



ANNUAL STATEMENT

For the Year Ended December 31, 2012
of the Condition and Affairs of the

PROGRESSIVE DIRECT INSURANCE COMPANY

NAIC Group Code.....155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 16322	Employer's ID Number..... 34-1524319
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... September 29, 1986	Commenced Business..... January 14, 1987	
Statutory Home Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US 44143-2182 <i>(Street and Number) (City or Town, State, Country and Zip Code)</i>	
Main Administrative Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US..... 44143-2182 440-461-5000 <i>(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)</i>	
Mail Address	P.O. BOX 89490..... CLEVELAND OH US 44101-6490 <i>(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)</i>	
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US 44143-2182 440-395-4460 <i>(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)</i>	
Internet Web Site Address	PROGRESSIVE.COM	
Statutory Statement Contact	MARY BETH ANDREANO <i>(Name)</i> FINANCIAL_REPORTING@PROGRESSIVE.COM <i>(E-Mail Address)</i>	440-395-4460 <i>(Area Code) (Telephone Number) (Extension)</i> 440-446-7168 <i>(Fax Number)</i>

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

OFFICERS

Name	Title	Name	Title
SCOTT WESLEY ZIEGLER	PRESIDENT	MICHAEL ROBERT UTH	SECRETARY
DANIEL JOSEPH WITALEC #	TREASURER		

OTHER

TOBY KRAMER ALFRED	(VICE PRESIDENT)	SCOTT EDWARD COLEMAN	(ASST. TREASURER)
JAMES RUSSELL HAAS	(VICE PRESIDENT)	KAREN ANN KOSUDA	(ASST. SECRETARY)
SIMON GREGER LINDSAY	(VICE PRESIDENT)	MARIANN WOJKUN MARSHALL	(VICE PRESIDENT)

DIRECTORS OR TRUSTEES

STEVEN ANTHONY BROZ	BRIAN CHARLES DOMECK	CHARLES ELWOOD JARRETT	SANJAY MAHESH VYAS
SCOTT WESLEY ZIEGLER			

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) SCOTT WESLEY ZIEGLER	_____ (Signature) KAREN ANN KOSUDA	_____ (Signature) SCOTT EDWARD COLEMAN
1. (Printed Name) PRESIDENT	2. (Printed Name) ASSISTANT SECRETARY	3. (Printed Name) ASSISTANT TREASURER
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me
This 14TH day of FEBRUARY, 2013

a. Is this an original filing? Yes [X] No []
b. If no
1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	2,830,820,023		2,830,820,023	2,591,371,461
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	74,929,815		74,929,815	72,308,280
2.2 Common stocks.....	628,191,530		628,191,530	530,964,903
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....	180,348,481		180,348,481	187,529,846
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 (\$.....1,859,093, Schedule E-Part 1), cash equivalents (\$.....95,295,302, Schedule E-Part 2) and short-term investments (\$.....27,385,338, Schedule DA).....	124,539,733		124,539,733	22,697,860
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	6,308,064	6,308,064	0	0
9. Receivables for securities.....	3,531		3,531	2,912
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	3,845,141,177	6,308,064	3,838,833,113	3,404,875,262
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	19,642,391		19,642,391	22,705,078
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	113,208,162	11,742,463	101,465,699	94,101,543
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	508,815,385		508,815,385	531,957,582
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	6,802,858		6,802,858	8,392,516
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.....	63,512,613		63,512,613	83,041,576
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	1,625,203	1,625,203	0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....	19,553	19,553	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....			0	38,901,889
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	3,642,278	1,102,822	2,539,456	1,620,767
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	4,562,409,620	20,798,105	4,541,611,515	4,185,596,213
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	4,562,409,620	20,798,105	4,541,611,515	4,185,596,213

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. STATE UNEARNED SURCHARGE RECOVERABLE.....	1,315,513		1,315,513	1,261,612
2502. STATE TAX CREDITS.....	779,436		779,436	283,900
2503. NET GOODS AND SERVICES TAX RECEIVABLE.....	407,158		407,158	49,596
2598. Summary of remaining write-ins for Line 25 from overflow page.....	1,140,171	1,102,822	37,349	25,659
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	3,642,278	1,102,822	2,539,456	1,620,767

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	1,397,026,110	1,266,936,613
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	184,538,059	181,245,381
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	291,125,398	277,866,911
4. Commissions payable, contingent commissions and other similar charges.....	39,455	473,508
5. Other expenses (excluding taxes, licenses and fees).....	12,656,896	13,064,092
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	38,991,657	33,685,409
7.1 Current federal and foreign income taxes (including \$.....5,646,504 on realized capital gains (losses)).....	25,733,310	22,354,047
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....321,131,685 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).....	1,106,120,248	1,050,386,077
10. Advance premium.....	9,309,308	8,421,546
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	1,596,906	(4,307,806)
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....	42	1,965
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	65,689,264	59,807,378
19. Payable to parent, subsidiaries and affiliates.....	43,171,249	
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	2,330,420	3,269,844
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	3,178,328,322	2,913,204,965
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	3,178,328,322	2,913,204,965
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,000,480	3,000,480
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.....	838,052,119	826,029,480
35. Unassigned funds (surplus).....	522,230,594	443,361,288
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	1,363,283,193	1,272,391,248
38. TOTALS (Page 2, Line 28, Col. 3).....	4,541,611,515	4,185,596,213

