



ANNUAL STATEMENT

For the Year Ended December 31, 2011

of the Condition and Affairs of the

UNITED FINANCIAL CASUALTY COMPANY

NAIC Group Code.....155	NAIC Company Code..... 11770	Employer's ID Number..... 36-3298008
(Current Period) (Prior Period)		
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... June 13, 1984	Commenced Business..... August 10, 1984	
Statutory Home Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182	
	(Street and Number) (City or Town, State and Zip Code)	
Main Administrative Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182	440-461-5000
	(Street and Number) (City or Town, State and Zip Code)	(Area Code) (Telephone Number)
Mail Address	P.O. BOX 89490..... CLEVELAND OH 44101-6490	
	(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..... CLEVELAND OH 44143-2182	440-395-4460
	(Street and Number) (City or Town, State and Zip Code)	(Area Code) (Telephone Number)
Internet Web Site Address	PROGRESSIVE.COM	
Statutory Statement Contact	MARY BETH ANDREANO	440-395-4460
	(Name)	(Area Code) (Telephone Number) (Extension)
	FINANCIAL_REPORTING@PROGRESSIVE.COM	440-446-7168
	(E-Mail Address)	(Fax Number)

POLICYHOLDER SERVICES AND CLAIMS REPORTING -- 1-800-PROGRESSIVE (1-800-776-4737)

OFFICERS

Name	Title	Name	Title
MICHAEL WILLIAM BISSLER	PRESIDENT	PATRICIA MITCHELL CORWIN	SECRETARY
KEVIN PATRICK MAHER	TREASURER		

OTHER

PATRICIA ONODY BEMER	(VICE PRESIDENT)	WILLIAM RAYMOND KAMPF	(VICE PRESIDENT)
SANDRA LEE RIHVALSKY	(VICE PRESIDENT)	MARGARET ANN ROSE	(ASST. SECRETARY)

DIRECTORS OR TRUSTEES

PATRICIA ONODY BEMER	MICHAEL WILLIAM BISSLER	JEANETTE LOUISE HISEK #	WILLIAM RAYMOND KAMPF
KEVIN PATRICK MAHER			

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. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) MICHAEL WILLIAM BISSLER	(Signature) MARGARET ANN ROSE	(Signature) KEVIN PATRICK MAHER
1. (Printed Name) PRESIDENT	2. (Printed Name) ASSISTANT SECRETARY	3. (Printed Name) TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me

This 16TH day of FEBRUARY, 2012

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 (Schedule D).....	1,044,202,664		1,044,202,664	1,179,007,991
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	64,730,356		64,730,356	72,160,625
2.2 Common stocks.....	198,838,496		198,838,496	109,532,701
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 (\$.....0, Sch. E-Part 1), cash equivalents (\$....16,799,981, Sch. E-Part 2) and short-term investments (\$....279,060, Sch. DA).....	17,079,041		17,079,041	28,208,489
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	404,347		404,347	
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,325,254,904	0	1,325,254,904	1,388,909,806
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	10,248,845		10,248,845	11,206,382
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in course of collection.....	30,740,419	1,683,416	29,057,003	29,842,286
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	196,426,422		196,426,422	182,975,138
15.3 Accrued retrospective premiums.....	1,006		1,006	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....			0	
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	43,415,184		43,415,184	43,276,839
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	25,556,391		25,556,391	36,868,315
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	946,034	485,846	460,188	447,247
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,632,589,205	2,169,262	1,630,419,943	1,693,526,013
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	1,632,589,205	2,169,262	1,630,419,943	1,693,526,013

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. STATE UNEARNED SURCHARGE RECOVERABLE.....	460,188		460,188	447,247
2502. PREPAID EXPENSES.....	484,328	484,328	0	
2503. MISCELLANEOUS OTHER ASSETS.....	1,518	1,518	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).....	946,034	485,846	460,188	447,247

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	561,713,289	612,826,163
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	98,092,693	92,621,698
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	113,888,353	122,788,681
4. Commissions payable, contingent commissions and other similar charges.....	301,693	267,775
5. Other expenses (excluding taxes, licenses and fees).....	115,577	74,194
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	2,837,248	2,481,615
7.1 Current federal and foreign income taxes (including \$....(958,991) on realized capital gains (losses)).....	14,114,386	18,344,670
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$....7,101 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	421,201,748	408,235,802
10. Advance premium.....	3,621,182	3,869,884
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	1,556	354
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (Schedule F, Part 7).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	17,591,330	18,518,219
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	6,675,275	7,210,112
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	1,240,154,330	1,287,239,167
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	1,240,154,330	1,287,239,167
29. Aggregate write-ins for special surplus funds.....	5,224,627	4,692,151
30. Common capital stock.....	3,008,000	3,008,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	221,373,432	221,373,432
35. Unassigned funds (surplus).....	160,659,554	177,213,263
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	390,265,613	406,286,846
38. TOTALS (Page 2, Line 28, Col. 3).....	1,630,419,943	1,693,526,013

DETAILS OF WRITE-INS

2501. STATE PLAN LIABILITY.....	5,734,386	6,530,623
2502. OTHER LIABILITIES.....	440,136	478,251
2503. PREMIUM REFUND LIABILITY.....	321,091	25,294
2598. Summary of remaining write-ins for Line 25 from overflow page.....	179,662	175,944
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	6,675,275	7,210,112
2901. SPECIAL SURPLUS FUNDS PER SSAP 10R.....	5,224,627	4,692,151
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	5,224,627	4,692,151
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

UNITED FINANCIAL CASUALTY COMPANY
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	962,166,209	1,040,238,641
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	525,446,049	560,262,878
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	91,113,110	96,692,947
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	206,181,136	215,260,494
5. Aggregate write-ins for underwriting deductions.....	0	0
6. Total underwriting deductions (Lines 2 through 5).....	822,740,295	872,216,319
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	139,425,914	168,022,322
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	45,880,098	48,531,604
10. Net realized capital gains (losses) less capital gains tax of \$....2,114,650 (Exhibit of Capital Gains (Losses)).....	6,206,643	15,302,997
11. Net investment gain (loss) (Lines 9 + 10).....	52,086,741	63,834,601
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....318,416 amount charged off \$....7,281,821).....	(6,963,405)	(8,492,909)
13. Finance and service charges not included in premiums.....	4,547,732	5,147,059
14. Aggregate write-ins for miscellaneous income.....	6,777,280	6,253,941
15. Total other income (Lines 12 through 14).....	4,361,607	2,908,091
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	195,874,262	234,765,014
17. Dividends to policyholders.....		
18. Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	195,874,262	234,765,014
19. Federal and foreign income taxes incurred.....	61,708,836	68,158,859
20. Net income (Line 18 minus Line 19) (to Line 22).....	134,165,426	166,606,155
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	406,286,846	405,404,803
22. Net income (from Line 20).....	134,165,426	166,606,155
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(2,160,118).....	(4,011,648)	12,675,103
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(2,021,773)	(17,319,388)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28 Column 3).....	314,286	28,747,958
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(145,000,000)	(185,826,684)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	532,476	(4,001,101)
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(16,021,233)	882,043
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	390,265,613	406,286,846

DETAILS OF WRITE-INS

0501.....		
0502.....		
0503.....		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0
1401. FINANCE & SERVICE CHARGE REVENUE ASSUMED.....	6,709,124	6,203,100
1402. MISCELLANEOUS OTHER INCOME	49,741	2,146
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	21,718	58,784
1498. Summary of remaining write-ins for Line 14 from overflow page.....	(3,303)	(10,089)
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	6,777,280	6,253,941
3701. ADDITIONAL ADMITTED DEFERRED TAX ASSET PER SSAP 10R.....	532,476	(3,915,838)
3702. CHANGE IN ELIMINATION IN DEFERRED UNREALIZED GAIN PER SSAP 25 NET OF CAPITAL GAINS TAX.....		(85,263)
3703.....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	532,476	(4,001,101)

UNITED FINANCIAL CASUALTY COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	962,929,798	1,033,339,675
2. Net investment income.....	77,673,448	74,518,629
3. Miscellaneous income.....	4,213,788	2,770,800
4. Total (Lines 1 through 3).....	1,044,817,034	1,110,629,104
5. Benefit and loss related payments.....	571,087,928	595,452,183
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	305,775,818	322,751,107
7. Commissions, expenses paid and aggregate write-ins for deductions.....	.....	.....
8. Dividends paid to policyholders.....	.....	.....
9. Federal and foreign income taxes paid (recovered) net of \$....3,791,751 tax on capital gains (losses).....	68,053,770	66,633,783
10. Total (Lines 5 through 9).....	944,917,516	984,837,073
11. Net cash from operations (Line 4 minus Line 10).....	99,899,518	125,792,031
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	783,874,525	526,625,539
12.2 Stocks.....	15,839,960	11,810,234
12.3 Mortgage loans.....	.....	.....
12.4 Real estate.....	.....	.....
12.5 Other invested assets.....	.....	.....
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	.....	.....
12.7 Miscellaneous proceeds.....	.....	.....
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	799,714,485	538,435,773
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	671,804,683	405,978,349
13.2 Stocks.....	103,654,110	54,800,998
13.3 Mortgage loans.....	.....	.....
13.4 Real estate.....	.....	.....
13.5 Other invested assets.....	.....	.....
13.6 Miscellaneous applications.....	404,347	.....
13.7 Total investments acquired (Lines 13.1 to 13.6).....	775,863,140	460,779,347
14. Net increase (decrease) in contract loans and premium notes.....	.....	.....
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	23,851,345	77,656,426
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):	.....	.....
16.1 Surplus notes, capital notes.....	.....	.....
16.2 Capital and paid in surplus, less treasury stock.....	.....	.....
16.3 Borrowed funds.....	.....	.....
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	.....	.....
16.5 Dividends to stockholders.....	145,000,000	185,826,684
16.6 Other cash provided (applied).....	10,119,689	10,500,516
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(134,880,311)	(175,326,168)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	(11,129,448)	28,122,289
19. Cash, cash equivalents and short-term investments:	.....	.....
19.1 Beginning of year.....	28,208,489	86,200
19.2 End of year (Line 18 plus Line 19.1).....	17,079,041	28,208,489

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001
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UNITED FINANCIAL CASUALTY 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 1	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.....				0
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....				0
5. Commercial multiple peril.....				0
6. Mortgage guaranty.....				0
8. Ocean marine.....				0
9. Inland marine.....	31,294,776	15,317,156	15,280,840	31,331,092
10. Financial guaranty.....				0
11.1 Medical professional liability - occurrence.....				0
11.2 Medical professional liability - claims-made.....				0
12. Earthquake.....				0
13. Group accident and health.....				0
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....				0
17.1 Other liability - occurrence.....	8,234,575	4,108,166	3,949,358	8,393,383
17.2 Other liability - claims-made.....				0
17.3 Excess workers' compensation.....				0
18.1 Products liability - occurrence.....				0
18.2 Products liability - claims-made.....				0
19.1, 19.2 Private passenger auto liability.....	175,709,412	50,453,285	53,663,435	172,499,262
19.3, 19.4 Commercial auto liability.....	510,493,690	237,801,495	245,067,156	503,228,029
21. Auto physical damage.....	249,399,704	100,555,700	103,240,960	246,714,444
22. Aircraft (all perils).....				0
23. Fidelity.....				0
24. Surety.....				0
26. Burglary and theft.....				0
27. Boiler and machinery.....				0
28. Credit.....				0
29. International.....				0
30. Warranty.....				0
31. Reinsurance - nonproportional assumed property.....				0
32. Reinsurance - nonproportional assumed liability.....				0
33. Reinsurance - nonproportional assumed financial lines.....				0
34. Aggregate write-ins for other lines of business.....	0	0	0	0
35. TOTALS.....	975,132,157	408,235,802	421,201,749	962,166,210

DETAILS OF WRITE-INS

3401.				0
3402.				0
3403.				0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0

