



QUARTERLY STATEMENT

As of June 30, 2012

of the Condition and Affairs of the

PROGRESSIVE SPECIALTY INSURANCE COMPANY

NAIC Group Code..... 155, 155 <small>(Current Period) (Prior Period)</small>	NAIC Company Code..... 32786	Employer's ID Number..... 34-1172685
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... August 4, 1975	Commenced Business..... May 26, 1976	
Statutory Home Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182 <small>(Street and Number) (City or Town, State and Zip Code)</small>	
Main Administrative Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182 <small>(Street and Number) (City or Town, State and Zip Code)</small>	440-461-5000 <small>(Area Code) (Telephone Number)</small>
Mail Address	P.O. BOX 89490..... CLEVELAND OH 44101-6490 <small>(Street and Number or P. O. Box) (City or Town, State and Zip Code)</small>	
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182 <small>(Street and Number) (City or Town, State and Zip Code)</small>	440-395-4460 <small>(Area Code) (Telephone Number)</small>
Internet Web Site Address	PROGRESSIVE.COM	
Statutory Statement Contact	MARY BETH ANDREANO <small>(Name)</small> FINANCIAL_REPORTING@PROGRESSIVE.COM <small>(E-Mail Address)</small>	440-395-4460 <small>(Area Code) (Telephone Number) (Extension)</small> 440-446-7168 <small>(Fax Number)</small>

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

OFFICERS

Name	Title	Name	Title
DAVID JAMES SKOVE	PRESIDENT	PETER JAMES ALBERT	SECRETARY
THOMAS ALFRED KING	TREASURER		

OTHER

PETER JAMES ALBERT	(VICE PRESIDENT)	MARY BETH ANDREANO	(VICE PRESIDENT)
KAREN MARIE BARONE	(VICE PRESIDENT)	KATHLEEN MARY CERNY	(ASST. SECRETARY)
JAMES LEE KUSMER	(ASST. TREASURER)		

DIRECTORS OR TRUSTEES

KAREN MARIE BARONE	KATHRYN MARGARET LEMIEUX	MARK DONALD NIEHAUS	DAVID LLOYD PRATT
DAVID JAMES SKOVE			

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) DAVID JAMES SKOVE 1. (Printed Name) PRESIDENT _____ (Title)	_____ (Signature) KATHLEEN MARY CERNY 2. (Printed Name) ASSISTANT SECRETARY _____ (Title)	_____ (Signature) THOMAS ALFRED KING 3. (Printed Name) TREASURER _____ (Title)
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Subscribed and sworn to before me
This 10TH day of AUGUST, 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 Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	644,944,124		644,944,124	611,441,045
2. Stocks:				
2.1 Preferred stocks.....	95,015,635		95,015,635	108,377,098
2.2 Common stocks.....	109,796,637		109,796,637	101,693,201
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
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 (\$.....1,135), cash equivalents (\$.....14,997,930) and short-term investments (\$.....586,679).....	15,585,744		15,585,744	200,742
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....	9,250,075	9,250,075	0	
9. Receivables for securities.....	6,041,445		6,041,445	13,533
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	880,633,660	9,250,075	871,383,585	821,725,619
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	5,914,121		5,914,121	6,665,931
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	34,609,686	6,777,300	27,832,386	19,385,073
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	153,835,519		153,835,519	141,511,047
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	9,669,498		9,669,498	8,294,002
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.....	25,969,276	3,204,718	22,764,558	21,395,830
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.....	70,215,428		70,215,428	45,657,714
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	885,786	306,714	579,072	1,134,189
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,181,732,975	19,538,807	1,162,194,167	1,065,769,405
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	1,181,732,975	19,538,807	1,162,194,167	1,065,769,405

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. EQUITIES AND DEPOSITS IN POOLS AND ASSOCIATIONS.....	579,072		579,072	1,134,189
2502. PREPAID EXPENSES.....	186,343	186,343	0	
2503. MISCELLANEOUS OTHER ASSETS.....	120,371	120,371	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).....	885,786	306,714	579,072	1,134,189

PROGRESSIVE SPECIALTY INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....79,952,140).....	210,400,694	199,877,709
2. Reinsurance payable on paid losses and loss adjustment expenses.....	6,072,987	4,258,048
3. Loss adjustment expenses.....	43,057,175	42,157,315
4. Commissions payable, contingent commissions and other similar charges.....	645,654	906,016
5. Other expenses (excluding taxes, licenses and fees).....	25,343,367	19,890,497
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	4,165,130	4,132,708
7.1 Current federal and foreign income taxes (including \$.....(317,947) on realized capital gains (losses)).....	10,859,375	5,162,503
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$.....282,002,735 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.....	192,916,622	177,167,886
10. Advance premium.....	6,958,129	4,462,525
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	4,830,475	38,252
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....	160,108	
15. Remittances and items not allocated.....		
16. Provision for reinsurance.....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	30,093,961	31,754,199
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....	5,998,409	
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.....	1,663,536	1,223,751
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	543,165,622	491,031,409
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	543,165,622	491,031,409
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,500,000	3,500,000
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.....	94,428,055	82,241,037
35. Unassigned funds (surplus).....	521,100,490	488,996,959
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).....	619,028,545	574,737,996
38. Totals.....	1,162,194,167	1,065,769,405

DETAILS OF WRITE-INS

2501. OTHER LIABILITIES.....	1,555,393	1,086,735
2502. ESCHEATABLE PROPERTY.....	100,434	129,908
2503. UNEARNED FEE RESERVE.....	7,709	7,108
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,663,536	1,223,751
2901.		
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).....	0	0
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

PROGRESSIVE SPECIALTY INSURANCE COMPANY
STATEMENT OF INCOME

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$....478,637,029).....	455,368,542	415,305,230	848,927,992
1.2 Assumed..... (written \$....322,354,512).....	306,605,776	290,445,803	585,036,630
1.3 Ceded..... (written \$....478,637,029).....	455,368,542	415,305,230	848,927,992
1.4 Net..... (written \$....322,354,512).....	306,605,776	290,445,803	585,036,630
DEDUCTIONS:			
2. Losses incurred (current accident year \$....193,176,538):			
2.1 Direct.....	288,572,871	269,173,164	547,522,610
2.2 Assumed.....	196,093,078	174,742,149	360,387,703
2.3 Ceded.....	288,572,871	269,173,164	547,522,610
2.4 Net.....	196,093,078	174,742,149	360,387,703
3. Loss adjustment expenses incurred.....	32,649,046	30,127,682	60,564,769
4. Other underwriting expenses incurred.....	69,096,931	66,468,665	130,270,580
5. Aggregate write-ins for underwriting deductions.....	0	3	17
6. Total underwriting deductions (Lines 2 through 5).....	297,839,055	271,338,499	551,223,069
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	8,766,721	19,107,304	33,813,561
INVESTMENT INCOME			
9. Net investment income earned.....	14,899,377	19,126,827	36,087,753
10. Net realized capital gains (losses) less capital gains tax of \$....(317,947).....	7,786,891	8,771,151	9,344,803
11. Net investment gain (loss) (Lines 9 + 10).....	22,686,268	27,897,978	45,432,556
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$....353,064 amount charged off \$....7,489,906).....	(7,136,842)	(5,779,090)	(11,899,436)
13. Finance and service charges not included in premiums.....	12,585,359	11,017,742	23,194,523
14. Aggregate write-ins for miscellaneous income.....	104,322	153,493	738,773
15. Total other income (Lines 12 through 14).....	5,552,839	5,392,145	12,033,860
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	37,005,828	52,397,427	91,279,977
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).....	37,005,828	52,397,427	91,279,977
19. Federal and foreign income taxes incurred.....	11,177,322	15,778,408	27,257,170
20. Net income (Line 18 minus Line 19) (to Line 22).....	25,828,506	36,619,019	64,022,807
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	574,737,996	800,352,842	800,352,842
22. Net income (from Line 20).....	25,828,506	36,619,019	64,022,807
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....1,549,984.....	2,998,897	5,044,027	(10,684,473)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	(1,489,096)	(1,618,890)	(1,403,536)
27. Change in nonadmitted assets.....	4,765,224	5,140,180	(4,113,542)
28. Change in provision for reinsurance.....			
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.....	12,187,018		1,563,898
33.2 Transferred to capital (Stock Dividend).....			
33.3 Transferred from capital.....			
34. Net remittances from or (to) Home Office.....			
35. Dividends to stockholders.....			(275,000,000)
36. Change in treasury stock.....			
37. Aggregate write-ins for gains and losses in surplus.....	0	0	0
38. Change in surplus as regards policyholders (Lines 22 through 37).....	44,290,549	45,184,336	(225,614,846)
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	619,028,545	845,537,178	574,737,996
DETAILS OF WRITE-INS			
0501. 2008 NORTH CAROLINA PRIVATE PASSENGER AUTO ESCROW (REFUNDS).....		3	17
0502.			
0503.			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	3	17
1401. MISCELLANEOUS INCOME.....	52,769	93,351	633,846
1402. SERVICE BUSINESS REVENUE.....	31,970	37,578	72,854
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	19,583	22,564	32,073
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	104,322	153,493	738,773
3701.			
3702.			
3703.			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0	0