DETAILS OF WRITE-INS

2501. MISCELLANEOUS OTHER LIABILITIES.....	2,062,678	2,798,566
2502. ESCHEATABLE PROPERTY.....	140,926	330,939
2503. STATE PLAN LIABILITY.....	126,816	140,339
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).....	2,330,420	3,269,844
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 DIRECT INSURANCE COMPANY

STATEMENT OF INCOME

UNDERWRITING INCOME	1 Current Year	2 Prior Year
1. Premiums earned (Part 1, Line 35, Column 4).....	4,190,996,004	3,878,639,961
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	2,656,105,609	2,349,034,058
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	454,510,061	432,624,885
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	901,838,831	894,744,140
5. Aggregate write-ins for underwriting deductions.....	(9)	44
6. Total underwriting deductions (Lines 2 through 5).....	4,012,454,492	3,676,403,127
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	178,541,512	202,236,834
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	100,404,222	100,739,567
10. Net realized capital gains (losses) less capital gains tax of \$.....16,949,083 (Exhibit of Capital Gains (Losses)).....	34,573,296	5,813,475
11. Net investment gain (loss) (Lines 9 + 10).....	134,977,518	106,553,042
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....1,600,833 amount charged off \$.....40,478,655).....	(38,877,822)	(35,352,656)
13. Finance and service charges not included in premiums.....	29,124,616	27,705,377
14. Aggregate write-ins for miscellaneous income.....	16,749,242	16,018,942
15. Total other income (Lines 12 through 14).....	6,996,036	8,371,663
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	320,515,066	317,161,539
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).....	320,515,066	317,161,539
19. Federal and foreign income taxes incurred.....	97,803,531	108,779,278
20. Net income (Line 18 minus Line 19) (to Line 22).....	222,711,535	208,382,261
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	1,272,391,248	1,203,907,745
22. Net income (from Line 20).....	222,711,535	208,382,261
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....20,867,081.....	38,629,012	(1,235,132)
25. Change in net unrealized foreign exchange capital gain (loss).....	428,312	96,580
26. Change in net deferred income tax.....	1,568,748	725,361
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	531,699	2,679,257
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....	12,022,639	18,835,177
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(185,000,000)	(161,000,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	90,891,945	68,483,504
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	1,363,283,193	1,272,391,248
DETAILS OF WRITE-INS		
0501. 2008 NORTH CAROLINA PRIVATE PASSENGER AUTO ESCROW (REFUNDS).....	(9)	44
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	(9)	44
1401. FINANCE & SERVICE CHARGE REVENUE ASSUMED.....	16,065,621	14,676,715
1402. MISCELLANEOUS OTHER INCOME.....	554,504	1,255,450
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	129,117	86,777
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	16,749,242	16,018,942
3701.		
3702.		
3703.		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	4,267,851,326	3,899,920,235
2. Net investment income.....	148,980,632	157,481,999
3. Miscellaneous income.....	8,423,966	9,382,444
4. Total (Lines 1 through 3).....	4,425,255,924	4,066,784,678
5. Benefit and loss related payments.....	2,521,133,776	2,269,563,978
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	1,338,543,359	1,315,013,145
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....7,158,630 tax on capital gains (losses).....	111,373,351	101,291,568
10. Total (Lines 5 through 9).....	3,971,050,486	3,685,868,691
11. Net cash from operations (Line 4 minus Line 10).....	454,205,438	380,915,987
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	1,301,858,084	789,532,839
12.2 Stocks.....	137,025,876	60,179,019
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....	180,000	110,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	1,439,063,960	849,821,858
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	1,542,028,446	910,664,245
13.2 Stocks.....	160,407,173	226,403,420
13.3 Mortgage loans.....		
13.4 Real estate.....	3,016,847	3,003,969
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	619	2,912
13.7 Total investments acquired (Lines 13.1 to 13.6).....	1,705,453,085	1,140,074,546
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(266,389,125)	(290,252,688)
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.....	12,022,639	18,835,177
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	185,000,000	161,000,000
16.6 Other cash provided (applied).....	87,002,922	4,946,167
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(85,974,439)	(137,218,656)
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).....	101,841,873	(46,555,357)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	22,697,860	69,253,217
19.2 End of year (Line 18 plus Line 19.1).....	124,539,733	22,697,860