UNITED FINANCIAL CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					0
2. Allied lines.....					0
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....					0
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....					0
9. Inland marine.....	15,280,840				15,280,840
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....					0
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....					0
17.1 Other liability - occurrence.....	3,949,358				3,949,358
17.2 Other liability - claims-made.....					0
17.3 Excess workers' compensation.....					0
18.1 Products liability - occurrence.....					0
18.2 Products liability - claims-made.....					0
19.1, 19.2 Private passenger auto liability.....	53,663,435				53,663,435
19.3, 19.4 Commercial auto liability.....	245,067,156				245,067,156
21. Auto physical damage.....	103,240,960				103,240,960
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....					0
26. Burglary and theft.....					0
27. Boiler and machinery.....					0
28. Credit.....					0
29. International.....					0
30. Warranty.....					0
31. Reinsurance - nonproportional assumed property.....					0
32. Reinsurance - nonproportional assumed liability.....					0
33. Reinsurance - nonproportional assumed financial lines.....					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0
35. TOTALS.....	421,201,749	0	0	0	421,201,749
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					421,201,749

DETAILS OF WRITE-INS

3401.					0
3402.					0
3403.					0
3498. Summary of remaining write-ins for Line 34 from overflow page....	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0

(a) State here basis of computation used in each case: Pro Rata

UNITED FINANCIAL CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						0
2. Allied lines.....						0
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....						0
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....	5,973,223	25,321,553				31,294,776
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....	1,289,402	6,945,173				8,234,575
17.2 Other liability - claims-made.....						0
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	14,929,527	160,779,885				175,709,412
19.3, 19.4 Commercial auto liability.....	293,982,654	216,521,329			10,293	510,493,690
21. Auto physical damage.....	105,424,868	143,974,836				249,399,704
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....						0
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX					0
32. Reinsurance - nonproportional assumed liability.....	XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	421,599,674	553,542,776	0	0	10,293	975,132,157

DETAILS OF WRITE-INS

3401.....						0
3402.....						0
3403.....						0
3498. Summary of remaining write-ins for Line 34 from overflow page..	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT**PART 2 - LOSSES PAID AND INCURRED**

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0				0
2. Allied lines.....				0				0
3. Farmowners multiple peril.....				0				0
4. Homeowners multiple peril.....				0				0
5. Commercial multiple peril.....				0				0
6. Mortgage guaranty.....				0				0
8. Ocean marine.....				0				0
9. Inland marine.....	1,952,274	.8,642,036		10,594,310	1,918,777	2,247,790	10,265,297	32.8
10. Financial guaranty.....				0				0
11.1 Medical professional liability - occurrence.....				0				0
11.2 Medical professional liability - claims-made.....				0				0
12. Earthquake.....				0				0
13. Group accident and health.....				0				0
14. Credit accident and health (group and individual).....				0				0
15. Other accident and health.....				0				0
16. Workers' compensation.....				0				0
17.1 Other liability - occurrence.....	.267,653	.2,250,102		.2,517,755	.2,725,841	.4,110,208	.1,133,388	13.5
17.2 Other liability - claims-made.....				0				0
17.3 Excess workers' compensation.....				0				0
18.1 Products liability - occurrence.....				0				0
18.2 Products liability - claims-made.....				0				0
19.1, 19.2 Private passenger auto liability.....	.7,045,915	.88,332,966		.95,378,881	.94,842,832	.84,433,813	.105,787,900	.61.3
19.3, 19.4 Commercial auto liability.....	.185,919,568	.125,790,856		.311,710,424	.457,544,385	.517,647,592	.251,607,217	.50.0
21. Auto physical damage.....	.67,241,177	.89,116,375		.156,357,552	.4,681,455	.4,386,761	.156,652,246	.63.5
22. Aircraft (all perils).....				0				0
23. Fidelity.....				0				0
24. Surety.....				0				0
26. Burglary and theft.....				0				0
27. Boiler and machinery.....				0				0
28. Credit.....				0				0
29. International.....				0				0
30. Warranty.....				0				0
31. Reinsurance - nonproportional assumed property.....	XXX.			0				0
32. Reinsurance - nonproportional assumed liability.....	XXX.			0				0
33. Reinsurance - nonproportional assumed financial lines.....	XXX.			0				0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0
35. TOTALS.....	262,426,587	314,132,335	0	.576,558,922	.561,713,290	.612,826,164	.525,446,048	.54.6

DETAILS OF WRITE-INS

3401.					0			0
3402.					0			0
3403.					0			0
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX.
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT**PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES**

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....				0				0	
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....	282,547	626,112		908,659	199,919	810,199		1,918,777	399,662
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0				0	
12. Earthquake.....				0				0	
13. Group accident and health.....				0				(a)	0
14. Credit accident and health (group and individual).....				0				0	
15. Other accident and health.....				0				(a)	0
16. Workers' compensation.....				0				0	
17.1 Other liability - occurrence.....	233,178	1,696,239		1,929,417	30,189	766,235		2,725,841	346,601
17.2 Other liability - claims-made.....				0				0	
17.3 Excess workers' compensation.....				0				0	
18.1 Products liability - occurrence.....				0				0	
18.2 Products liability - claims-made.....				0				0	
19.1, 19.2 Private passenger auto liability.....	6,141,130	66,419,803		.72,560,933	1,269,905	.21,011,994		94,842,832	19,004,480
19.3, 19.4 Commercial auto liability.....	239,852,984	143,672,582		383,525,566	41,565,685	32,455,513		457,544,385	91,865,846
21. Auto physical damage.....	5,241,285	5,439,901		10,681,186	(2,329,666)	(3,670,065)		4,681,455	2,271,765
22. Aircraft (all perils).....				0				0	
23. Fidelity.....				0				0	
24. Surety.....				0				0	
26. Burglary and theft.....				0				0	
27. Boiler and machinery.....				0				0	
28. Credit.....				0				0	
29. International.....				0				0	
30. Warranty.....				0				0	
31. Reinsurance - nonproportional assumed property.....	XXX.			0	XXX.			0	
32. Reinsurance - nonproportional assumed liability.....	XXX.			0	XXX.			0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX.			0	XXX.			0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0		0	0
35. TOTALS.....	251,751,124	217,854,637	0	469,605,761	40,736,032	51,373,876	2,379	561,713,290	.113,888,354

DETAILS OF WRITE-INS

3401.				0				0	
3402.				0				0	
3403.				0				0	
3498. Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

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

UNITED FINANCIAL CASUALTY COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	7,138,720			7,138,720
1.2 Reinsurance assumed.....	10,201,857			10,201,857
1.3 Reinsurance ceded.....				0
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	17,340,577	0	0	17,340,577
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		38,003,080		38,003,080
2.2 Reinsurance assumed, excluding contingent.....		50,769,488		50,769,488
2.3 Reinsurance ceded, excluding contingent.....		(20)		(20)
2.4 Contingent - direct.....		301,406		301,406
2.5 Contingent - reinsurance assumed.....		1,618,625		1,618,625
2.6 Contingent - reinsurance ceded.....				0
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	90,692,619	0	90,692,619
3. Allowances to manager and agents.....		399,810		399,810
4. Advertising.....		7,718,550		7,718,550
5. Boards, bureaus and associations.....	237,056	222,743		459,799
6. Surveys and underwriting reports.....		6,878,400		6,878,400
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	43,938,122	48,691,962	675,776	93,305,860
8.2 Payroll taxes.....	3,115,090	3,821,174	21,556	6,957,820
9. Employee relations and welfare.....	7,849,686	7,641,855	51,013	15,542,553
10. Insurance.....				0
11. Directors' fees.....				0
12. Travel and travel items.....	3,296,158	925,405		4,221,563
13. Rent and rent items.....	4,245,671	3,761,293	32,363	8,039,327
14. Equipment.....	325,276	1,128,096		1,453,372
15. Cost or depreciation of EDP equipment and software.....	6,797,739	5,358,613		12,156,352
16. Printing and stationery.....	314,090	1,140,393	1,850	1,456,332
17. Postage, telephone and telegraph, exchange and express.....	3,000,362	8,053,844	5,903	11,060,109
18. Legal and auditing.....	526,103	1,033,213	128,201	1,687,516
19. Totals (Lines 3 to 18).....	73,645,353	96,775,349	916,660	171,337,362
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$....927.....		12,538,681		12,538,681
20.2 Insurance department licenses and fees.....		3,707,238		3,707,238
20.3 Gross guaranty association assessments.....		.53,739		.53,739
20.4 All other (excluding federal and foreign income and real estate).....		1,754,106		1,754,106
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	0	18,053,763	0	18,053,763
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	127,180	659,404	176,398	962,982
25. Total expenses incurred.....	91,113,110	206,181,135	1,093,058	(a).....298,387,304
26. Less unpaid expenses - current year.....	113,888,354	3,222,100	32,417	117,142,871
27. Add unpaid expenses - prior year.....	122,788,681	2,803,344	20,239	125,612,265
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	100,013,438	205,762,380	1,080,881	306,856,699

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	127,180	659,404	176,398	962,982
2402.				0
2403.				0
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).....	127,180	659,404	176,398	962,982

(a) Includes management fees of \$....79,181,008 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).....3,787,759	.....2,774,410
1.1 Bonds exempt from U.S. tax.....	(a).....7,060,668	.....6,642,972
1.2 Other bonds (unaffiliated).....	(a).....27,347,522	.....28,755,512
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....5,707,663	.....4,945,899
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....3,455,843	.....3,601,876
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....571,238	.....252,488
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....47,930,693	.....46,973,157
11. Investment expenses.....	(g).....1,093,058	.....
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	.....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....
16. Total deductions (Lines 11 through 15).....	.....	.....1,093,058
17. Net investment income (Line 10 minus Line 16).....	.....	.....45,880,099

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	.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....	.....0	.....0

(a) Includes \$....4,050,094 accrual of discount less \$....34,873,729 amortization of premium and less \$....1,144,287 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 \$....6,565 accrual of discount less \$....93,658 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 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....4,090,899	.....	.....4,090,899	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....0	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....5,080,465	.....(962,619)	.....4,117,846	.....(120,594)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....2,153,250	.....	.....2,153,250	.....(5,603,269)	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....(1,962,260)	.....(78,440)	.....(2,040,700)	.....(447,903)	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and 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).....	.....9,362,354	.....(1,041,059)	.....8,321,295	.....(6,171,766)	.....0

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 OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			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.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	1,683,416	2,371,268	687,852
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other than invested assets.....	485,846	644,756	158,910
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	2,169,262	3,016,024	846,762
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	2,169,262	3,016,024	846,762

DETAILS OF WRITE-INS

1101.....			0
1102.....			0
1103.....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501. PREPAID EXPENSES.....	484,328	644,256	159,928
2502. MISCELLANEOUS OTHER ASSETS.....	1,518	500	(1,018)
2503.....			0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	485,846	644,756	158,910

NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of United Financial Casualty 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 the state of Ohio to prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Ohio DOI. No deviations from NAIC statutory accounting policies ("NAIC SAP") were used in preparing these statutory-basis financial statements.

B. Use of Estimates

The Company is required to make estimates and assumptions when preparing its financial statements and accompanying notes in conformity with NAIC SAP. Actual results may differ from those estimates. Material estimates that are susceptible to significant changes in the near term include the loss and loss adjustment expense ("LAE") reserves and the Company's adjustment to realized losses for other-than-temporary impairment ("OTTI"), (see page 12, column 2, Exhibit of Capital Gains (Losses) and Note 1C).

C. Accounting Policies

Insurance premiums written are being earned into income on a pro-rata basis over the period of risk based on a daily earnings convention. Unearned premiums 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. Advertising costs are expensed as incurred.

Other income includes finance and service charges collected on premiums receivable and finance and service charges assumed under quota-share reinsurance agreements with three of the Company's non-pooled insurance company affiliates.

Certain assets designated as "nonadmitted assets", in accordance with Statement of Statutory Accounting Principles ("SSAP") No. 4, Assets and Nonadmitted Assets, are reported on page 13, Exhibit of Nonadmitted Assets. The change in nonadmitted assets is charged directly against surplus as regards policyholders on page 4, Statement of Income, capital and surplus section.