CASH FLOW

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	309,051,015	284,401,582	566,915,075
2. Net investment income.....	25,186,955	31,881,625	62,589,624
3. Miscellaneous income.....	5,838,942	5,570,000	12,656,336
4. Total (Lines 1 through 3).....	340,076,912	321,853,207	642,161,035
5. Benefit and loss related payments.....	185,130,650	175,832,428	358,968,089
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	95,621,188	93,133,922	192,088,963
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....(242,061) tax on capital gains (losses).....	5,162,503	6,185,158	28,107,048
10. Total (Lines 5 through 9).....	285,914,341	275,151,508	579,164,100
11. Net cash from operations (Line 4 minus Line 10).....	54,162,571	46,701,699	62,996,935
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	90,766,802	210,992,415	440,678,103
12.2 Stocks.....	15,841,896	8,106,494	11,848,844
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....	100,000	140,000	180,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....	5,998,409		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	112,707,107	219,238,909	452,706,947
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	131,124,179	190,309,652	228,907,191
13.2 Stocks.....	1,367,868	21,386,298	25,989,459
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....	6,027,912		13,533
13.7 Total investments acquired (Lines 13.1 to 13.6).....	138,519,959	211,695,950	254,910,183
14. Net increase (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	(25,812,852)	7,542,959	197,796,764
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.....	12,187,018		1,563,898
16.3 Borrowed funds.....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			
16.5 Dividends to stockholders.....			275,000,000
16.6 Other cash provided (applied).....	(25,151,735)	(16,348,120)	(7,430,189)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	(12,964,717)	(16,348,120)	(280,866,291)
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).....	15,385,002	37,896,538	(20,072,592)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	200,742	20,273,334	20,273,334
19.2 End of period (Line 18 plus Line 19.1).....	15,585,744	58,169,872	200,742

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

20.0001			
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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The Ohio DOI requires insurance companies domiciled in 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 practices ("NAIC SAP") were used in preparing these statutory-basis financial statements.

2. Accounting Changes and Corrections of Errors

No significant change

3. Business Combinations and Goodwill

No significant change

4. Discontinued Operations

No significant change

5. Investments

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 June 30, 2012, 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 June 30, 2012, 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
33736XBN8	\$ 289,419	\$ 234,776	\$ 54,643	\$ 234,776	\$ 169,107	2010 - Q1
33736XBN8	144,263	82,349	61,914	82,349	80,410	2010 - Q2
79548CAR7	87,994	55,617	32,377	55,617	23,757	2010 - Q2
07387AGH2	1,168,204	1,123,318	44,886	1,123,318	1,095,831	2011 - Q2
126673BL5	460,935	304,899	156,036	304,899	304,899	2011 - Q3
07387AGH2	1,121,043	1,055,062	65,981	1,055,062	966,930	2011 - Q4
Total	XXX	XXX	\$ 415,837	XXX	XXX	XXX

As of June 30, 2012, the Company had \$517,072 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 June 30, 2012, 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
\$ 55,754,485	\$ 517,072	\$ 170,136	\$ 346,936	\$ 33,115,159	\$ 22,639,326

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change

7. Investment Income

No significant change

8. Derivative Instruments

No significant change

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

A. Components of the net deferred tax asset (liability) ("DTA"/"(DTL)")

1. The components of the DTA in accordance with SSAP 101 - Income Taxes, are as follows:

Description	June 30, 2012			December 31, 2011			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	\$ 27,938,253	\$ 34,045,527	\$ 61,983,780	\$ 26,814,853	\$ 36,828,170	\$ 63,643,023	\$ 1,123,400	\$ (2,782,643)	\$ (1,659,243)
(b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 27,938,253	\$ 34,045,527	\$ 61,983,780	\$ 26,814,853	\$ 36,828,170	\$ 63,643,023	\$ 1,123,400	\$ (2,782,643)	\$ (1,659,243)
(d) Deferred tax assets nonadmitted	-	3,204,718	3,204,718	-	7,612,526	7,612,526	-	(4,407,808)	(4,407,808)
(e) Subtotal (net deferred tax assets) (1c-1d)	\$ 27,938,253	\$ 30,840,809	\$ 58,779,062	\$ 26,814,853	\$ 29,215,644	\$ 56,030,497	\$ 1,123,400	\$ 1,625,165	\$ 2,748,565
(f) Deferred tax liabilities	5,173,695	30,840,809	36,014,504	5,419,023	29,215,644	34,634,667	(245,328)	1,625,165	1,379,837
(g) Net admitted deferred tax assets (1e-1f)	\$ 22,764,558	\$ -	\$ 22,764,558	\$ 21,395,830	\$ -	\$ 21,395,830	\$ 1,368,728	\$ -	\$ 1,368,728

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

Description	(1) June 30, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
(a) Federal income tax expense (benefit)	\$ 11,177,322	\$ 27,414,722	\$ (16,237,400)
(b) Foreign income tax expense (benefit)	-	-	-
(c) Prior year underaccrual (overaccrual)	-	(157,552)	157,552
(d) Subtotal	\$ 11,177,322	\$ 27,257,170	\$ (16,079,848)
(e) Federal income tax (benefit) on net realized capital gains (losses)	(317,947)	504,264	(822,211)
(f) Utilization of capital loss carry-forwards	-	-	-
(g) Prior year underaccrual (overaccrual)	-	(677,041)	677,041
(h) Subtotal	\$ (317,947)	\$ (172,777)	\$ (145,170)
(i) Federal and Foreign income taxes incurred	\$ 10,859,375	\$ 27,084,393	\$ (16,225,018)

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	\$ 12,840,758	35%
Exempt interest income	(383,461)	-1%
Dividends received deduction	(322,366)	0%
Impact of nonadmitted assets	132,220	0%
Other	81,320	0%
Total	\$ 12,348,471	34%
Federal and foreign income taxes incurred	\$ 10,859,375	
Change in net deferred income tax	1,489,096	
Total statutory income taxes	\$ 12,348,471	

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

No significant change

11. Debt

No significant change

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

No significant change

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

No significant change

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

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, on a net basis, potential exposure relating to lawsuits due to its participation in a 100% pooling reinsurance agreement for which it is allocated litigation expenses.

The following is a discussion of potentially significant pending cases at June 30, 2012. 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 June 30, 2012, there was a putative class action lawsuit challenging the manner in which the Company grants a discount for anti-theft devices.