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

20.0001		
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**PROGRESSIVE DIRECT INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT**

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				.0
2. Allied lines.....				.0
3. Farmowners multiple peril.....				.0
4. Homeowners multiple peril.....	2,743,285	1,316,142	1,400,109	2,659,319
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....	44,161,355	18,856,333	20,809,363	42,208,324
10. Financial guaranty.....				.0
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....				.0
12. Earthquake.....				.0
13. Group accident and health.....				.0
14. Credit accident and health (group and individual).....				.0
15. Other accident and health.....				.0
16. Workers' compensation.....				.0
17.1 Other liability - occurrence.....	17,296,118	7,852,407	8,166,388	16,982,136
17.2 Other liability - claims-made.....	193,750	16,986	17,999	192,738
17.3 Excess workers' compensation.....				.0
18.1 Products liability - occurrence.....				.0
18.2 Products liability - claims-made.....				.0
19.1, 19.2 Private passenger auto liability.....	2,775,630,158	666,787,999	704,885,531	2,737,532,627
19.3, 19.4 Commercial auto liability.....	21,680,404	8,851,470	9,831,882	20,699,993
21. Auto physical damage.....	1,385,025,105	346,704,741	361,008,978	1,370,720,868
22. Aircraft (all perils).....				.0
23. Fidelity.....				.0
24. Surety.....				.0
26. Burglary and theft.....				.0
27. Boiler and machinery.....				.0
28. Credit.....				.0
29. International.....				.0
30. Warranty.....				.0
31. Reinsurance - nonproportional assumed property.....				.0
32. Reinsurance - nonproportional assumed liability.....				.0
33. Reinsurance - nonproportional assumed financial lines.....				.0
34. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0
35. TOTALS.....	4,246,730,175	1,050,386,079	1,106,120,249	4,190,996,005

DETAILS OF WRITE-INS

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

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

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....					0
2.	Allied lines.....					0
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....	1,400,109				1,400,109
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	20,809,363				20,809,363
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....					0
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....					0
17.1	Other liability - occurrence.....	8,166,388				8,166,388
17.2	Other liability - claims-made.....	17,999				17,999
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....					0
18.2	Products liability - claims-made.....					0
19.1, 19.2	Private passenger auto liability.....	704,885,531				704,885,531
19.3, 19.4	Commercial auto liability.....	9,831,882				9,831,882
21.	Auto physical damage.....	361,008,978				361,008,978
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....					0
26.	Burglary and theft.....					0
27.	Boiler and machinery.....					0
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	1,106,120,249	0	0	0	1,106,120,249
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					1,106,120,249

DETAILS OF WRITE-INS

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

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

PROGRESSIVE DIRECT INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						0
2. Allied lines.....						0
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....		3,539,723		796,438		2,743,285
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....	19,431,206	37,551,187		12,821,038		44,161,355
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....						0
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....	8,798,737	13,518,834		5,021,453		17,296,118
17.2 Other liability - claims-made.....		250,000		56,250		193,750
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	1,229,563,188	2,351,895,080		805,828,110		2,775,630,158
19.3, 19.4 Commercial auto liability.....		27,974,715		6,294,311		21,680,404
21. Auto physical damage.....	652,366,378	1,134,762,790		402,104,063		1,385,025,105
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....						0
26. Burglary and theft.....						0
27. Boiler and machinery.....						0
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX					0
32. Reinsurance - nonproportional assumed liability.....	XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	1,910,159,509	3,569,492,329	0	1,232,921,663	0	4,246,730,175