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.
- Investment grade bond valuations are based on NAIC designations or NAIC Acceptable Rating Organization ("ARO") designations and are reported at amortized cost using the scientific method which closely approximates the effective interest method. Non-investment grade bond valuations are also based on NAIC designations or NAIC ARO designations and are reported at the lower of amortized cost or fair market value. Loan-backed and structured securities follow the guidance prescribed by SSAP 43R, Loan-backed and Structured Securities ("SSAP 43R"), for the determination of the bond valuation and reporting designation. 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 fair market values based on active market closing quotations from a regulated exchange. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes.
- Non-redeemable preferred stocks are reported at fair market values. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes. Investment grade redeemable preferred stocks are reported at amortized cost, while non-investment grade redeemable preferred stocks are reported at the lower of amortized cost or fair market value. The difference between the original cost and redemption value of the redeemable preferred securities is recognized using the scientific method, which closely approximates the effective interest method, over the lives of the respective issues and included in net investment gain.
- The fair market values reported are derived from independent and observable market input evaluations provided by reputable pricing services, independent broker/dealer bid lists, independent broker/dealer quotations, independent broker/dealer pricing services, or active market closing quotations from a regulated exchange. In very rare cases, if none of the aforementioned primary sources are available, matrix pricing using the reporting entity's own market based assumptions may be utilized. The approved methods for computation of fair market value are prescribed in Part Five of the Securities Valuation Office Purposes and Procedures Manual.
- The Company has no investments in mortgage loans.
- Loan-backed and structured securities are accounted for as prescribed by SSAP 43R. These securities are generally stated at amortized cost as determined by the estimated value of future cash flows. Prepayment assumptions for loan-backed and structured securities are obtained from available market data, broker/dealers, and/or internal estimates, and are consistent with current interest rate and economic trends.
- The Company has no investments in derivatives.
- The Company has no investments in joint ventures, partnerships, or limited liability companies.
- Realized gains and losses on sales of securities are computed based on the first-in, first-out method.
- The Company's management routinely monitors individual securities in its investment portfolio for pricing changes that might indicate potential impairments and performs detailed reviews of securities with unrealized losses based on predetermined guidelines to determine whether a decline in the value of a security is other-than-temporary. A review for OTTI requires making certain judgments regarding the materiality of the decline, its effect on the financial statements, the probability, extent, and timing of a valuation recovery, and the Company's ability and intent to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market-related prospects of the issuer and its industry.

NOTES TO FINANCIAL STATEMENTS

Management assesses valuation declines to determine the extent to which such changes are attributable to (i) fundamental factors specific to the issuer, such as financial conditions, business prospects or other factors, or (ii) market-related factors such as interest rates or equity market declines (i.e., negative returns at either a sector index level or the broader market level), or (iii) credit-related losses where the present value of cash flows expected to be collected are lower than the amortized cost basis of the security (includes only those securities covered under SSAP 43R). This evaluation reflects management's assessment of current conditions, as well as predictions of uncertain future events that may have a material effect on the financial statements related to security valuation.

When persuasive evidence exists that causes management to conclude that a decline in fair value is other-than-temporary, the book value of such security is written down and recognized as a realized loss. All other unrealized gains or losses are reflected in statutory surplus.

Loss and Loss Adjustment Expense Reserves

- Loss reserves represent the estimated liability on claims reported to the Company, plus reserves for losses incurred but not yet reported ("IBNR"). These estimates are reported net of amounts recoverable from salvage and subrogation. LAE reserves represent the estimated expenses required to settle reported claims and IBNR losses. Such loss and LAE reserves could be susceptible to significant change in the near term. The Company conducts extensive reviews each month on portions of its business to help ensure that the Company is meeting its objective of always having reserves that are adequate with minimal variation. Results would differ if different assumptions were made (see Note 25).

Capitalization of Assets

- Prepaid assets above a \$100,000 threshold are capitalized. Under certain circumstances, the Company may decide to establish a prepaid expense for amounts less than the threshold. Prepaid assets are nonadmitted.

2. Accounting Changes and Corrections of Errors

Not applicable

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments**A. Mortgage Loans**

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

Under SSAP 43R, the Company analyzes its structured debt securities to determine if the Company intends to sell, or if it is more likely than not that the Company will be required to sell, the security prior to recovery and, if so, the Company writes down the security to its current fair market value with the entire amount of the write-down recorded as a realized loss. To the extent that it is more likely than not that the Company will hold the debt security until recovery (which could be maturity), the Company determines if any of the decline in value is due to a credit loss (i.e., where the present value of cash flows expected to be collected is lower than the amortized cost basis of the security) and, if so, the Company recognizes that portion of the impairment as a realized loss.

The sources used to determine prepayment assumptions are derived from updated cash flows from widely utilized reputable industry sources. The Company's portfolio managers review the available cash flow data and prepayment assumptions and make adjustments based on current performance indicators on the underlying assets (e.g., delinquency rates, foreclosure rates, and default rates), credit support (via current levels of subordination), and historical credit ratings.

As of December 31, 2011, the Company did not intend to sell the loan-backed or structured debt securities on which a credit loss was recognized, and determined that it is more likely than not that the Company will not be required to sell the securities prior to the recovery (which could be maturity) of their respective cost basis.

The following table shows, as of December 31, 2011, the Company's other-than-temporary impairment for loan-backed and structured debt securities since the adoption of SSAP No. 43R.

CUSIP	Amortized cost before current period other-than-temporary impairment	Projected Cash Flows	Recognized other-than-temporary Impairment	Amortized Cost after other-than-temporary Impairment	Fair Value at time of other-than-temporary impairment	Financial Statement date when other-than-temporary impairment was reported
68389FKP8	\$ 8,184,699	\$ 8,037,244	\$ 147,455	\$ 8,037,244	\$ 5,975,010	2009 - Q4
855541AB4	3,930,524	3,603,865	326,659	3,603,865	3,458,325	2010 - Q2
1266732M3	1,661,109	980,639	680,470	980,639	980,639	2010 - Q3
144531BE9	6,132,531	5,903,889	228,642	5,903,889	3,946,657	2011 - Q1
855541AB4	3,247,770	3,108,268	139,502	3,108,268	3,108,268	2011 - Q1
07387AGH2	1,939,622	1,865,096	74,526	1,865,096	1,819,457	2011 - Q2
94980QAA7	8,309,807	7,899,409	410,398	7,899,409	7,816,785	2011 - Q2
07387AGH2	1,861,317	1,751,766	109,551	1,751,766	1,605,437	2011 - Q4
Total	XXX	XXX	\$ 2,117,203	XXX	XXX	XXX

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2011, the Company had \$7,659,222 of gross unrealized losses in the Company's loan-backed and structured debt securities. The Company currently does not intend to sell the loan-backed and structured debt securities and determined that it is more likely than not that the Company will not be required to sell these securities for the period of time necessary to recover their cost basis. If the Company's strategy was to change and these securities were determined to be other-than-temporarily impaired, the Company would recognize a write-down in accordance with the Company's stated policy.

The following table shows, as of December 31, 2011, the composition of fair market value and gross unrealized losses on loan-backed and structured debt securities by the length of time that individual securities have been in a continuous unrealized loss position:

Fair Market Value	Unrealized Loss	Losses less than 12 Months	Losses greater than 12 months	Fair Market Value of losses less than 12 months	Fair Market Value of losses greater than 12 months
\$ 115,002,558	\$ 7,659,222	\$ 713,929	\$ 6,945,293	\$ 57,471,895	\$ 57,530,663

- E. Repurchase Agreements
 - Not applicable
- F. Real Estate
 - Not applicable
- G. Low Income Housing Tax Credits
 - Not applicable
- 6. Joint Ventures, Partnerships and Limited Liability Companies
 - Not applicable
- 7. Investment Income
 - A. Accrued Investment Income
 - The Company nonadmits investment income due and accrued if the amounts are greater than 90 days past due.
 - B. Amounts Nonadmitted
 - Not applicable
- 8. Derivative Instruments
 - Not applicable
- 9. Income Taxes
 - A. Components of the net deferred tax asset (liability) ("DTA"/"(DTL)")

1. The components of the DTA in accordance with SSAP 10R, Income Taxes, are as follows:

Description	December 31, 2011			December 31, 2010			Change		
	(1) Ordinary Income	(2) Capital gain (loss)	(3) (Col 1+2) Total	(4) Ordinary Income	(5) Capital gain (loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Income	(8) (Col 2-5) Capital gain (loss)	(9) (Col 7+8) Total
(a) Gross deferred tax assets	\$ 46,552,556	\$ 33,757,582	\$ 80,310,138	\$ 48,713,604	\$ 32,584,631	\$ 81,298,235	\$ (2,161,048)	\$ 1,172,951	\$ (988,097)
(b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 46,552,556	\$ 33,757,582	\$ 80,310,138	\$ 48,713,604	\$ 32,584,631	\$ 81,298,235	\$ (2,161,048)	\$ 1,172,951	\$ (988,097)
(d) Deferred tax liabilities	714,348	36,180,606	36,894,954	711,119	37,310,277	38,021,396	3,229	(1,129,671)	(1,126,442)
(e) Subtotal (net deferred tax assets) (1c-1d)	\$ 45,838,208	\$ (2,423,024)	\$ 43,415,184	\$ 48,002,485	\$ (4,725,646)	\$ 43,276,839	\$ (2,164,277)	\$ 2,302,622	\$ 138,345
(f) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(g) Net admitted deferred tax assets (1e-1f)	\$ 45,838,208	\$ (2,423,024)	\$ 43,415,184	\$ 48,002,485	\$ (4,725,646)	\$ 43,276,839	\$ (2,164,277)	\$ 2,302,622	\$ 138,345

2. The Company has elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10.e. for the reporting period ended December 31, 2011. The current period election does not differ from the prior year-end.
3. Ordinary income admitted adjusted gross deferred tax assets increased by \$5,224,627 as a result of applying SSAP No. 10R, paragraph 10.e.

NOTES TO FINANCIAL STATEMENTS

4. The admission calculation components of the DTA (gross DTA less nonadmitted DTA) in accordance with SSAP No. 10R are as follows:

Description	December 31, 2011			December 31, 2010			Change		
	(1) Ordinary Income	(2) Capital gain (loss)	(3) (Col 1+2) Total	(4) Ordinary Income	(5) Capital gain (loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Income	(8) (Col 2-5) Capital gain (loss)	(9) (Col 7+8) Total
Deferred Tax Assets admitted pursuant to SSAP No. 10R ¶10.a., ¶10.b., & ¶10.c.									
(a) ¶10.a.-amount recovered through loss carrybacks And	\$ 38,190,557	\$ -	\$ 38,190,557	\$ 38,584,688	\$ -	\$ 38,584,688	\$ (394,131)	\$ -	\$ (394,131)
(b) ¶10.b. (the lesser of paragraph 10.b.i. and 10.b.ii below)	-	-	-	-	-	-	-	-	-
(c) ¶10.b.i.-amount to be recognized within 1 year Or	-	-	-	-	-	-	-	-	-
(d) ¶10.b.ii.-10% of adjusted surplus And			33,280,475			38,544,601			(5,264,126)
(e) ¶10.c.-adjusted deferred tax assets offset by deferred tax liabilities	3,137,372	33,757,582	36,894,954	5,436,765	32,584,631	38,021,396	(2,299,393)	1,172,951	(1,126,442)
(f) Total (4a+4b+4e)	\$ 41,327,929	\$ 33,757,582	\$ 75,085,511	\$ 44,021,453	\$ 32,584,631	\$ 76,606,084	\$ (2,693,524)	\$ 1,172,951	\$ (1,520,573)
Deferred Tax Assets admitted Pursuant to SSAP No. 10R, ¶10.e.									
(g) ¶10.e.i.-amounts recovered through loss carrybacks And	\$ 42,083,758	\$ -	\$ 42,083,758	\$ 42,774,847	\$ -	\$ 42,774,847	\$ (691,089)	\$ -	\$ (691,089)
(h) ¶10.e.ii. (the lesser of paragraph 10.e.ii.a. and 10.e.ii.b. below)	2,383,657	-	2,383,657	3,507,248	-	3,507,248	(1,123,591)	-	(1,123,591)
(i) ¶10.e.ii.a.-amount to be recognized within 3 years Or	2,383,657	-	2,383,657	3,507,248	-	3,507,248	(1,123,591)	-	(1,123,591)
(j) ¶10.e.ii.b.-15% of adjusted surplus And			49,920,713			57,816,902			(7,896,189)
(k) ¶10.e.iii.-adjusted deferred tax assets offset by deferred tax liabilities	2,085,141	33,757,582	35,842,723	2,431,509	32,584,631	35,016,140	(346,368)	1,172,951	826,583
(l) Total (4g+4h+4k)	\$ 46,552,556	\$ 33,757,582	\$ 80,310,138	\$ 48,713,604	\$ 32,584,631	\$ 81,298,235	\$ (2,161,048)	\$ 1,172,951	\$ (988,097)
Used in SSAP No. 10R, ¶10.d.									
(m) Total adjusted capital			\$ 385,040,986			\$ 401,594,695			\$ (16,553,709)
(n) Authorized control level			\$ 52,203,723			\$ 53,665,391			\$ (1,461,668)