As of June 30, 2012, the Company was defending a putative class action lawsuit alleging that the Company failed to properly reimburse sales tax on replacement vehicles.

As of June 30, 2012, there was a putative class action lawsuit alleging that the Company failed to reimburse legal fees incurred to recover medical damages for personal injury protection benefits.

15. Leases

No significant change

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

No significant change

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

C. Wash Sales

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

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

No significant change

19. Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators

No significant change

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.

With limited exceptions, the Company's Level 3 securities are also priced externally; however, due to several factors (e.g., nature of the securities, level of activity, lack of similar securities trading to obtain observable market level inputs), these valuations are more subjective in nature. Certain private equity investments and fixed-income investments included in the Level 3 category are valued using external pricing supplemented by internal review and analysis.

Fair Value Measurements at June 30, 2012:

Asset Description	Level 1	Level 2	Level 3	Total
Bonds – Industrial & Miscellaneous	\$ --	\$ 108,053	\$ 12,704	\$ 120,757
Common Stock – Industrial & Miscellaneous	109,796,637	--	--	109,796,637
Preferred Stock – Industrial & Miscellaneous	--	86,294,860	--	86,294,860
Total	\$ 109,796,637	\$ 86,402,913	\$ 12,704	\$ 196,212,254

As of June 30, 2012 there was one security measured at Level 3 due to its illiquidity (thinly traded and not widely held). Internal valuation was generated using estimated future cash flows from Bloomberg and internal portfolio manager assumptions on yield to maturity and prepayment speeds.

NOTES TO FINANCIAL STATEMENTS

2. Rollforward of Level 3 Items

Asset Description	Balance at Jan. 1, 2012	Transfers into level 3	Transfers out of level 3	Total Realized Gains (Losses) included in Net Income	Total Unrealized Gains (Losses) included in Surplus	Purchases, Issuances, Sales and Settlements	Balance at June 30, 2012
Bonds – Industrial & Miscellaneous	\$ --	\$ 12,704	\$ --	\$ --	\$ --	\$ --	\$ 12,704

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 20A above.

5. Derivative Fair Values

No significant change

B. Other Fair Value Disclosures

No significant change

C. Reasons Not Practical to Estimate Fair Values

No significant change

21. Other Items

C. Other Disclosures

1. Nonadmitted Other Invested Assets

In accordance with admissibility requirements of SSAP No. 48, Joint Ventures, Partnerships, and Limited Liability Companies, the Company non-admits its investment in Trussville/Cahaba, AL, LLC ("Trussville/Cahaba"), a non-insurance affiliate incorporated in Ohio that owns investment real estate. As a result of management's decision to not subject Trussville/Cahaba to the annual GAAP audit, the Company is not permitted to admit its investment in Trussville/Cahaba.

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

At June 30, 2012, the Company reported net admitted premiums and agents' balances in course of collection of \$27,832,386. 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 August 10, 2012 for the statutory statement that was available for issuance by August 15, 2012.

23. Reinsurance

No significant change

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No significant change

25. Changes in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to insured events of prior accident years increased by \$3,616,000 in 2012, which is approximately 1.5% of the total prior year net unpaid losses and LAE of \$242,035,024. The increase is primarily due to an increase in originally anticipated severity of 1.7% and .3% for accident years 2011 and 2010, respectively, for private passenger auto liability incurred but not reported reserves. This increase was partially offset by a decrease in originally anticipated severity of .4% for accident year 2011 for auto physical damage.

26. Intercompany Pooling Arrangements

No significant change

27. Structured Settlements

No significant change

28. Health Care Receivables

No significant change

29. Participating Accident and Health Policies

No significant change

30. Premium Deficiency Reserves

No significant change

NOTES TO FINANCIAL STATEMENTS

- 31. High Deductibles
No significant change
- 32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses
No significant change
- 33. Asbestos and Environmental Reserves
No significant change
- 34. Subscriber Savings Accounts
No significant change
- 35. Multiple Peril Crop Insurance
No significant change
- 36. Financial Guaranty Insurance
No significant change

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change:

3. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, complete the Schedule Y-Part 1 - Organizational chart.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

4.2 If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] N/A []
If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007.....

6.2 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.....

6.3 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). 4/7/2009.....

6.4 By what department or departments?
OHIO

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [] No [] N/A [X]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

7.1 Has this 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 [] No [X]

7.2 If yes, give full information:
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If the response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.1 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? Yes [X] No []

- (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.

9.11 If the response to 9.1 is No, please explain:
.....

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).
THE COMPANY'S CODE OF ETHICS POLICIES WERE UPDATED WITH THE FOLLOWING:
- A NEW SECTION ON ETHICAL DECISION-MAKING.
- REVISED PROVISIONS ON 1)REPORTING CONCERNS ABOUT POTENTIAL MISCONDUCT, 2)DIVERSITY AND INCLUSION, 3) SOCIAL RESPONSIBILITY, 4)PERSONAL USE OF COMPANY PROVIDED MOBILE DEVICES 5)ALCOHOLIC BEVERAGES, 6)DISCLOSURE OF MINOR TRAFFIC VIOLATIONS, AND 7)CONFLICT OF INTEREST RULES FOR CLAIMS PERSONNEL.

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

**PROGRESSIVE SPECIALTY INSURANCE COMPANY
GENERAL INTERROGATORIES**

PART 1 - COMMON INTERROGATORIES - GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

PART 1 - FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....70,215,428

PART 1 - INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes No

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

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0

13. Amount of real estate and mortgages held in short-term investments: \$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds.....	\$0	\$0
14.22 Preferred Stock.....	\$0	\$0
14.23 Common Stock.....	\$0	\$0
14.24 Short-Term Investments.....	\$0	\$0
14.25 Mortgage Loans on Real Estate.....	\$0	\$0
14.26 All Other.....	\$9,229,720	\$9,250,075
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$9,229,720	\$9,250,075
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....	\$0	\$0

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes No

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No
If no, attach a description with this statement.

16. 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 No

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

1	2
Name of Custodian(s)	Custodian Address
CITIBANK, N.A.	338 GREENWICH STREET NEW YORK, NY 10013
STATE STREET	801 PENNSYLVANIA AVE KANSAS CITY, MO 64105

16.2 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	2	3
Name(s)	Location(s)	Complete Explanation(s)
NONE		

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes No

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

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

16.5 Identify all investment advisors, broker/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	2	3
Central Registration Depository	Name(s)	Address
30107	STATE STREET GLOBAL MARKETS, LLC	225 FRANKLIN ST BOSTON, MA 02110

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes No

17.2 If no, list exceptions:

PROGRESSIVE SPECIALTY INSURANCE COMPANY
GENERAL INTERROGATORIES (continued)

PART 2

PROPERTY & CASUALTY INTERROGATORIES

1. If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change? Yes [] No [X] N/A []
 If yes, attach an explanation.

2. Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured? Yes [] No [X]
 If yes, attach an explanation.

