13,522,549		6,966,008	7,636,666	4,297,550	429,523	
39. Pennsylvania.....PA	NO								
40. Rhode Island.....RI	YES								
41. South Carolina.....SC	YES	10,243,947	7,800,142		2,764,081	4,148,444	1,384,363	284,013	
42. South Dakota.....SD	YES								
43. Tennessee.....TN	YES								
44. Texas.....TX	YES								
45. Utah.....UT	YES	(25,943)	608,445		770,905	387,642	767,509	6,776	
46. Vermont.....VT	NO								
47. Virginia.....VA	YES	26,588,489	23,347,235		10,719,545	13,798,741	4,604,852	674,608	
48. Washington.....WA	YES	29,060,789	30,696,925		16,519,125	20,375,502	12,120,198	311,156	
49. West Virginia.....WV	YES								
50. Wisconsin.....WI	NO								
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).....36	484,286,446	484,259,040	0	274,501,582	281,498,170	185,135,040	10,883,627	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

109.1

OWNERSHIP	COMPANY	STATE OF INCORPORATION	FEDERAL IDENTIFICATION NO.	NAIC GROUP AND COMPANY CODES
1	PCIC CANADA HOLDINGS, LTD.	CAN		
1	3841189 CANADA, INC.	CAN		
1	1890 INSURANCE AGENCY, INC	WY	83-0322664	
1	MIDLAND FINANCIAL GROUP, INC.	TN	62-1104818	
3	AGENTS FINANCIAL SERVICES, INC. (40%)	FL	65-0121341	
1	MIDLAND RISK SERVICES, INC.	TN	62-1346765	
3	MIDLAND RISK SERVICES-ARIZONA, INC (85%)	AZ	86-0688693	
1	PROGRESSIVE HOME INSURANCE COMPANY	OH	62-0484104	155-11851
1	SPECIALTY RISK INSURANCE COMPANY	OH	62-1444848	155-44288
1	AIRY INSURANCE CENTER, INC.	PA	23-2523368	
1	EXPRESS QUOTE SERVICES, INC.	FL	65-0288746	
1	GARDEN SUN INSURANCE SERVICES, INC.	HI	99-0311966	
1	GREENBERG FINANCIAL INSURANCE SERVICES, INC.	CA	31-1119149	
1	HUSKY SUN INSURANCE SERVICES, INC.	WA	91-1700619	
1	INSURANCE CONFIRMATION SERVICES, INC.	DE	38-2788841	
1	LAKESIDE INSURANCE AGENCY, INC.	OH	34-6521173	
1	MARYLAND AUTO INSURANCE SOLUTIONS, INC.	MD	52-1519929	
1	MOUNTAINSIDE INSURANCE AGENCY, INC.	CO	84-1080317	
1	PACIFIC MOTOR CLUB	CA	95-2706008	
1	PROGNY AGENCY, INC.	NY	11-3203413	
1	PROGRESSIVE ADJUSTING COMPANY, INC.	OH	34-1574447	
1	PROGRESSIVE AGENCY HOLDINGS CORP.	OH	31-1559175	
1	PROGRESSIVE AUTO PRO INSURANCE AGENCY, INC.	FL	58-1772717	
1	PROGRESSIVE CAPITAL MANAGEMENT CORP.	NY	13-3673368	
1	PROGRESSIVE DIRECTRAC SERVICE CORP.	TX	74-2870646	
1	PROGRESSIVE INSURANCE AGENCY, INC.	OH	34-6513737	
1	PROGRESSIVE INVESTMENT COMPANY, INC.	DE	34-1378861	
1	RRM HOLDINGS, INC.	DE	52-2066127	
1	PROGRESSIVE PREMIUM BUDGET, INC.	OH	34-6530101	
1	PROGRESSIVE RESOURCE SERVICES COMPANY	OH	34-1574448	
1	PROGRESSIVE SPECIALTY INSURANCE AGENCY, INC.	OH	34-1804869	
1	SILVER KEY INSURANCE AGENCY, INC.	NV	88-0342601	
1	THE PROGRESSIVE AGENCY, INC.	VA	54-1394194	
1	THE PROGRESSIVE INSURANCE FOUNDATION	OH	30-0013138	
1	UNITED FINANCIAL INSURANCE AGENCY, INC.	WA	91-1709749	
1	VILLAGE TRANSPORT CORP.	DE	51-0295493	
1	WILSON MILLS LAND CO.	OH	34-1324270	

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