5. Additional disclosures pursuant to SSAP No. 10R, paragraph 18.h.

Description	December 31, 2011			December 31, 2010			Change		
	(1) Ordinary income	(2) Capital gain (loss)	(3) (Col 1+2) Total	(4) Ordinary income	(5) Capital gain (loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary income	(8) (Col 2-5) Capital gain (loss)	(9) (Col 7+8) Total
Balances Pursuant to SSAP No. 10R, ¶10.a., ¶10.b., and ¶10.c.									
(a) Admitted deferred tax assets	\$ 40,613,581	\$ (2,423,024)	\$ 38,190,557	\$ 43,310,334	\$ (4,725,646)	\$ 38,584,688	\$ (2,696,753)	\$ 2,302,622	\$ (394,131)
(b) Admitted assets			\$ 1,625,195,316			\$ 1,688,833,862			\$ (63,638,546)
(c) Adjusted statutory surplus*			\$ 332,804,750			\$ 385,446,012			\$ (52,641,262)
(d) Total adjusted capital from DTAs			\$ 38,190,557			\$ 43,276,839			\$ (5,086,282)
Increases due to SSAP No. 10.e.									
(e) Admitted deferred tax assets	\$ 5,224,627	\$ -	\$ 5,224,627	\$ 4,692,151	\$ -	\$ 4,692,151	\$ 532,476	\$ -	\$ 532,476
(f) Admitted assets	\$ 5,224,627	\$ -	\$ 5,224,627	\$ 4,692,151	\$ -	\$ 4,692,151	\$ 532,476	\$ -	\$ 532,476
(g) Statutory surplus	\$ 5,224,627	\$ -	\$ 5,224,627	\$ 4,692,151	\$ -	\$ 4,692,151	\$ 532,476	\$ -	\$ 532,476

*As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SSAP No. 10R, ¶10.b.ii.

6. Impact of tax planning strategies

Not applicable

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Current and deferred income taxes consist of the following major components:

1. Current Income Tax:

Description	(1) December 31, 2011	(2) December 31, 2010	(3) (Col 1-2) Change
(a) Federal income tax expense	\$ 61,546,823	\$ 68,833,138	\$ (7,286,315)
(b) Foreign income tax expense	-	-	-
(c) Prior year underaccrual (overaccrual)	162,013	(674,279)	836,292
(d) Subtotal	\$ 61,708,836	\$ 68,158,859	\$ (6,450,023)
(e) Federal income tax (benefit) on net realized capital gains (losses)	1,792,554	706,399	1,086,155
(f) Utilization of capital loss carry-forwards	-	-	-
(g) Prior year underaccrual (overaccrual)	322,096	(10,141,288)	10,463,384
(h) Subtotal	\$ 2,114,650	\$ (9,434,889)	\$ 11,549,539
(i) Federal and Foreign income taxes incurred	\$ 63,823,486	\$ 58,723,970	\$ 5,099,516

2. Deferred Tax Assets:

Description	(1) December 31, 2011	(2) December 31, 2010	(3) (Col 1-2) Change
(a) Ordinary income			
(1) Discounting of unpaid losses and LAE	\$ 15,864,294	\$ 18,589,517	\$ (2,725,223)
(2) Unearned premium reserve	29,626,100	28,727,211	898,889
(3) Nonadmitted assets	759,241	1,055,609	(296,368)
(4) Non-deductible accruals	302,921	341,023	(38,102)
(5) Depreciable assets	-	246	(246)
(6) Other (including items <5% of total ordinary tax assets)	-	(2)	2
(99) Subtotal	\$ 46,552,556	\$ 48,713,604	\$ (2,161,048)
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 46,552,556	\$ 48,713,604	\$ (2,161,048)
(e) Capital losses			
(1) Unrealized capital losses	4,075,345	1,279,033	2,796,312
(2) Intercompany deferred losses	3,224	662,793	(659,569)
(3) Investment write-downs	29,679,013	30,642,805	(963,792)
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	\$ 33,757,582	\$ 32,584,631	\$ 1,172,951
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital loss deferred tax assets (2e99-2f-2g)	\$ 33,757,582	\$ 32,584,631	\$ 1,172,951
(i) Admitted deferred tax assets (2d+2h)	\$ 80,310,138	\$ 81,298,235	\$ (988,097)

3. Deferred Tax Liabilities:

Description	(1) December 31, 2011	(2) December 31, 2010	(3) (Col 1-2) Change
(a) Ordinary income			
(1) Depreciable assets	\$ -	\$ -	\$ -
(2) Salvage and subrogation	377,710	524,651	(146,941)
(3) Prepaid expenses	225,490	175,004	50,486
(4) Other (including items <5% of total ordinary tax assets)	111,148	11,464	99,684
(99) Subtotal	\$ 714,348	\$ 711,119	\$ 3,229
(b) Capital gains			
(1) Unrealized capital gains	23,372,239	22,736,045	636,194
(2) Bond discount accretion	2,344,862	2,808,162	(463,300)
(3) Intercompany deferred gains	9,449,116	10,751,681	(1,302,565)
(4) Other (including items <5% of total capital tax assets)	1,014,389	1,014,389	-
(99) Subtotal	\$ 36,180,606	\$ 37,310,277	\$ (1,129,671)
(c) Deferred tax liabilities (3a99+3b99)	\$ 36,894,954	\$ 38,021,396	\$ (1,126,442)

4. Net Deferred Tax Asset (Liability)

Description	(1) December 31, 2011	(2) December 31, 2010	(3) (Col 1-2) Change
Net deferred tax asset (liability) (2i-3c)	\$ 43,415,184	\$ 43,276,839	\$ 138,345

NOTES TO FINANCIAL STATEMENTS

The change in net deferred income tax is comprised of the following (this analysis excludes nonadmitted assets; the change in nonadmitted assets is reported separately from the change in net deferred income tax in the Statement of Income, Surplus section):

Description	December 31, 2011	December 31, 2010	Change
Total deferred tax assets	\$ 80,310,138	\$ 81,298,235	\$ (988,097)
Total deferred tax liabilities	36,894,954	38,021,396	(1,126,442)
Net deferred tax asset (liability)	\$ 43,415,184	\$ 43,276,839	\$ 138,345
Tax effect of unrealized gains (losses)			2,160,118
Change in net deferred income tax			\$ (2,021,773)

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

The provision for Federal income taxes is different than that which would be obtained by applying the statutory Federal income tax rate to pre-tax income. The significant book to tax adjustments causing this difference are as follows:

Description	Tax Effect Amount	Effective Tax Rate
Provision computed at statutory rate	\$ 69,296,119	35%
Exempt interest income	(2,058,362)	-1%
Dividends received deduction	(1,176,379)	-1%
Prior year underaccrual (overaccrual)	(21,375)	0%
Impact of nonadmitted assets	296,368	0%
Other	(491,112)	0%
Total	\$ 65,845,259	33%
Federal and foreign income taxes incurred	\$ 63,823,486	
Change in net deferred income tax	2,021,773	
Total statutory income taxes	\$ 65,845,259	

E. Operating Loss and Tax Credit Carryforwards

- 1) At December 31, 2011, the Company had 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 \$63,339,377 for the current tax year and \$69,834,174 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.
- 3) Protective Tax Deposits
Not applicable

F. Consolidated Federal Income Tax Return

- 1) The Company's Federal income tax return is consolidated with The Progressive Corporation ("TPC"), a publicly traded holding company incorporated in Ohio, and all of its wholly-owned United States subsidiaries (the "Group") as detailed in Schedule Y, Part 1.
- 2) The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and the Company. The allocation is based upon separate tax return calculations with current credit for net losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled quarterly.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of Relationships

The Company is wholly owned by Progressive Commercial Holdings, Inc. ("PCH"), a holding company incorporated in Delaware. The structure of the holding company organization is shown on Schedule Y, Part 1.

B. Detail of Transactions Greater than 1/2% of Admitted Assets

Effective December 17, 2010, the Company transferred ownership of its wholly-owned subsidiary, Progressive Commercial Casualty Company, an insurance affiliate domiciled in Ohio, to PCH through a stock dividend in the amount of \$8,826,684. The ownership change and stock dividend was approved by the Ohio DOI.

All significant 2011 transactions by the Company or any affiliated insurer with any affiliate are summarized in Schedule Y, Part 2.

See Note 13D

C. Change in Terms of Intercompany Arrangements

Not applicable

D. Amounts Due to or from Related Parties

The Company reported a \$25,556,391 and \$36,868,315 receivable from parent, subsidiaries, and affiliates at December 31, 2011 and 2010, respectively. These balances are 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. The Company also reported a \$14,114,386 and \$18,344,670 current Federal income tax payable at December 31, 2011 and 2010, respectively. These balances are due to TPC for the Company's Federal income tax liability. The intercompany balances are settled quarterly.

E. Guarantees or Contingencies for Related Parties

Not applicable

NOTES TO FINANCIAL STATEMENTS**F. Management, Service Contracts, Cost Sharing Arrangements**

The Company participates in management agreements with two of its insurance affiliates. Under the terms of the agreements, the affiliates are provided underwriting and loss adjustment services for business produced in exchange for a management fee based on their use of services.

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

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.

All intercompany agreements are approved by the participating insurance companies' states of domicile when established. Upon redomestication, intercompany agreements are not required to be approved by the new state of domicile.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by PCH.

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. Write-Downs for Impairments of Investments in Affiliates

Not applicable

K. Investment in Foreign Insurance Subsidiary

Not applicable

L. Investment in Downstream Non-Insurance Holding Company

Not applicable

11. Debt

Not applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company has no direct payroll (see Note 10F).

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

The Company has 128 shares of \$23,500 par value common stock authorized, issued, and outstanding. The Company has no preferred stock authorized, issued, or outstanding.

B. Dividend Rate of Preferred Stock

Not applicable

C,D,E,F. Dividends

The maximum amount of dividends the Company can pay to PCH in 2012 without prior regulatory approval is limited by insurance laws in Ohio. Based on the dividend laws currently in effect, the Company may pay dividends of \$134,165,426 in 2012 without prior approval from the Ohio DOI, provided the dividend payment is not made within 12 months of the previous payment.

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

The Company paid dividends to PCH as follows:

Date Paid	Amount Paid	Dividend Type
December 19, 2011	\$ 45,000,000	Ordinary-Cash
September 23, 2011	\$ 100,000,000	Extraordinary-Cash
December 17, 2010	\$ 77,000,000	Extraordinary-Cash
December 17, 2010	\$ 8,826,684	Extraordinary-Stock
October 15, 2010	\$ 100,000,000	Extraordinary-Cash

The extraordinary dividends were approved by the Ohio DOI. See Note 10B regarding the extraordinary stock dividend.

G. Mutual Surplus Advances

Not applicable

H. Company Stock Held for Special Purposes

Not applicable

I. Changes in Special Surplus Funds

The Company's special surplus funds increased by \$532,476. The change reflects an increase in the admitted deferred tax asset through the Company's continued application of SSAP No.10R ¶10.e, Income Taxes.

NOTES TO FINANCIAL STATEMENTS**J. Changes in Unassigned Funds (Surplus)**

As of December 31, 2011, the portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Description	Cumulative Increase (Decrease) in Surplus
Unrealized gain (loss)	\$ 55,133,983
Nonadmitted assets	(2,169,262)
Provision for reinsurance	--
Total	\$ 52,964,721

The unrealized gain is gross of the applicable deferred tax liability of \$19,296,894 and the nonadmitted assets include the benefit of adopting SSAP 10R ¶10.e of \$5,224,627.