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [] No [X]

3.2 If yes, give full and complete information thereto:

4.1 Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero? Yes [] No [X]

4.2 If yes, complete the following schedule:

1 Line of Business	2 Maximum Interest	3 Disc. Rate	Total Discount				Discount Taken During Period			
			4 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 Total
						.0				.0
Total.....	XXX..	XXX..	0	0	0	0	0	0	0	0

5. Operating Percentages:

5.1 A&H loss percent 0.0 %
 5.2 A&H cost containment percent 0.0 %
 5.3 A&H expense percent excluding cost containment expenses 0.0 %

6.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

6.2 If yes, please provide the amount of custodial funds held as of the reporting date. 0

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

6.4 If yes, please provide the amount of funds administered as of the reporting date. 0

SCHEDULE F - CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (YES or NO)
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NONE

PROGRESSIVE SPECIALTY INSURANCE COMPANY

SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	L	68,515,198	67,591,460	38,842,081	40,762,233	48,223,993	51,952,871
2. Alaska.....AK	L	12,207,002	12,261,449	7,812,217	7,528,141	8,795,448	7,712,485
3. Arizona.....AZ	L						
4. Arkansas.....AR	L	166,660	187,200	30,182	141,858	142,679	183,406
5. California.....CA	L			(1,065)	(320)		
6. Colorado.....CO	L	841,879	930,331	756,485	607,097	782,450	732,990
7. Connecticut.....CT	L						
8. Delaware.....DE	L						
9. District of Columbia.....DC	L						
10. Florida.....FL	L			(3,388)	(2,283)		
11. Georgia.....GA	L						
12. Hawaii.....HI	L	917,255	1,151,531	803,074	1,293,342	736,893	1,646,404
13. Idaho.....ID	L						
14. Illinois.....IL	L			(4,119)	(3,602)		
15. Indiana.....IN	L			(2,694)	(3,564)		
16. Iowa.....IA	L			(936)	(367)		
17. Kansas.....KS	L						
18. Kentucky.....KY	L			(12,399)	2,341	2,622	2,622
19. Louisiana.....LA	N						
20. Maine.....ME	L						
21. Maryland.....MD	L	20,800,325	19,986,337	11,461,868	12,186,399	15,197,207	13,826,607
22. Massachusetts.....MA	N						
23. Michigan.....MI	L						
24. Minnesota.....MN	L	7,783,076	8,678,484	3,504,546	3,848,099	4,680,856	4,188,520
25. Mississippi.....MS	L						
26. Missouri.....MO	L			26,749	42,148	11,317	78,018
27. Montana.....MT	L	131,645	162,288	83,399	56,465	86,585	296,214
28. Nebraska.....NE	L						
29. Nevada.....NV	L	1,020,735	1,200,207	681,708	700,592	638,438	721,128
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	L						
32. New Mexico.....NM	L			(15)	38,577		
33. New York.....NY	L	70,061,387	51,669,617	33,018,309	24,492,854	39,868,607	28,848,085
34. North Carolina.....NC	N						
35. North Dakota.....ND	L						
36. Ohio.....OH	L	180,303,249	173,834,392	102,397,417	102,019,298	101,946,409	82,648,069
37. Oklahoma.....OK	L			285	171		443
38. Oregon.....OR	L	24,491	26,334	51,568	24,078	33,860	59,743
39. Pennsylvania.....PA	L	112,423,541	99,744,203	65,287,145	59,059,188	72,193,900	66,425,580
40. Rhode Island.....RI	L						
41. South Carolina.....SC	L			(367)	(267)		
42. South Dakota.....SD	L				(489)		
43. Tennessee.....TN	L			(601)	(417)		
44. Texas.....TX	L						
45. Utah.....UT	L						
46. Vermont.....VT	L	872,618	997,066	695,964	524,659	603,528	779,078
47. Virginia.....VA	L	2,567,970	3,163,984	1,500,239	1,780,095	1,670,881	2,081,882
48. Washington.....WA	L			(3,639)	(2,753)		
49. West Virginia.....WV	L						
50. Wisconsin.....WI	L						
51. Wyoming.....WY	N						
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
59. Totals.....	(a) 46	478,637,031	441,584,883	266,924,013	255,093,573	295,615,673	262,184,145

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
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above).....	XXX	0	0	0	0	0	0

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

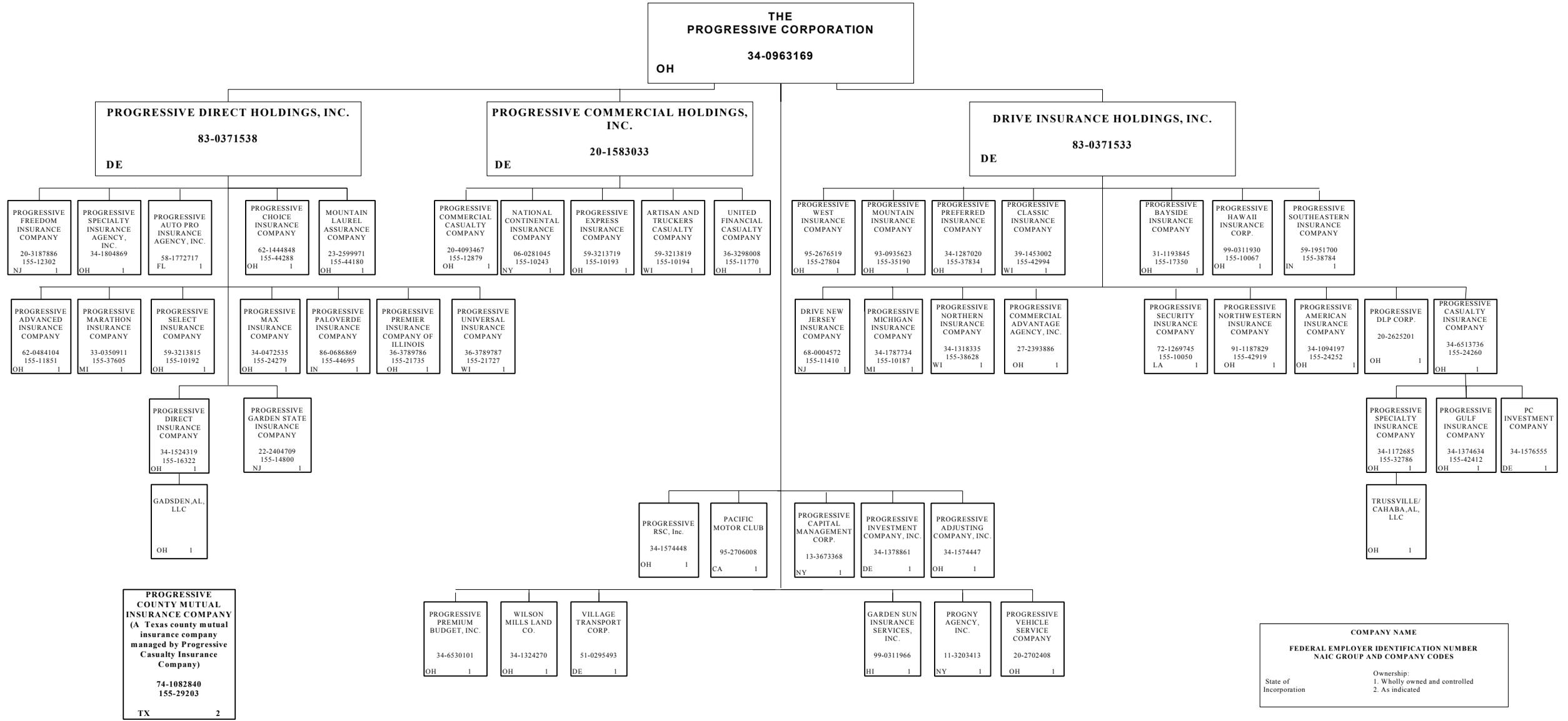
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

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

PART 1 – ORGANIZATIONAL CHART

Q11



COMPANY NAME	
FEDERAL EMPLOYER IDENTIFICATION NUMBER NAIC GROUP AND COMPANY CODES	
State of Incorporation	Ownership: 1. Wholly owned and controlled 2. As indicated

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
Members														
0155.....	The Progressive Insurance Group...	00000.....	34-0963169		0000080661	New York Stock Exchange..	The Progressive Corporation.....	OH.....	UIP.....	Board, Management.....	Board.....		The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	83-0371533				Drive Insurance Holdings, Inc.....	DE.....	UIP.....	The Progressive Corporation.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	11410.....	68-0004572				Drive New Jersey Insurance Company.....	NJ.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	24252.....	34-1094197				Progressive American Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	17350.....	31-1193845				Progressive Bayside Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	24260.....	34-6513736				Progressive Casualty Insurance Company.....	OH.....	UDP.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1576555				PC Investment Company.....	DE.....	NIA.....	Progressive Casualty Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	29203.....	74-1082840				Progressive County Mutual Insurance Company.....	TX.....	IA.....	Progressive Casualty Insurance Company.....	Management.....		The Progressive Corporation.	2, 3.....
0155.....	The Progressive Insurance Group...	42412.....	34-1374634				Progressive Gulf Insurance Company.....	OH.....	IA.....	Progressive Casualty Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	32786.....	34-1172685				Progressive Specialty Insurance Company.....	OH.....		Progressive Casualty Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....					Trussville/Cahaba, AL , LLC.....	OH.....	DS.....	Progressive Specialty Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	42994.....	39-1453002				Progressive Classic Insurance Company.....	WI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	20-2625201				Progressive DLP Corp.....	OH.....	NIA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10067.....	99-0311930				Progressive Hawaii Insurance Corp.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10187.....	34-1787734				Progressive Michigan Insurance Company.....	MI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	35190.....	93-0935623				Progressive Mountain Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	38628.....	34-1318335				Progressive Northern insurance Company.....	WI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	42919.....	91-1187829				Progressive Northwestern Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	37834.....	34-1287020				Progressive Preferred Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10050.....	72-1269745				Progressive Security Insurance Company.....	LA.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	38784.....	59-1951700				Progressive Southeastern Insurance Company.....	IN.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	27804.....	95-2676519				Progressive West Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	27-2393886				Progressive Commercial Advantage Agency, Inc.....	OH.....	NIA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	20-1583033				Progressive Commercial Holdings, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10194.....	59-3213819				Artisan and Truckers Casualty Company.....	WI.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10243.....	06-0281045				National Continental Insurance Company.....	NY.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	12879.....	20-4093467				Progressive Commercial Casualty Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10193.....	59-3213719				Progressive Express Insurance Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	11770.....	36-3298008				United Financial Casualty Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	83-0371538				Progressive Direct Holdings, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	44180.....	23-2599971				Mountain Laurel Assurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	11851.....	62-0484104				Progressive Advanced Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	58-1772717				Progressive Auto Pro Insurance Agency, Inc.....	FL.....	NIA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	44288.....	62-1444848				Progressive Choice Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	16322.....	34-1524319				Progressive Direct Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....					Gadsden, AL, LLC.....	OH.....	NIA.....	Progressive Direct Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....

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SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
0155.....	The Progressive Insurance Group...	12302.....	20-3187886				Progressive Freedom Insurance Company.....	NJ.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	14800.....	22-2404709				Progressive Garden State Insurance Company.....	NJ.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	37605.....	33-0350911				Progressive Marathon Insurance Company.....	MI.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	24279.....	34-0472535				Progressive Max Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	44695.....	86-0686869				Progressive Paloverde Insurance Company.....	IN.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	21735.....	36-3789786				Progressive Premier Insurance Company of Illinois.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10192.....	59-3213815				Progressive Select Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1804869				Progressive Specialty Insurance Agency, Inc.....	OH.....	NIA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	21727.....	36-3789787				Progressive Universal Insurance Company.....	WI.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	99-0311966				Garden Sun Insurance Services, ilc.....	HI.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	95-2706008				Pacific Motor Club.....	CA.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	11-3203413				PROGNY Agency, Inc.....	NY.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1574447				Progressive Adjusting Company, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	13-3673368				Progressive Capital Management Corp.....	NY.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1378861				Progressive Investment Company, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-6530101				Progressive Premium Budget, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1574448				Progressive RSC, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	20-2702408				Progressive Vehicle Service Company.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	51-0295493				Village Transport Corp.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1324270				Wilson Mills Land Co.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....

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Asterisk	Explanation
1	Schedule Y Part 1A is a common schedule for all companies in The Progressive Insurance Group, however column 10 requires specific relationship information relative to the reporting entity.
2	Progressive County Mutual Insurance Company is a Texas county mutual insurance company that is controlled, but not owned by Progressive Casualty Insurance Company.
3	None of the companies in The Progressive Insurance Group are Federally chartered or insured institutions and therefore, do not have Federal RSSD numbers.

PROGRESSIVE SPECIALTY INSURANCE COMPANY PART 1 - LOSS EXPERIENCE

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
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.....	4,974,218	1,778,028	35.7	63.6
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.....			0.0	
15. Other accident and health.....			0.0	
16. Workers' compensation.....			0.0	
17.1 Other liability-occurrence.....	2,042,490	737,371	36.1	27.1
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.....	277,840,011	178,895,236	64.4	61.0
19.3, 19.4 Commercial auto liability.....	12,496,227	5,648,255	45.2	67.4
21. Auto physical damage.....	158,014,430	101,513,981	64.2	71.9
22. Aircraft (all perils).....			0.0	
23. Fidelity.....			0.0	
24. Surety.....	1,167		0.0	20.0
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	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0.0	
35. Totals.....	455,368,543	288,572,871	63.4	64.8

DETAILS OF WRITE-INS

3401.....			0.0	
3402.....			0.0	
3403.....			0.0	
3498. Sum. of remaining write-ins for Line 34 from overflow page.....	0	0	0.0	XXX
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....	0	0	0.0	

PART 2 - DIRECT PREMIUMS WRITTEN

Lines of Business	1	2	3
	Current Quarter	Current Year to Date	Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....	4,509,706	6,275,643	5,891,647
10. Financial guaranty.....			
11.1 Medical professional liability - occurrence.....			
11.2 Medical professional liability - claims made.....			
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1 Other liability-occurrence.....	1,696,520	2,380,297	2,408,877
17.2 Other liability-claims made.....			
17.3 Excess workers' compensation.....			
18.1 Products liability-occurrence.....			
18.2 Products liability-claims made.....			
19.1 19.2 Private passenger auto liability.....	141,392,919	288,638,465	269,455,902
19.3 19.4 Commercial auto liability.....	6,465,028	13,177,684	12,992,499
21. Auto physical damage.....	84,162,198	168,164,940	150,833,613
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			2,346
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	238,226,371	478,637,029	441,584,884

DETAILS OF WRITE-INS

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

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

	1	2	3	4	5	6	7	8	9	10	11	12	13
Years in Which Losses Occurred	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2012 Loss and LAE Payments on Claims Reported as of Prior Year-End	2012 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2012 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2009 + Prior.....	40,315	8,761	49,076	14,318	496	14,815	25,720	1,415	5,948	33,083	(276)	(902)	(1,178)
2. 2010.....	46,942	10,695	57,637	15,957	1,109	17,066	30,867	3,583	6,919	41,370	(118)	917	799
3. Subtotals 2010 + Prior.....	87,257	19,456	106,713	30,275	1,606	31,881	56,587	4,998	12,867	74,453	(394)	15	(379)
4. 2011.....	103,210	32,112	135,322	47,173	6,737	53,909	57,858	10,832	16,718	85,408	1,821	2,175	3,996
5. Subtotals 2011 + Prior.....	190,467	51,568	242,035	77,448	8,342	85,790	114,446	15,830	29,585	159,861	1,427	2,190	3,616
6. 2012.....	XXX	XXX	XXX	XXX	131,529	131,529	XXX	68,990	24,607	93,597	XXX	XXX	XXX
7. Totals.....	190,467	51,568	242,035	77,448	139,871	217,319	114,446	84,820	54,191	253,458	1,427	2,190	3,616
8. Prior Year-End's Surplus As Regards Policyholders	574,738										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1.0.7 %	2.4.2 %	3.1.5 %
													Col. 13, Line 7 Line 8
													4.0.6 %

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PROGRESSIVE SPECIALTY INSURANCE COMPANY SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

- 1.
- 2.
- 3.
- 4.