K. Surplus Notes

Not applicable

L,M. Quasi Reorganizations

Not applicable

14. Contingencies**A. Contingent Commitments**

Not applicable

B. 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, 2011 and 2010, the Company's estimated liability for state guaranty fund and other assessments was \$363,025 and \$394,449, respectively. The assessments are expected to be paid in various intervals during the next year. The Company did not recognize any premium tax benefit associated with its various assessments.

As of December 31, 2011 and 2010, the Company's estimated liability for various surcharges was \$264,034 and \$284,555, respectively.

C. Gain Contingencies

Not applicable

D. Claims Related to Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits

The Company paid the following amounts in 2011 to settle claims related to extra contractual obligations ("ECO") or bad faith claims stemming from lawsuits.

	Direct
Claims related to ECO and bad faith losses paid	\$ 6,000,000

The table below indicates the number of claims where amounts were paid to settle claims related to ECO or bad faith claims resulting from lawsuits during 2011. The claim count information is disclosed per claimant.

0-25 Claims	26-50 Claims	51-100 Claims	101-500 Claims	Over 500 Claims
X				

E. All Other Contingencies

The Company is named as defendant in various lawsuits arising out of its insurance operations. All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and LAE reserves. The Company also has potential exposure relating to lawsuits due to its participation in management agreements for which it is allocated litigation expenses (see Note 10F).

The following is a discussion of potentially significant pending cases at December 31, 2011. Unless specifically noted, the Company does not consider a loss from these cases to be probable and is unable to estimate a range of loss, if any, at this time.

As of December 31, 2011, there was a putative class action lawsuit challenging the Company's use of certain automated database vendors or software to assist in the adjustment of bodily injury claims. Plaintiffs allege that these databases or software systematically undervalue the claims.

As of December 31, 2011, the Company was defending a putative statewide class action lawsuit alleging that the Company improperly steers automobile repair work to certain auto body repair shops and challenging the labor rates the Company pays to auto body repair shops.

As of December 31, 2011, there was a putative class action lawsuit challenging the manner in which the Company charges premium and assesses total loss for commercial vehicle stated amount policies.

15. Leases

Not applicable

16. Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

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

18. Gain or Loss from Uninsured 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. Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value

1. Fair Value Measurements by Levels 1, 2 and 3

The Company categorizes its financial instruments, based on the degree of subjectivity inherent in the method by which they are valued, into a fair value hierarchy of three levels, as follows:

Level 1 - Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., active exchange-traded equity securities).

Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are unobservable. Unobservable inputs reflect the Company's subjective evaluation about the assumptions market participants would use in pricing the financial instrument.

The Company evaluated whether the market was distressed or inactive in determining the fair value for those securities reported and reviewed certain market level inputs to evaluate whether sufficient activity, volume, and new issuances existed to create an active market. Based on this evaluation, the Company concluded that there was sufficient activity in determining the fair value for those securities reported.

The valuations classified as either Level 1 or Level 2 in the table below are priced exclusively by external sources, including: pricing vendors, dealers/market makers, and exchange-quoted prices. The Company did not have any transfers between Level 1 and Level 2.

Fair Value Measurements at December 31, 2011:

Asset Description	Level 1	Level 2	Level 3	Total
Bonds – Industrial & Miscellaneous	\$ --	\$ 13,300,247	\$ --	\$ 13,300,247
Common Stock – Industrial & Miscellaneous	198,838,496	--	--	198,838,496
Preferred Stock – Industrial & Miscellaneous	--	64,730,356	--	64,730,356
Total	\$ 198,838,496	\$ 78,030,603	\$ --	\$ 276,869,099

2. Rollforward of Level 3 Items

Not applicable

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3.

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

See Note 1C and refer to narrative in Note 20A

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

C. Reasons Not Practical to Estimate Fair Values

Not applicable

NOTES TO FINANCIAL STATEMENTS

21. Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

Segregated Funds

At December 31, 2011, securities at the amortized cost of \$4,782,697 were on deposit with various regulatory agencies to meet statutory requirements (see Schedule E, Part 3).

D. Uncollectible Premiums Receivable

The Company routinely assesses the collectibility of premiums and agents' balances receivable and records a bad debt reserve for amounts exceeding the nonadmitted balance that the Company believes are uncollectible.

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable and Non-transferable Tax Credits

Not applicable

G. Sub-Prime Mortgage Related Risk Exposure

1. Exposure to Sub-Prime Mortgage Related Risk

The following sub-prime disclosure and the review and procedures described within are completed at a consolidated level for all the Progressive companies. To the extent the Company had any direct sub-prime exposure, those securities would be listed in Note 21.G.3.

Management's review of the investment portfolio for securities with direct sub-prime exposure, such as Alt-A residential mortgage loan-backed bonds and home equity loan-backed bonds is performed in conjunction with the OTTI analysis and procedures (see Note 1C). Additionally, securities that were determined to have an indirect sub-prime exposure were also reviewed as part of the OTTI process.

The Company's management continues to perform a detailed review of its investment portfolio, paying particular attention to the credit profile of the issuers to identify the extent to which any asset values may have been impacted by direct or indirect exposure to the sub-prime mortgage loan disruption, as well as broader credit and financial market events.

As of December 31, 2011, the Company recorded a \$.2 million in OTTI write-down as a result of sub-prime exposure. This OTTI write-down is not material to the Company's financial position or its surplus.

2. Direct Investment in Sub-Prime Mortgage Loans

Not applicable

3. Direct Investment in Securities with Underlying Sub-Prime Exposure

At December 31, 2011, the Company had the following securities with underlying sub-prime exposure:

Investment Type	Actual Cost	Book Adjusted Carrying Value	Fair Value	Unrealized Gain (Loss)
Residential Mortgage Backed Securities	\$ 34,207,568	\$ 30,091,818	\$ 30,382,530	\$ 290,712
Total	\$ 34,207,568	\$ 30,091,818	\$ 30,382,530	\$ 290,712

4. Mortgage or Financial Guaranty Sub-Prime Exposure

Not applicable

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

At December 31, 2011 and 2010, the Company reported net admitted premiums and agents' balances in course of collection of \$29,057,003 and \$29,842,286, respectively. Of this amount there were no premiums due from a controlled or controlling person as defined in Florida statute 625.012 (5).

22. Events Subsequent

The Company was not impacted by any subsequent events. Subsequent events have been considered through February 17, 2012 for the statutory statement that was available for issuance by March 1, 2012.

23. Reinsurance

A. Unsecured Reinsurance Recoverable

Not applicable

B. Reinsurance Recoverable in Dispute

Not applicable

NOTES TO FINANCIAL STATEMENTS

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, 2011.

	ASSUMED		CEDED		ASSUMED LESS CEDED	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
Affiliates	\$ 230,643	\$ --	\$ --	\$ --	\$ 230,643	\$ --
All Other	--	--	7	--	(7)	--
Totals	\$ 230,643	\$ --	\$ 7	\$ --	\$ 230,636	\$ --
Direct Unearned Premium Reserve is \$190,566						

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

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements

Not applicable

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

A. Method Used to Estimate

The Company's only retrospectively rated contract for its auto rental insurance business was cancelled and is in run-off effective April 5, 2002. The Company calculates accrued retrospective premium for each policy period based on inception-to-date incurred losses and defense and cost containment expense grossed up for certain adjusting and other LAE and premium tax reimbursement factors as stipulated in the contracts. The difference between the inception-to-date retrospective premium and the inception-to-date basic premium that has been paid is accrued as a retrospective premium adjustment. At December 31, 2011, the amount remaining on the contract is not considered material to the Company.

B. Method Used to Record

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

C. Amount and Percent of Net Retrospective Premiums

At December 31, 2011, the net premiums written on retrospective policies were not considered material to the Company.

D. Calculation of NonAdmitted Accrued Retrospective Premiums

Not applicable

25. Changes in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to insured events of prior years decreased by \$60,509,000 in 2011, which is 8.2% of the total prior year net unpaid losses and LAE of \$735,615,000. The net decrease is a result of the favorable development of loss and defense and cost containment reserves of \$54,933,000 and adjusting and other expense reserves of \$5,576,000. The decrease is primarily due to originally anticipated severity for accident years 2010 and 2009 decreasing by 5.1% and 4.3%, respectively, for the Company's commercial auto liability business. Commercial auto liability reserves represent approximately 85% of the total reserves. LAE reserves also developed favorably by \$11,400,000 which is approximately 19% of the total favorable development.

26. Intercompany Pooling Arrangements

Not applicable.

27. Structured Settlements

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Accident and Health Policies

Not applicable

30. Premium Deficiency Reserves

The Company's management evaluated the need to record a premium deficiency reserve for the year ended December 31, 2011. The evaluation, which was completed on January 11, 2012, indicated that there was not a need for a premium deficiency reserve due to reserve adequacy. The Company anticipates investment income as a factor in the premium deficiency calculation.

31. High Deductibles

Not applicable

NOTES TO FINANCIAL STATEMENTS

- 32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses
Not applicable
- 33. Asbestos and Environmental Reserves
Not applicable
- 34. Subscriber Savings Accounts
Not applicable
- 35. Multiple Peril Crop Insurance
Not applicable
- 36. Financial Guaranty Insurance
Not applicable

UNITED FINANCIAL CASUALTY COMPANY

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>]								
1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] N/A [<input type="checkbox"/>]								
1.3 State regulating? <u>OHIO</u>									
2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
2.2 If yes, date of change:									
3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.	12/31/2007								
3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.	12/31/2007								
3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).	04/07/2009								
3.4 By what department or departments? <u>OHIO</u>									
3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] N/A [<input checked="" type="checkbox"/>]								
3.6 Have all of the recommendations within the latest financial examination report been complied with?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] N/A [<input type="checkbox"/>]								
4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:									
4.11 sales of new business?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
4.12 renewals?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:									
4.21 sales of new business?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
4.22 renewals?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">1 Name of Entity</td> <td style="width: 33%;">2 NAIC Co. Code</td> <td style="width: 33%;">3 State of Domicile</td> </tr> </table>		1 Name of Entity	2 NAIC Co. Code	3 State of Domicile					
1 Name of Entity	2 NAIC Co. Code	3 State of Domicile							
6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
6.2 If yes, give full information:									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?</td> <td style="width: 50%; text-align: right;">Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]</td> </tr> <tr> <td>7.2 If yes,</td> <td style="text-align: right;">.....% 7.21 State the percentage of foreign control 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)</td> </tr> <tr> <td colspan="2" style="text-align: center; border: 1px solid black; padding: 5px;"> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">1 Nationality</td> <td style="width: 50%;">2 Type of Entity</td> </tr> </table> </td> </tr> </table>		7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]	7.2 If yes,% 7.21 State the percentage of foreign control 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">1 Nationality</td> <td style="width: 50%;">2 Type of Entity</td> </tr> </table>		1 Nationality	2 Type of Entity
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7.2 If yes,% 7.21 State the percentage of foreign control 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">1 Nationality</td> <td style="width: 50%;">2 Type of Entity</td> </tr> </table>		1 Nationality	2 Type of Entity						
1 Nationality	2 Type of Entity								
8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 14.28%;">8.3 Is the company affiliated with one or more banks, thrifts or securities firms?</td> <td style="width: 14.28%; text-align: right;">Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]</td> </tr> <tr> <td>8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.</td> <td style="text-align: right;">..... 1 Affiliate Name 2 Location (City, State) 3 FRB 4 OCC 5 OTS 6 FDIC 7 SEC</td> </tr> </table>		8.3 Is the company affiliated with one or more banks, thrifts or securities firms?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]	8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator. 1 Affiliate Name 2 Location (City, State) 3 FRB 4 OCC 5 OTS 6 FDIC 7 SEC				
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9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?	PRICEWATERHOUSECOOPERS, LLP 200 PUBLIC SQUARE, 18TH FLOOR CLEVELAND, OH 44114-2301								
10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
10.2 If the response to 10.1 is yes, provide information related to this exemption:									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?</td> <td style="width: 20%; text-align: right;">Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]</td> </tr> <tr> <td>10.4 If the response to 10.3 is yes, provide information related to this exemption:</td> <td></td> </tr> </table>		10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]	10.4 If the response to 10.3 is yes, provide information related to this exemption:					
10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]								
10.4 If the response to 10.3 is yes, provide information related to this exemption:									
10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] N/A [<input type="checkbox"/>]								
10.6 If the answer to 10.5 is no or n/a, please explain.									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?</td> <td style="width: 20%; text-align: right;">..... ALLAN R. NEIS, FCAS, MAAA, CORPORATE ACTUARY 6300 WILSON MILLS ROAD MAYFIELD VILLAGE, OH 44143-2182</td> </tr> </table>		11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? ALLAN R. NEIS, FCAS, MAAA, CORPORATE ACTUARY 6300 WILSON MILLS ROAD MAYFIELD VILLAGE, OH 44143-2182						
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12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]								
12.11 Name of real estate holding company	ANNALY CAPITAL MGMT INC, AVALONBAY COMMUNITIES INC, BRANDYWINE REALTY TRUST, HEALTH CARE REIT INC, KIMCO REALTY CORP, PLUM CREEK TIMBER CO INC, WEYERHAEUSER CO								
12.12 Number of parcels involved0								
12.13 Total book/adjusted carrying value	\$.....3,753,637								
12.2 If yes, provide explanation.	WE HOLD A COMMON STOCK INTEREST IN SEVERAL REAL ESTATE HOLDING COMPANIES. THE NUMBER OF PARCELS IS UNKNOWN								