Bar Code:



NONE

**PROGRESSIVE SPECIALTY INSURANCE COMPANY
SCHEDULE A - VERIFICATION**

Real Estate

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Current year change in encumbrances.....		
4. Total gain (loss) on disposals.....		
5. Deduct amounts received on disposals.....		
6. Total foreign exchange change in book/adjusted carrying value.....		
7. Deduct current year's other than temporary impairment recognized.....		
8. Deduct current year's depreciation.....		
9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8).....	0	0
10. Deduct total nonadmitted amounts.....		
11. Statement value at end of current period (Line 9 minus Line 10).....	0	0

NONE

SCHEDULE B - VERIFICATION

Mortgage Loans

	1 Year to Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....	0	
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....		
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....		
8. Deduct amortization of premium and mortgage interest points and commitment fees.....		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	0	0
12. Total valuation allowance.....		
13. Subtotal (Line 11 plus Line 12).....	0	0
14. Deduct total nonadmitted amounts.....		
15. Statement value at end of current period (Line 13 minus Line 14).....	0	0

NONE

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	9,229,720	9,529,009
2. Cost of acquired:		
2.1 Actual cost at time of acquisition.....		
2.2 Additional investment made after acquisition.....		
3. Capitalized deferred interest and other.....		
4. Accrual of discount.....		
5. Unrealized valuation increase (decrease).....	120,355	(119,289)
6. Total gain (loss) on disposals.....		
7. Deduct amounts received on disposals.....	100,000	180,000
8. Deduct amortization of premium and depreciation.....		
9. Total foreign exchange change in book/adjusted carrying value.....		
10. Deduct current year's other than temporary impairment recognized.....		
11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10).....	9,250,075	9,229,720
12. Deduct total nonadmitted amounts.....	9,250,075	9,229,720
13. Statement value at end of current period (Line 11 minus Line 12).....	0	0

SCHEDULE D - VERIFICATION

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	821,511,345	1,051,192,048
2. Cost of bonds and stocks acquired.....	132,492,046	254,896,650
3. Accrual of discount.....	551,550	1,071,867
4. Unrealized valuation increase (decrease).....	4,428,526	(16,254,131)
5. Total gain (loss) on disposals.....	7,468,944	9,438,926
6. Deduct consideration for bonds and stocks disposed of.....	106,608,697	452,526,947
7. Deduct amortization of premium.....	10,087,318	26,040,165
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		266,903
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	849,756,396	821,511,345
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	849,756,396	821,511,345

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	511,104,862	60,078,867	41,556,646	(6,893,695)	511,104,862	522,733,388		496,028,265
2. Class 2 (a).....	121,502,114	299,292	192,615	4,855,229	121,502,114	126,464,020		101,726,551
3. Class 3 (a).....	2,719,522			(2,655,639)	2,719,522	63,883		2,725,876
4. Class 4 (a).....	10,890,947			(43,580)	10,890,947	10,847,367		10,759,330
5. Class 5 (a).....	113,531			(11,058)	113,531	102,473		
6. Class 6 (a).....	390,334			(72,732)	390,334	317,602		400,172
7. Total Bonds.....	646,721,310	60,378,159	41,749,261	(4,821,475)	646,721,310	660,528,733	0	611,640,194
PREFERRED STOCK								
8. Class 1.....								62,892,000
9. Class 2.....	101,814,615		446,990	(20,904,190)	101,814,615	80,463,435		45,485,098
10. Class 3.....				14,552,200		14,552,200		
11. Class 4.....								
12. Class 5.....								
13. Class 6.....								
14. Total Preferred Stock.....	101,814,615	0	446,990	(6,351,990)	101,814,615	95,015,635	0	108,377,098
15. Total Bonds and Preferred Stock.....	748,535,925	60,378,159	42,196,251	(11,173,465)	748,535,925	755,544,368	0	720,017,292

QSI02

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:
NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals.....	.....586,679	.....XXX.....	.....586,679	.....20	

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	.....199,149	.....71,711
2. Cost of short-term investments acquired.....	.....1,379,214	.....2,261,262
3. Accrual of discount.....		
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	.....991,684	.....2,133,824
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	.....586,679	.....199,149
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	.....586,679	.....199,149

**Sch. DB-Pt A-Verification
NONE**

**Sch. DB-Pt B-Verification
NONE**

**Sch. DB-Pt C-Sn 1
NONE**

**Sch. DB-Pt C-Sn 2
NONE**

**Sch. DB-Verification
NONE**

SCHEDULE E- VERIFICATION

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	20,199,944
2. Cost of cash equivalents acquired.....	14,997,516	215,492,152
3. Accrual of discount.....	414	7,713
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....		235,699,809
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/ adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	14,997,930	0
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	14,997,930	0

**Sch. A-Pt 2
NONE**

**Sch. A-Pt 3
NONE**

**Sch. B-Pt 2
NONE**

**Sch. B-Pt 3
NONE**

**Sch. BA-Pt 2
NONE**

**Sch. BA-Pt 3
NONE**

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Identification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
Bonds - Industrial and Miscellaneous									
00037B AA 0	ABB FINANCE USA INC 1.625% 05/08/17.....		...05/03/2012	Morgan Stanley.....		.....5,958,000	.....6,000,000		1FE.....
00038A AA 1	ABB TREASURY CENTER USA 2.500% 06/15/16.....		...06/27/2012	Goldman Sachs.....		.....5,692,636	.....5,490,000	.....6,481	1FE.....
00101J AB 2	ADT CORP 3.500% 07/15/22.....		...06/27/2012	Goldman Sachs.....		.....299,292	.....300,000		2FE.....
06052Y AD 1	BAAT 2012-1 A4 1.030% 12/15/16.....		...04/11/2012	Bank of America Corp.....		.....9,996,936	.....10,000,000		1FE.....
126673 QE 5	CWL 2004-AB2 A3 0.655% 05/25/36.....		...05/24/2012	Barclays Capital.....		.....12,140,946	.....12,468,238	.....1,123	1FM.....
913017 BU 2	UNITED TECHNOLOGIES COR 1.800% 06/01/17.....		...05/24/2012	Bank of America Corp.....		.....6,993,980	.....7,000,000		1FE.....
502441 AA 6	LVMH MOET HENNESSY LOUI 1.625% 06/29/17.....	F.....	...06/26/2012	Citicorp Securities Inc.....		.....3,739,238	.....3,750,000		1FE.....
3899999.	Total - Bonds - Industrial & Miscellaneous.....					.....44,821,028	.....45,008,238	.....7,604	.....XXX.....
8399997.	Total - Bonds - Part 3.....					.....44,821,028	.....45,008,238	.....7,604	.....XXX.....
8399999.	Total - Bonds.....					.....44,821,028	.....45,008,238	.....7,604	.....XXX.....
Common Stocks - Industrial and Miscellaneous									
30219G 10 8	EXPRESS SCRIPTS INC.....		...04/02/2012	State Street Bank.....	.....2,442,000	.....34,905	.....XXX.....		L.....
9099999.	Total - Common Stocks - Industrial & Miscellaneous.....					.....34,905	.....XXX.....	.....0	.....XXX.....
9799997.	Total - Common Stocks - Part 3.....					.....34,905	.....XXX.....	.....0	.....XXX.....
9799999.	Total - Common Stocks.....					.....34,905	.....XXX.....	.....0	.....XXX.....
9899999.	Total - Preferred and Common Stocks.....					.....34,905	.....XXX.....	.....0	.....XXX.....
9999999.	Total - Bonds, Preferred and Common Stocks.....					.....44,855,933	.....XXX.....	.....7,604	.....XXX.....