UNITED FINANCIAL CASUALTY COMPANY

GENERAL INTERROGATORIES

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

N/A

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance with a NAIC rating of 3 or below? Yes [] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. 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 []

17. 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 []

18. 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 that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$.....0
20.12 To stockholders not officers	\$.....0
20.13 Trustees, supreme or grand (Fraternal only)	\$.....0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$.....0
20.22 To stockholders not officers	\$.....0
20.23 Trustees, supreme or grand (Fraternal only)	\$.....0

21.1 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]

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

21.21 Rented from others	.....
21.22 Borrowed from others	.....
21.23 Leased from others	.....
21.24 Other	.....

22.1 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]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	.....
22.22 Amount paid as expenses	.....
22.23 Other amounts paid	.....

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.1 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 (other than securities lending programs addressed in 24.3)? Yes [X] No []

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

24.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided).

N/A

24.4 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]

24.5 If answer to 24.4 is yes, report amount of collateral for conforming programs.

24.6 If answer to 24.4 is no, report amount of collateral for other programs.

UNITED FINANCIAL CASUALTY COMPANY**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

24.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
 24.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
 24.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]
 25.1 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, 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 21.1 and 24.3) Yes [X] No []
 25.2 If yes, state the amount thereof at December 31 of the current year:
 25.21 Subject to repurchase agreements \$.....0
 25.22 Subject to reverse repurchase agreements \$.....0
 25.23 Subject to dollar repurchase agreements \$.....0
 25.24 Subject to reverse dollar repurchase agreements \$.....0
 25.25 Pledged as collateral \$.....0
 25.26 Placed under option agreements \$.....0
 25.27 Letter stock or securities restricted as to sale \$.....0
 25.28 On deposit with state or other regulatory body \$.....4,782,697
 25.29 Other \$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes []
 If no, attach a description with this statement.

27.1 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]
 27.2 If yes, state the amount thereof at December 31 of the current year:
 28. Excluding items in Schedule E-Part 3-Special Deposits, 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 Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

28.01 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
CITIBANK, N.A.	338 GREENWICH STREET NEW YORK, NY 10013
STATE STREET	801 PENNSYLVANIA AVE KANSAS CITY, MO 64105

28.02 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		

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]
 28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
NONE			

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

1 Central Registration Depository Number(s)	2 Name	3 Address
30107	STATE STREET GLOBAL MARKETS, LLC	225 FRANKLIN ST BOSTON, MA 02110

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adj.Carrying Value
29.2999. TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from the above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	1,061,281,706	1,083,925,123	22,643,417
30.2 Preferred stocks.....	64,730,356	64,730,356	0
30.3 Totals.....	1,126,012,062	1,148,655,479	22,643,417

30.4 Describe the sources or methods utilized in determining the fair values:

THE FAIR MARKET VALUES REPORTED ARE DERIVED FROM INDEPENDENT AND OBSERVABLE MARKET INPUT EVALUATIONS

PROVIDED BY WIDELY UTILIZED REPUTABLE PRICING SERVICES, INDEPENDENT BROKER BID LISTS, INDEPENDENT BROKER QUOTATIONS, INDEPENDENT BROKER PRICING SERVICES, OR ACTIVE MARKET CLOSING QUOTATIONS FROM A REGULATED EXCHANGE. IN VERY RARE CASES, IF NONE OF THE AFOREMENTIONED PRIMARY SOURCES ARE AVAILABLE, MATRIX PRICING USING THE REPORTING ENTITY'S OWN MARKET BASED ASSUMPTIONS MAY BE UTILIZED. THE APPROVED METHODS FOR COMPUTATION OF FAIR MARKET VALUE ARE PRESCRIBED IN PART FIVE OF THE SECURITIES VALUATION OFFICE PURPOSES AND PROCEDURES MANUAL.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

31.1	Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
31.2	If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
31.3	If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.	
	THE COMPANY'S FAIR MARKET VALUATION PROCESS, REGARDLESS OF WHAT PRICING SOURCE IS USED, ANALYZES AND COMPARES INDEPENDENT VENDOR QUOTATIONS/SPREADS, INDEPENDENT BROKER BID LISTS, INDEPENDENT BROKER QUOTES, INDEPENDENT BROKER PRICING SERVICES, INPUTS FROM THE PORTFOLIO MANAGEMENT TEAM, DISCUSSIONS WITH EXTERNAL AUDITORS, AND SECURITY SPECIFIC PARAMETERS TO ENSURE THAT THE VALUATION PROCESS REFLECTS THE MOST ACCURATE FAIR VALUE AT THE REPORTING DATE.	
32.1	Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
32.2	If no, list exceptions:	

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....54,434

33.2 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
PROPERTY CASUALTY INSURERS ASSOCIATION	54,434

34.1 Amount of payments for legal expenses, if any? \$.....0
34.2 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.

for legal expenses during the period covered by this statement.	1 Name	2 Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
35.2 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

In connection with matters before legislative bodies, officers or departments or government during the period covered by this statement:	
1 Name	2 Amount Paid

GENERAL INTERROGATORIES**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.

.....

1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

.....

1.31 Reason for excluding:

.....

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

.....

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

.....

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

.....

1.62 Total incurred claims

.....

1.63 Number of covered lives

.....

All years prior to most current three years:

1.64 Total premium earned

.....

1.65 Total incurred claims

.....

1.66 Number of covered lives

.....

1.7 Group policies:

Most current three years:

1.71 Total premium earned

.....

1.72 Total incurred claims

.....

1.73 Number of covered lives

.....

All years prior to most current three years:

1.74 Total premium earned

.....

1.75 Total incurred claims

.....

1.76 Number of covered lives

.....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....962,166,209	\$.....1,040,238,641
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....1,194,896,084	\$.....1,236,472,344
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

3.1 Does the reporting entity issue both participating and non-participating policies?

Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies

.....

3.22 Non-participating policies

.....

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1 Does the reporting entity issue assessable policies?

Yes [] No []

4.2 Does the reporting entity issue non-assessable policies?

Yes [] No []

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

.....%
.....

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

.....

5. FOR RECIPROCAL EXCHANGES ONLY:

5.1 Does the exchange appoint local agents?

Yes [] No []

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation

Yes [] No []

5.22 As a direct expense of the exchange

Yes [] N/A []

5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

.....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [] No []

5.5 If yes, give full information:

.....

6.1 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.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE ESTIMATE OF THE PML WAS MADE EXCLUSIVELY BY PROGRESSIVE EMPLOYEES. APPROXIMATELY 45% OF THE COMPANY'S TOTAL DIRECT AND ASSUMED EXPOSURES ARE IN THE STATE OF FLORIDA. THE ESTIMATE OF THE PML IS APPROXIMATELY 15% OF TOTAL SURPLUS.

6.3 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 maximum property insurance loss?

THE PRIMARY PROPERTY COVERAGE SOLD BY THE COMPANY IS COMPREHENSIVE FOR AUTOMOBILE. THE COMPANY'S ESTIMATED PML IS APPROXIMATELY 15% OF THE COMPANY'S SURPLUS. THE COMPANY CARRIES NO EXTERNAL CATASTROPHE REINSURANCE TO COVER ITS CATASTROPHE EXPOSURE.

6.4 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]

6.5 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

GENERAL INTERROGATORIES**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that 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]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions.

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []

8.1 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]

8.2 If yes, give full information:

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

- (a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

Yes [] No [X]

9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:

- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliate represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?

Yes [] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 32 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes [] No [X]

9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

- (a) The entity does not utilize reinsurance; or
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes [] No [X]

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

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

11.2 If yes, give full information:

12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:

12.11 Unpaid losses	\$.....42,007
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$.....9,219
12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds:	\$.....0

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] N/A []

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

12.41 From%
12.42 To%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes 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]

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

12.61 Letters of credit	.....
12.62 Collateral and other funds	.....

GENERAL INTERROGATORIES**PART 2 - PROPERTY AND CASUALTY INTERROGATORIES**

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....1,000,000

13.2 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]

13.3 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 the amount:0

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No []

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []

14.5 If the answer to 14.4 is no, please explain:

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

15.2 If yes, give full information:

16.1 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
16.11 Home.....					
16.12 Products.....					
16.13 Automobile.....					
16.14 Other*.....					

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

17.12 Unfunded portion of Interrogatory 17.11

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11

17.14 Case reserves portion of Interrogatory 17.11

17.15 Incurred but not reported portion of Interrogatory 17.11

17.16 Unearned premium portion of Interrogatory 17.11

17.17 Contingent commission portion of Interrogatory 17.11

Provide the following information for all other amounts included in Schedule F-Part 3 and excluded from Schedule F-Part 5, not included above:

17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5

17.19 Unfunded portion of Interrogatory 17.18

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18

17.21 Case reserves portion of Interrogatory 17.18

17.22 Incurred but not reported portion of Interrogatory 17.18

17.23 Unearned premium portion of Interrogatory 17.18

17.24 Contingent commission portion of Interrogatory 17.18

18.1 Do you act as a custodian for health savings account? Yes [] No [X]

18.2 If yes, please provide the amount of custodial funds held as of the reporting date.

18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

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

	1 2011	2 2010	3 2009	4 2008	5 2007
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	694,447,970	705,338,171	753,437,364	810,261,196	859,061,875
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	280,694,480	291,123,690	333,450,764	375,526,346	401,544,269
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)		(1)	(518)	(3,852)	(24,187)
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	975,142,450	996,461,860	1,086,887,610	1,185,783,690	1,260,581,957
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	694,437,677	705,330,636	753,442,777	810,273,806	859,054,171
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	280,694,480	291,123,690	333,450,764	375,526,346	401,544,269
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)					
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)		(1)	(518)	(3,852)	(24,187)
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	975,132,157	996,454,325	1,086,893,023	1,185,796,300	1,260,574,253
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	139,425,914	168,022,322	187,179,713	89,263,974	111,051,716
14. Net investment gain (loss) (Line 11)	52,086,741	63,834,601	74,860,616	(42,939,714)	55,932,990
15. Total other income (Line 15)	4,361,607	2,908,091	980,250	2,627,161	6,932,610
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	61,708,836	68,158,859	79,236,433	49,929,826	55,525,186
18. Net income (Line 20)	134,165,426	166,606,155	183,784,146	(978,405)	118,392,130
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	1,630,419,943	1,693,526,013	1,790,391,209	1,783,051,741	1,764,001,051
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	29,057,003	29,842,286	36,658,550	37,685,615	41,641,807
20.2 Deferred and not yet due (Line 15.2)	196,426,422	182,975,138	212,581,826	229,061,122	250,154,279
20.3 Accrued retrospective premiums (Line 15.3)	1,006			49,088	41,302
21. Total liabilities excluding protected cell business (Page 3, Line 26)	1,240,154,330	1,287,239,167	1,384,986,406	1,431,911,014	1,347,925,691
22. Losses (Page 3, Line 1)	561,713,289	612,826,163	638,701,724	646,920,974	521,717,066
23. Loss adjustment expenses (Page 3, Line 3)	113,888,353	122,788,681	131,920,677	134,204,059	118,564,330
24. Unearned premiums (Page 3, Line 9)	421,201,748	408,235,802	452,020,117	506,465,649	542,620,819
25. Capital paid up (Page 3, Lines 30 & 31)	3,008,000	3,008,000	3,008,000	3,008,000	3,008,000
26. Surplus as regards policyholders (Page 3, Line 37)	390,265,613	406,286,846	405,404,803	351,140,727	416,075,360
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	99,899,518	125,792,031	151,821,646	244,133,788	341,392,417
Risk-Based Capital Analysis					
28. Total adjusted capital	390,265,613	406,286,846	405,404,803	351,140,727	416,075,360
29. Authorized control level risk-based capital	52,208,033	53,669,791	56,687,060	65,472,638	73,730,474
Percentage Distribution of Cash, Cash Equivalents and Invested Assets					
(Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	78.8	84.9	92.3	90.8	75.2
31. Stocks (Lines 2.1 & 2.2)	19.9	13.1	7.7	9.1	24.7
32. Mortgage loans on real estate (Lines 3.1 & 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)					
34. Cash, cash equivalents and short-term investments (Line 5)	1.3	2.0	0.0	0.1	0.0
35. Contract loans (Line 6)					
36. Derivatives (Line 7)			XXX	XXX	XXX
37. Other invested assets (Line 8)					
38. Receivable for securities (Line 9)	0.0				0.1
39. Securities lending reinvested collateral assets (Line 10)			XXX	XXX	XXX
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)			8,648,566	8,370,541	13,650,866
45. Affiliated short-term investments (Schedule DA, Verification, Col. 5, Line 10)					
46. Affiliated mortgage loans on real estate					
47. All other affiliated					
48. Total of above lines 42 to 47	0	0	8,648,566	8,370,541	13,650,866
49. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0)	0.0		2.1	2.4	3.3