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

QE04

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Design- ation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							

Bonds - U.S. Government

912828	SC	5		US TREASURY NOTE 0.875% 01/31/17.....	04/05/2012	Goldman Sachs.....		6,467,500	6,500,000	6,518,281			(605)		(605)		6,517,676		(50,176)	(50,176)	10,781	01/31/2017	1.....
0599999				Total - Bonds - U.S. Government.....				6,467,500	6,500,000	6,518,281	0	0	(605)	0	(605)	0	6,517,676	0	(50,176)	(50,176)	10,781	XXX...	XXX...

Bonds - U.S. Special Revenue and Special Assessment

313921	6F	0		FNGT 2001-W3 A 7.000% 09/01/41.....	06/01/2012	Paydown.....		27,082	27,082	28,335	28,940		(1,857)		(1,857)		27,082				0	827	09/01/2041	1.....
31392C	MS	0		FNW 2002-W1 2A 7.059% 02/25/42.....	06/01/2012	Paydown.....		8,868	8,868	9,319	9,410		(542)		(542)		8,868				0	270	02/25/2042	1.....
46246B	JS	2		IOWA FIN AUTH HSG 5.000% 07/01/30.....	04/19/2012	Call 100.0000.....		20,000	20,000	20,892	20,219		(219)		(219)		20,000				0	800	07/01/2014	1FE.....
49130P	JG	0		KENTUCKY HSG CORP 3.415% 07/01/13.....	04/01/2012	Call 100.0000.....		360,000	360,000	360,000	360,000				0		360,000				0	9,221	01/01/2013	1FE.....
57419P	JD	2		MARYLAND CMNTY HSG 5.500% 09/01/39.....	06/22/2012	Call 100.0000.....		815,000	815,000	866,312	838,329		(23,329)		(23,329)		815,000				0	36,234	03/01/2016	1FE.....
575930	YG	1		MASSACHUSETTS ST HSG 4.200% 06/01/19.....	06/01/2012	Call 100.0000.....		100,000	100,000	100,771	100,573		(573)		(573)		100,000				0	2,100	06/01/2019	1FE.....
61212R	SP	2		MONTANA ST BRD HSG 5.000% 12/01/35.....	06/01/2012	Call 100.0000.....		740,000	740,000	756,317	744,413		(4,413)		(4,413)		740,000				0	18,500	06/01/2019	1FE.....
646129	N6	9		NEW JERSEY ST HSG 5.250% 10/01/37.....	04/01/2012	Call 100.0000.....		570,000	570,000	600,660	586,355		(16,355)		(16,355)		570,000				0	14,963	04/01/2017	1FE.....
658207	CG	8		NORTH CAROLINA HSG 5.750% 01/01/37.....	06/01/2012	Call 100.0000.....		85,000	85,000	91,087	86,591		(1,591)		(1,591)		85,000				0	4,480	01/01/2015	1FE.....
68608R	4E	0		OREGON ST HSG & CMNTY 5.625% 01/01/29.....	04/01/2012	Call 100.0000.....		175,000	175,000	188,130	176,177		(1,177)		(1,177)		175,000				0	7,383	07/01/2012	1FE.....
88045R	WH	1		TENNESSEE HSG DEV 4.500% 07/01/31.....	04/01/2012	Call 100.0000.....		115,000	115,000	120,463	120,401		(5,401)		(5,401)		115,000				0	1,725	07/01/2022	1FE.....
3199999				Total - Bonds - U.S. Special Revenue & Assessment.....				3,015,950	3,015,950	3,142,286	3,071,408	0	(55,457)	0	(55,457)	0	3,015,950	0	0	0	0	96,503	XXX...	XXX...

Bonds - Industrial and Miscellaneous

00037B	AA	0		ABB FINANCE USA INC 1.625% 05/08/17.....	06/27/2012	CSFBdirect.....		6,026,820	6,000,000	5,958,000			1,162		1,162		5,959,162		67,658	67,658	14,625	05/08/2017	1FE.....		
05950V	AG	5		BACM 2006-6 XP IO 0.447% 10/10/45.....	05/01/2012	Paydown.....				218,460	128,131		(128,131)		(128,131)						0	35,326	10/10/2045	1FE.....	
073879	ZG	6		BSABS 2005-HE7 M1 0.765% 07/25/35.....	06/25/2012	Paydown.....		757,427	757,427	710,088	747,180		10,247		10,247		757,427				0	2,486	07/25/2035	1FM.....	
07387A	GH	2		BSARM 2005-12 25A1 3.764% 04/25/51.....	06/01/2012	Paydown.....		38,340	135,186	84,025	84,025		(45,686)		(45,686)		38,340				0	5,152	04/25/2051	1FM.....	
12643C	BD	2		CSMC 2010-1R 10A1 2.798% 06/27/47.....	06/01/2012	Paydown.....		226,698	226,698	231,374	225,651		1,047		1,047		226,698				0	4,031	06/27/2047	1FM.....	
126673	QE	5		CWL 2004-AB2 A3 0.655% 05/25/36.....	06/25/2012	Paydown.....		647,205	647,205	630,216			16,989		16,989		647,205				0	362	05/25/2036	1FM.....	
22540V	G6	3		CSFB 2002-9 1A1 7.000% 03/25/40.....	06/01/2012	Paydown.....		2,201	2,201	2,231	2,129	190	(118)		72		2,201				0	68	03/25/2040	1FM.....	
22541N	UJ	6		CSFB 2002-CP5 A2 4.940% 12/15/35.....	06/01/2012	Paydown.....		4,598,295	4,598,295	4,548,630	4,582,421		15,874		15,874		4,598,295				0	103,157	12/15/2035	1FM.....	
33736X	BN	8		FUNBC 2000-C2 IO 0.000% 10/15/32.....	06/01/2012	Paydown.....				960					0						0	5,808	10/15/2032	6*.....	
33736X	BN	8		FUNBC 2000-C2 IO 0.000% 10/15/32.....	06/01/2012	Return of Capital.....		14,826											14,826	14,826				10/15/2032	6*.....
33736X	CR	8		FUNBC 2001-C2 IO 1.566% 01/12/43.....	06/01/2012	Paydown.....				1,562					0						0	150	01/12/2043	5FE.....	
36228C	WC	3		GSMS 2005-GG4 XP IO 0.926% 07/10/39.....	06/01/2012	Paydown.....				3,249,851	540,351		(540,351)		(540,351)						0	670,359	07/10/2039	1FE.....	
393505	QX	3		GT 1996-9 A5 7.200% 01/15/28.....	06/15/2012	Paydown.....		5,781	5,781	5,924	5,757		24		24		5,781				0	173	01/15/2028	1FE.....	
466247	QC	0		JPMMT 2005-A3 4A1 2.590% 06/25/35.....	06/01/2012	Paydown.....		132,836	132,836	128,991	131,794		1,042		1,042		132,836				0	1,560	06/25/2035	1FM.....	
46625Y	NH	2		JPMCC 2005-LDP2 X2 IO 0.740% 07/15/42.....	06/01/2012	Paydown.....				488,775	119,760		(119,760)		(119,760)						0	150,931	07/15/2042	1FE.....	
46628F	AB	7		JPMCC 2006-LDP7 A2 5.857% 04/15/45.....	06/01/2012	Paydown.....		249,859	249,859	250,483	249,291		567		567		249,859				0	7,438	04/15/2045	1FM.....	
52108H	BZ	6		LBUBS 2000-C4 X IO 1.361% 07/11/32.....	06/11/2012	Paydown.....				5,541	2,179		(2,179)		(2,179)						0	385	07/11/2032	5FE.....	
589929	MK	1		MLMI 1996-C2 IO 2.133% 11/21/28.....	06/01/2012	Paydown.....				63,782	43,914		(43,914)		(43,914)						0	9,297	11/21/2028	6*.....	
59020U	H2	4		MLMI 2005-AR1 A3A4 0.649% 06/25/36.....	04/25/2012	Paydown.....		293,237	293,237	277,109	292,146		1,091		1,091		293,237				0	659	06/25/2036	1FM.....	

QE05

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amortization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
59022H CP 5	MLMT 2003-KEY1 A3 4.893% 11/12/35		06/01/2012	Paydown		493,224	493,224	502,350	497,953		(4,730)		(4,730)		493,224			0	13,319	11/12/2035	1FM
65536H BC 1	NHELI 2005-HE1 M1 0.685% 09/25/35		06/25/2012	Paydown		446,096	446,096	404,116	436,462		9,634		9,634		446,096			0	1,258	09/25/2035	1FM
658262 DV 9	NCSEA 2005-P A1 0.577% 06/01/20		06/01/2012	Paydown		508,167	508,167	502,053	503,078		5,089		5,089		508,167			0	1,594	06/01/2020	1FE
743873 AX 9	PFMLT 2005-1 2A1 2.813% 05/25/35		06/01/2012	Paydown		192,615	192,615	187,047	192,361		254		254		192,615			0	2,271	05/25/2035	2FM
74929Q AB 1	RBSCF 2010-MB1 A2 3.686% 04/15/24		06/25/2012	Royal Bank of Scotland		10,629,297	10,000,000	10,600,000			(51,244)		(51,244)		10,548,756		80,541	80,541	119,795	04/15/2024	1FM
749930 AR 4	RMF PT 1997-1 X2 IO 0.000% 01/15/19		06/01/2012	Paydown				1,017					0					0	398	01/15/2019	6*
749930 AR 4	RMF PT 1997-1 X2 IO 0.000% 01/15/19		06/01/2012	Return of Capital		2,504							0				2,504	2,504		01/15/2019	6*
79548C AR 7	SBM7 2000-C3 X IO 0.000% 12/18/33		06/01/2012	Paydown				74					0					0	112	12/18/2033	5FE
79548C AR 7	SBM7 2000-C3 X IO 0.000% 12/18/33		06/01/2012	Return of Capital		8,091							0				8,091	8,091		12/18/2033	5FE
913017 BU 2	UNITED TECHNOLOGIES COR 1.800% 06/01/17		06/20/2012	Various		7,115,320	7,000,000	6,993,980			26		26		6,994,006		121,314	121,314	5,150	06/01/2017	1FE
929227 4D 5	WAMU 2003-AR6 A1 2.446% 06/25/33		06/01/2012	Paydown		22,501	22,501	22,839	22,878		(377)		(377)		22,501			0	242	06/25/2033	1FM
3899999.	Total - Bonds - Industrial & Miscellaneous					32,411,340	31,711,328	36,069,478	8,807,461	190	(873,444)	0	(873,254)	0	32,116,406	0	294,934	294,934	1,156,106	XXX	XXX
8399997.	Total - Bonds - Part 4					41,894,790	41,227,278	45,730,045	11,878,869	190	(929,506)	0	(929,316)	0	41,650,032	0	244,758	244,758	1,263,390	XXX	XXX
8399999.	Total - Bonds					41,894,790	41,227,278	45,730,045	11,878,869	190	(929,506)	0	(929,316)	0	41,650,032	0	244,758	244,758	1,263,390	XXX	XXX
Preferred Stocks - Industrial and Miscellaneous																					
89352H AC 3	TRANS-CANADA PIPELINES	A.	04/05/2012	Piper Jaffray & Co.		1,000,000.000	1,042,500	446,990	446,990				0		446,990		595,510	595,510	25,753	XXX	RP2VFE
8499999.	Total - Preferred Stocks - Industrial & Miscellaneous					1,042,500	XXX	446,990	446,990	0	0	0	0	0	446,990	0	595,510	595,510	25,753	XXX	XXX
8999997.	Total - Preferred Stocks - Part 4					1,042,500	XXX	446,990	446,990	0	0	0	0	0	446,990	0	595,510	595,510	25,753	XXX	XXX
8999999.	Total - Preferred Stocks					1,042,500	XXX	446,990	446,990	0	0	0	0	0	446,990	0	595,510	595,510	25,753	XXX	XXX
Common Stocks - Industrial and Miscellaneous																					
247126 10 5	DELPHI CORP.		04/27/2012	Class Action Litigation		53	XXX						0				53	53		XXX	L
30219G 10 8	EXPRESS SCRIPTS INC.		04/13/2012	State Street Bank		8	XXX	6	7				0		6		2	2		XXX	L
58405U 10 2	MEDCO HEALTH SOLUTIONS.		04/02/2012	State Street Bank	3,015,000	121,737	XXX	34,905	168,539	(133,633)			(133,633)		34,905		86,832	86,832		XXX	L
756577 10 2	RED HAT INC.		04/01/2012	Class Action Litigation		3,396	XXX						0				3,396	3,396		XXX	L
919794 10 7	VALLEY NATIONAL BANCORP.		05/31/2012	State Street Bank		5	XXX	5	5	(1)			(1)		5			0		XXX	L
9099999.	Total - Common Stocks - Industrial & Miscellaneous					125,199	XXX	34,916	168,551	(133,634)	0	0	(133,634)	0	34,916	0	90,283	90,283	0	XXX	XXX
9799997.	Total - Common Stocks - Part 4					125,199	XXX	34,916	168,551	(133,634)	0	0	(133,634)	0	34,916	0	90,283	90,283	0	XXX	XXX
9799999.	Total - Common Stocks					125,199	XXX	34,916	168,551	(133,634)	0	0	(133,634)	0	34,916	0	90,283	90,283	0	XXX	XXX
9899999.	Total - Preferred and Common Stocks					1,167,699	XXX	481,906	615,541	(133,634)	0	0	(133,634)	0	481,906	0	685,793	685,793	25,753	XXX	XXX
9999999.	Total - Bonds, Preferred and Common Stocks					43,062,489	XXX	46,211,951	12,494,410	(133,444)	(929,506)	0	(1,062,950)	0	42,131,938	0	930,551	930,551	1,289,143	XXX	XXX

QE05.1

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

**Sch. DB-Pt A-Sn 1
NONE**

**Sch. DB-Pt B-Sn 1
NONE**

**Sch. DB-Pt B-Sn 1B-Broker List
NONE**

**Sch. DB-Pt D
NONE**

**Sch. DL-Pt. 1
NONE**

**Sch. DL-Pt. 2
NONE**

SCHEDULE E - PART 1 - CASH

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 Third Month	

Open Depositories

REGIONS BANK..... MONTGOMERY, AL.....					.....1,135	.....1,135	.....1,135	XXX..
0199999. Total Open Depositories.....	...XXX.....	...XXX.....	.....0	.....0	.....1,135	.....1,135	.....1,135	XXX..
0399999. Total Cash on Deposit.....	...XXX.....	...XXX.....	.....0	.....0	.....1,135	.....1,135	.....1,135	XXX..
0599999. Total Cash.....	...XXX.....	...XXX.....	.....0	.....0	.....1,135	.....1,135	.....1,135	XXX..

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations							
HEWLETT-PACKARD CO.....		06/26/2012	0.250	07/30/2012	9,997,986		.347
PRAXAIR INC.....		06/25/2012	0.080	07/06/2012	4,999,944		.67
3299999. Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations.....					14,997,930	.0	.414
3899999. Total - Industrial and Miscellaneous (Unaffiliated).....					14,997,930	.0	.414
Total Bonds							
7799999. Subtotals - Issuer Obligations.....					14,997,930	.0	.414
8399999. Subtotals - Bonds.....					14,997,930	.0	.414
8699999. Total - Cash Equivalents.....					14,997,930	.0	.414

QE12