UNITED FINANCIAL CASUALTY COMPANY
FIVE-YEAR HISTORICAL DATA
(Continued)

	1 2011	2 2010	3 2009	4 2008	5 2007
Capital and Surplus Accounts (Page 4)					
50. Net unrealized capital gains (losses) (Line 24).....	(4,011,648)	12,675,103	27,366,283	(3,961,708)	3,551,406
51. Dividends to stockholders (Line 35).....	(145,000,000)	(185,826,684)	(210,000,000)	(45,000,000)	(97,000,000)
52. Change in surplus as regards policyholders for the year (Line 38).....	(16,021,233)	882,043	54,264,076	(64,934,633)	(10,296,063)
Gross Losses Paid (Page 9, Part 2, Cols. 1&2)					
53. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	409,607,060	416,078,275	439,791,554	405,671,975	394,399,561
54. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	166,951,862	170,067,504	187,410,539	211,339,728	219,941,734
55. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
56. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....		(498)	20,432	22,586	200,083
57. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
58. Total (Line 35).....	576,558,922	586,145,281	627,222,525	617,034,289	614,541,378
Net Losses Paid (Page 9, Part 2, Col. 4)					
59. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	409,607,060	416,070,864	439,786,903	405,672,170	394,093,382
60. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	166,951,862	170,068,072	187,411,155	211,344,478	219,945,240
61. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....					
62. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....		(498)	20,432	22,586	200,083
63. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
64. Total (Line 35).....	576,558,922	586,138,438	627,218,490	617,039,234	614,238,705
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
65. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
66. Losses incurred (Line 2).....	54.6	53.9	54.2	60.7	60.7
67. Loss expenses incurred (Line 3).....	9.5	9.3	9.6	11.7	10.9
68. Other underwriting expenses incurred (Line 4).....	21.4	20.7	19.8	20.2	19.9
69. Net underwriting gain (loss) (Line 8).....	14.5	16.2	16.4	7.3	8.6
Other Percentages					
70. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	20.7	21.3	20.7	20.6	19.8
71. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	64.1	63.2	63.8	72.5	71.5
72. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	249.9	245.3	268.1	337.7	303.0
One Year Loss Development (000 omitted)					
73. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(54,933)	(66,070)	(53,028)	8,393	56,783
74. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 73 above divided by Page 4, Line 21, Col. 1 x 100).....	(13.5)	(16.3)	(15.1)	2.0	13.3
Two Year Loss Development (000 omitted)					
75. 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).....	(101,356)	(70,442)	(9,844)	60,382	17,654
76. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 75 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(25.0)	(20.1)	(2.4)	14.2	5.7

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes No

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 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		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	.....174		.....188		.....62		.....22	.....424	....XXX.....
2. 2002.....	....101,855	.....636	....101,219	....53,929	....131	....5,025	....(2)	....7,519		....2,864	....66,343	....XXX.....
3. 2003.....	....82,445	....(32)	....82,477	....35,706	....0	....3,797		....4,873		....1,664	....44,376	....XXX.....
4. 2004.....	....75,896	....(4)	....75,900	....19,151	....5	....(6,741)		....2,154		....1,360	....14,559	....XXX.....
5. 2005.....	....687,388	....18	....687,370	....433,617	....4	....19,279		....68,599		....2,351	....521,491	....XXX.....
6. 2006.....	....1,001,296	....18	....1,001,278	....550,753		....24,689		....85,739		....11,165	....661,181	....XXX.....
7. 2007.....	....1,289,481	....8	....1,289,473	....691,584		....25,841		....103,697		....24,212	....821,122	....XXX.....
8. 2008.....	....1,221,940	....(13)	....1,221,953	....633,805		....20,678		....102,396		....22,678	....756,879	....XXX.....
9. 2009.....	....1,141,335	....(5)	....1,141,340	....529,548		....12,109		....79,731		....18,076	....621,387	....XXX.....
10. 2010.....	....1,040,248	....8	....1,040,240	....453,280		....7,611		....71,053		....15,188	....531,944	....XXX.....
11. 2011.....	....962,169	....3	....962,166	....313,487		....1,265		....50,865		....9,679	....365,617	....XXX.....
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....3,715,032	....140	....113,741	....(2)	....576,688	....0	....109,259	....4,405,323	....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	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	....397		....3		....43				....10			.....454	....XXX.....
2. 2002.....	....44		....4		....13				....4			....65	....XXX.....
3. 2003.....	....312		....10		....107				....14			....42	....442
4. 2004.....	....791		....10		....98				....25			....924	....XXX.....
5. 2005.....	....2,430		....4		....286				....84			....2,804	....XXX.....
6. 2006.....	....8,862		....22		....909				....251			....10,044	....XXX.....
7. 2007.....	....17,209		....69		....1,784				....604			....19,666	....XXX.....
8. 2008.....	....39,049		....8,261		....5,484		....1,883		....1,940			....56,616	....XXX.....
9. 2009.....	....64,345		....12,013		....11,160		....2,284		....4,374			....94,175	....XXX.....
10. 2010.....	....127,921		....18,937		....17,739		....3,641		....10,722			....178,960	....XXX.....
11. 2011.....	....208,248		....52,774	....2	....18,981		....5,063		....26,387			....311,451	....XXX.....
12. Totals.....	....469,606	....0	....92,107	....2	....56,605	....0	....12,870	....0	....44,416	....0		....675,602	....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
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior..	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....			....XXX.....	....400	....54
2. 2002.....	....66,536	....129	....66,408	....65.3	....20.3	....65.6				....47	....17
3. 2003.....	....44,819	....0	....44,818	....54.4	....(1.0)	....54.3				....321	....121
4. 2004.....	....15,488	....5	....15,483	....20.4	....(119.3)	....20.4				....801	....123
5. 2005.....	....524,298	....4	....524,295	....76.3	....20.0	....76.3				....2,434	....370
6. 2006.....	....671,225	....0	....671,225	....67.0	....0.0	....67.0				....8,884	....1,161
7. 2007.....	....840,788	....0	....840,788	....65.2	....0.0	....65.2				....17,278	....2,388
8. 2008.....	....813,496	....0	....813,496	....66.6	....0.0	....66.6				....47,311	....9,306
9. 2009.....	....715,562	....0	....715,562	....62.7	....0.0	....62.7				....76,357	....17,818
10. 2010.....	....710,904	....0	....710,904	....68.3	....0.0	....68.3				....146,857	....32,102
11. 2011.....	....677,070	....2	....677,068	....70.4	....66.7	....70.4				....261,020	....50,431
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....561,711	....113,891

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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011	11 One Year	12 Two Year
1. Prior.....	8,953	8,929	8,804	8,903	14,768	15,883	15,915	15,816	16,662	16,656	(6)	840
2. 2002....	55,042	56,891	56,688	53,873	55,774	58,699	58,241	58,724	58,964	58,885	(79)	161
3. 2003....	XXX.....	43,401	42,938	36,319	35,420	35,576	39,254	40,434	40,278	39,931	(347)	(503)
4. 2004....	XXX.....	XXX.....	38,053	15,990	10,319	14,828	12,453	13,201	13,074	13,305	231	103
5. 2005....	XXX.....	XXX.....	XXX.....	453,086	445,064	460,838	458,656	454,237	456,069	455,612	(457)	1,375
6. 2006....	XXX.....	XXX.....	XXX.....	XXX.....	559,260	591,564	596,470	594,032	585,795	585,235	(560)	(8,797)
7. 2007....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	757,315	762,107	748,417	746,071	736,487	(9,584)	(11,930)
8. 2008....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	762,357	727,565	718,097	709,160	(8,938)	(18,405)
9. 2009....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	695,659	647,003	631,457	(15,546)	(64,202)
10. 2010....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	648,775	629,128	(19,647)	XXX.....
11. 2011....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	599,816	XXX.....	XXX.....
										12. Totals.....	(54,933)	(101,356)

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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011		
1. Prior.....	000.....	4,334	6,027	(5,817)	7,146	12,706	14,810	15,048	15,851	16,213	XXX.....	XXX.....
2. 2002....	37,542	46,331	49,344	27,238	44,407	54,239	56,678	57,965	58,411	58,825	XXX.....	XXX.....
3. 2003....	XXX.....	26,467	34,745	(9,324)	14,734	26,447	35,811	38,596	39,306	39,503	XXX.....	XXX.....
4. 2004....	XXX.....	XXX.....	19,917	(63,189)	(29,515)	(4,161)	5,202	10,328	11,954	12,405	XXX.....	XXX.....
5. 2005....	XXX.....	XXX.....	XXX.....	271,427	359,287	410,254	433,650	446,285	450,708	452,892	XXX.....	XXX.....
6. 2006....	XXX.....	XXX.....	XXX.....	XXX.....	307,283	439,441	505,555	540,487	567,493	575,442	XXX.....	XXX.....
7. 2007....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	399,702	544,597	641,992	690,477	717,425	XXX.....	XXX.....
8. 2008....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	381,910	531,452	604,605	654,483	XXX.....	XXX.....
9. 2009....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	348,074	470,489	541,656	XXX.....	XXX.....
10. 2010....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	332,341	460,891	XXX.....	XXX.....
11. 2011....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	314,752	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 2002	2 2003	3 2004	4 2005	5 2006	6 2007	7 2008	8 2009	9 2010	10 2011
1. Prior.....	1,068	471	153	.5	2	21	22	41	5	3
2. 2002....	5,643	1,271	505	4,319	18	23	11	32	5	4
3. 2003....	XXX.....	6,138	1,377	10,396	3,226	71	48	44	15	10
4. 2004....	XXX.....	XXX.....	6,211	18,569	8,114	3,201	.56	48	14	10
5. 2005....	XXX.....	XXX.....	XXX.....	44,839	14,957	8,171	3,488	56	9	4
6. 2006....	XXX.....	XXX.....	XXX.....	XXX.....	61,004	20,964	11,226	10,007	38	22
7. 2007....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	76,532	28,243	14,758	14,783	.69
8. 2008....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	87,901	28,705	15,014	10,144
9. 2009....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	84,292	25,712	14,297
10. 2010....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	63,486	22,578
11. 2011....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	57,835

UNITED FINANCIAL CASUALTY COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees, Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....	AL	.....L.....	.....	.....	.....	.....	.....	.....	.....
2. Alaska.....	AK	.....L.....	6,920,704	.....6,920,867.....	.....	3,203,333	.....2,948,032.....	.....2,288,791.....	.....44,921.....
3. Arizona.....	AZ	.....L.....	16,980,497	.....16,788,266.....	.....	9,973,564	.....6,371,156.....	.....8,691,900.....	.....220,428.....
4. Arkansas.....	AR	.....L.....	17,881,150	.....17,551,326.....	.....	9,123,824	.....8,920,829.....	.....9,812,945.....	.....164,952.....
5. California.....	CA	.....L.....	126,021,881	.....126,148,813.....	.....	76,010,587	.....62,993,593.....	.....87,214,331.....	.....1,316,233.....
6. Colorado.....	CO	.....L.....	4,146,644	.....4,513,867.....	.....	4,364,330	.....3,918,245.....	.....4,141,606.....	.....33,494.....
7. Connecticut.....	CT	.....L.....	.....	.....	.....	.....	.....	.....	.....
8. Delaware.....	DE	.....L.....	4,376,085	.....4,166,363.....	.....	2,624,652	.....3,323,142.....	.....3,448,590.....	.....44,577.....
9. District of Columbia.....	DC	.....L.....	.....	.....	.....	.....	.....	.....	.....
10. Florida.....	FL	.....L.....	.....	.....	.....	.....	.....	.....	.....
11. Georgia.....	GA	.....L.....	.....	.....	.....	.....	.....	.....	.....
12. Hawaii.....	HI	.....L.....	.....	.....	.....	.....	.....	.....	.....
13. Idaho.....	ID	.....L.....	7,713,276	.....6,973,742.....	.....	3,250,441	.....2,298,068.....	.....2,905,252.....	.....84,039.....
14. Illinois.....	IL	.....L.....	.....	.....	.....	(350)	.....(350).....	.....300,000.....	.....
15. Indiana.....	IN	.....L.....	.....	.....	.....	.....	.....	.....	.....
16. Iowa.....	IA	.....L.....	.....	.....	.....	.....	.....	.....	.....
17. Kansas.....	KS	.....L.....	9,367,681	.....8,656,722.....	.....	4,066,464	.....4,024,806.....	.....2,415,565.....	.....90,387.....
18. Kentucky.....	KY	.....L.....	20,024,637	.....20,169,679.....	.....	11,200,036	.....10,749,056.....	.....12,434,586.....	.....117,044.....
19. Louisiana.....	LA	.....L.....	.....	.....	.....	.....	.....	.....	.....
20. Maine.....	ME	.....L.....	22,881,168	.....23,546,466.....	.....	13,015,024	.....12,710,192.....	.....8,963,964.....	.....418,091.....
21. Maryland.....	MD	.....L.....	7,372,156	.....7,987,336.....	.....	5,395,050	.....1,723,776.....	.....4,627,409.....	.....66,537.....
22. Massachusetts.....	MA	.....L.....	5,472,221	.....5,548,096.....	.....	3,368,064	.....4,319,355.....	.....3,161,630.....	.....87,847.....
23. Michigan.....	MI	.....L.....	.....	.....	.....	.....	.....	.....	.....
24. Minnesota.....	MN	.....L.....	12,914,753	.....11,494,265.....	.....	9,555,930	.....5,876,283.....	.....5,632,695.....	.....117,430.....
25. Mississippi.....	MS	.....L.....	.....	.....	.....	.....	.....	.....	.....
26. Missouri.....	MO	.....L.....	613,283	.....2,220,764.....	.....	1,092,924	.....511,233.....	.....2,040,370.....	.....12,348.....
27. Montana.....	MT	.....L.....	9,572,693	.....9,134,131.....	.....	4,221,488	.....3,827,639.....	.....3,849,533.....	.....83,609.....
28. Nebraska.....	NE	.....L.....	.....	.....	.....	.....	.....	.....	.....
29. Nevada.....	NV	.....L.....	10,086,452	.....10,233,320.....	.....	5,552,436	.....7,526,263.....	.....12,549,617.....	.....102,587.....
30. New Hampshire.....	NH	.....L.....	4,718,701	.....4,755,841.....	.....	2,167,786	.....3,006,267.....	.....2,291,036.....	.....58,364.....
31. New Jersey.....	NJ	.....L.....	.....	.....	.....	(4,214)	.....(4,214).....	.....	.....
32. New Mexico.....	NM	.....L.....	11,580,042	.....11,314,976.....	.....	3,320,756	.....5,886,318.....	.....6,192,934.....	.....123,889.....
33. New York.....	NY	.....L.....	.....(73,483).....	.....2,021,423.....	.....	2,648,656	.....(552,772).....	.....7,213,454.....	.....9,776.....
34. North Carolina.....	NC	.....L.....	.....(233,257).....	.....2,661,819.....	.....	2,820,246	.....(1,020,275).....	.....6,111,209.....	.....9,800.....
35. North Dakota.....	ND	.....L.....	6,610,837	.....4,229,811.....	.....	2,656,957	.....3,173,507.....	.....1,068,772.....	.....28,079.....
36. Ohio.....	OH	.....L.....	10,556,015	.....11,311,727.....	.....	7,142,187	.....3,515,449.....	.....7,542,041.....	.....124,585.....
37. Oklahoma.....	OK	.....L.....	.....(50,059).....	.....2,488,130.....	.....	7,268,895	.....(2,388,317).....	.....7,075,111.....	.....3,719.....
38. Oregon.....	OR	.....L.....	.....	.....	.....	.....	.....	.....	.....
39. Pennsylvania.....	PA	.....L.....	55,141,814	.....54,169,338.....	.....	29,030,437	.....24,466,003.....	.....34,117,496.....	.....684,122.....
40. Rhode Island.....	RI	.....L.....	6,281,007	.....6,490,590.....	.....	3,394,998	.....4,209,940.....	.....6,524,832.....	.....94,204.....
41. South Carolina.....	SC	.....L.....	.....(25,923).....	.....721,117.....	.....	4,141,567	.....(1,055,537).....	.....6,108,445.....	.....(990).....
42. South Dakota.....	SD	.....L.....	2,808,537	.....2,590,882.....	.....	891,583	.....1,796,758.....	.....1,483,240.....	.....20,853.....
43. Tennessee.....	TN	.....L.....	.....(70).....	.....(70).....	.....	357,996	.....142,821.....	.....238,274.....	.....21.....
44. Texas.....	TX	.....L.....	.....	.....	.....	.....	.....	.....	.....
45. Utah.....	UT	.....L.....	8,076,389	.....7,319,855.....	.....	4,390,660	.....6,601,672.....	.....6,903,247.....	.....70,458.....
46. Vermont.....	VT	.....L.....	6,603,564	.....6,521,276.....	.....	4,416,210	.....4,384,855.....	.....3,933,814.....	.....88,537.....
47. Virginia.....	VA	.....L.....	1,849,442	.....2,183,297.....	.....	3,147,046	.....1,370,448.....	.....2,908,128.....	.....17,420.....
48. Washington.....	WA	.....L.....	17,085,246	.....16,609,343.....	.....	13,869,333	.....14,302,191.....	.....12,220,916.....	.....183,360.....
49. West Virginia.....	WV	.....L.....	8,325,591	.....7,994,442.....	.....	4,747,695	.....5,610,779.....	.....6,075,429.....	.....27,013.....
50. Wisconsin.....	WI	.....L.....	.....	.....	.....	.....	.....	.....	.....
51. Wyoming.....	WY	.....L.....	.....	.....	.....	.....	.....	.....	.....
52. American Samoa.....	AS	N	.....	.....	.....	.....	.....	.....	.....
53. Guam.....	GU	N	.....	.....	.....	.....	.....	.....	.....
54. Puerto Rico.....	PR	N	.....	.....	.....	.....	.....	.....	.....
55. US Virgin Islands.....	VI	N	.....	.....	.....	.....	.....	.....	.....
56. Northern Mariana Islands.....	MP	N	.....	.....	.....	.....	.....	.....	.....
57. Canada.....	CN	N	.....	.....	.....	.....	.....	.....	.....
58. Aggregate Other Alien.....	OT	XXX	0	0	0	0	0	0	0
59. Totals.....		(a) 51	421,599,674	425,437,820	0	262,426,591	215,487,211	292,487,162	4,547,734

DETAILS OF WRITE-INS

5801.	XXX	.....	.....	.....	.....	.....	.....	.....	.....
5802.	XXX	.....	.....	.....	.....	.....	.....	.....	.....
5803.	XXX	.....	.....	.....	.....	.....	.....	.....	.....
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803+ Line 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

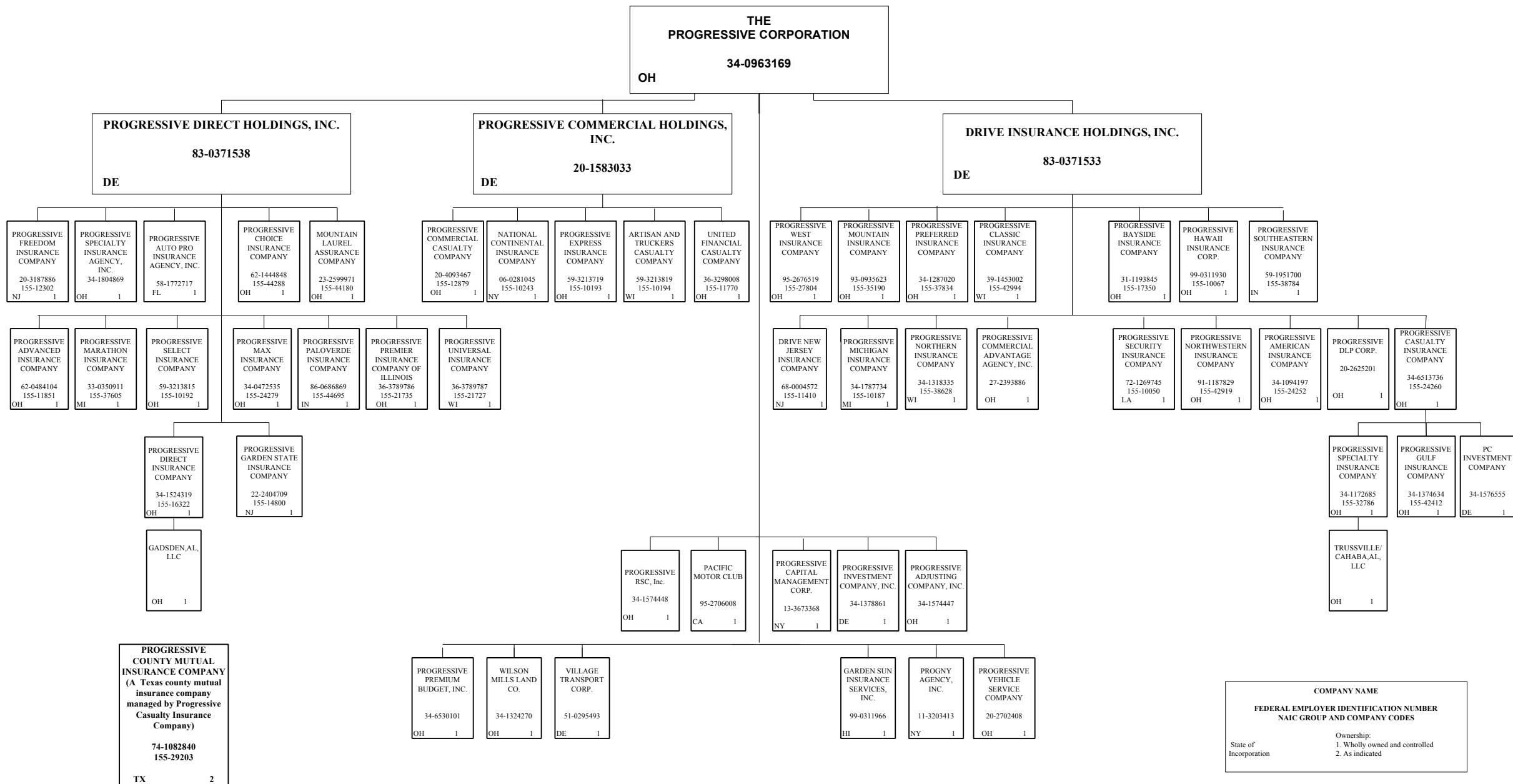
(a) Insert the number of "L" responses except for Canada and Other Alien.

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

Allocation on the basis of the location where the vehicle is principally garaged and used.

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**PART 1 – ORGANIZATIONAL CHART**

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