DETAILS OF WRITE-INS

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

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				.0			.0	
2. Allied lines.....				.0			.0	
3. Farmowners multiple peril.....				.0			.0	
4. Homeowners multiple peril.....		2,337,293	525,891	1,811,402	290,293	391,616	1,710,079	64.3
5. Commercial multiple peril.....				.0			.0	
6. Mortgage guaranty.....				.0			.0	
8. Ocean marine.....				.0			.0	
9. Inland marine.....	12,706,579	18,844,283	7,098,944	24,451,918	2,813,903	2,062,844	25,202,976	59.7
10. Financial guaranty.....				.0			.0	
11.1 Medical professional liability - occurrence.....				.0			.0	
11.2 Medical professional liability - claims-made.....				.0			.0	
12. Earthquake.....				.0			.0	
13. Group accident and health.....				.0			.0	
14. Credit accident and health (group and individual).....				.0			.0	
15. Other accident and health.....				.0			.0	
16. Workers' compensation.....				.0			.0	
17.1 Other liability - occurrence.....	2,571,512	4,163,560	1,515,391	5,219,681	4,671,091	5,549,126	4,341,646	25.6
17.2 Other liability - claims-made.....				.0	1,498,845	552,144	946,701	491.2
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.....	678,866,616	1,255,179,506	435,160,378	1,498,885,745	1,361,678,892	1,239,387,414	1,621,177,223	59.2
19.3, 19.4 Commercial auto liability.....		17,851,247	4,016,531	13,834,716	22,239,043	18,057,454	18,016,306	87.0
21. Auto physical damage.....	462,630,989	804,224,042	285,042,382	981,812,649	3,834,044	936,013	984,710,680	71.8
22. Aircraft (all perils).....				.0			.0	
23. Fidelity.....				.0			.0	
24. Surety.....				.0			.0	
26. Burglary and theft.....				.0			.0	
27. Boiler and machinery.....				.0			.0	
28. Credit.....				.0			.0	
29. International.....				.0			.0	
30. Warranty.....				.0			.0	
31. Reinsurance - nonproportional assumed property.....	XXX			.0			.0	
32. Reinsurance - nonproportional assumed liability.....	XXX			.0			.0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			.0			.0	
34. Aggregate write-ins for other lines of business.....	0	0	0	.0	.0	.0	.0	
35. TOTALS.....	1,156,775,696	2,102,599,931	733,359,516	2,526,016,111	1,397,026,111	1,266,936,611	2,656,105,611	63.4

DETAILS OF WRITE-INS

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

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

Line of Business	Reported Losses				Incurred But Not Reported			8 Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	9 Net Unpaid Loss Adjustment Expenses
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable from Authorized and Unauthorized Companies	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				.0				.0	
2. Allied lines.....				.0				.0	
3. Farmowners multiple peril.....				.0				.0	
4. Homeowners multiple peril.....		215,915	48,581	167,334		158,656	35,698	290,293	59,373
5. Commercial multiple peril.....				.0				.0	
6. Mortgage guaranty.....				.0				.0	
8. Ocean marine.....				.0				.0	
9. Inland marine.....	970,289	1,086,164	462,702	1,593,751	520,669	1,053,720	354,238	2,813,903	470,086
10. Financial guaranty.....				.0				.0	
11.1 Medical professional liability - occurrence.....				.0				.0	
11.2 Medical professional liability - claims-made.....				.0				.0	
12. Earthquake.....				.0				.0	
13. Group accident and health.....				.0				(a) .0	
14. Credit accident and health (group and individual).....				.0				.0	
15. Other accident and health.....				.0				(a) .0	
16. Workers' compensation.....				.0				.0	
17.1 Other liability - occurrence.....	1,587,459	2,747,013	975,256	3,359,216	665,764	1,026,978	380,867	4,671,091	1,060,009
17.2 Other liability - claims-made.....				.0		1,933,994	435,149	1,498,845	194,868
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.....	499,180,316	830,687,927	299,220,355	1,030,647,888	119,993,996	307,142,783	96,105,775	1,361,678,892	277,449,096
19.3, 19.4 Commercial auto liability.....		24,815,809	5,583,557	19,232,252		3,879,730	872,939	22,239,043	3,591,827
21. Auto physical damage.....	26,893,171	41,475,124	15,382,866	52,985,429	(21,408,111)	(42,013,030)	(14,269,757)	3,834,044	8,300,138
22. Aircraft (all perils).....				.0				.0	
23. Fidelity.....				.0				.0	
24. Surety.....				.0				.0	
26. Burglary and theft.....				.0				.0	
27. Boiler and machinery.....				.0				.0	
28. Credit.....				.0				.0	
29. International.....				.0				.0	
30. Warranty.....				.0				.0	
31. Reinsurance - nonproportional assumed property.....	XXX			.0	XXX			.0	
32. Reinsurance - nonproportional assumed liability.....	XXX			.0	XXX			.0	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			.0	XXX			.0	
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	528,631,235	901,027,952	321,673,317	1,107,985,870	99,772,318	273,182,831	83,914,908	1,397,026,111	291,125,397

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	18,565,707			18,565,707
1.2 Reinsurance assumed.....	61,658,746			61,658,746
1.3 Reinsurance ceded.....	18,050,502			18,050,502
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	62,173,951	0	0	62,173,951
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		5,591,563		5,591,563
2.2 Reinsurance assumed, excluding contingent.....		2,446,665		2,446,665
2.3 Reinsurance ceded, excluding contingent.....		1,808,601		1,808,601
2.4 Contingent - direct.....		7,217		7,217
2.5 Contingent - reinsurance assumed.....		53,349		53,349
2.6 Contingent - reinsurance ceded.....		13,627		13,627
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	6,276,565	0	6,276,565
3. Allowances to manager and agents.....				0
4. Advertising.....		312,807,906		312,807,906
5. Boards, bureaus and associations.....	1,256,413	1,671,408		2,927,821
6. Surveys and underwriting reports.....		37,578,742		37,578,742
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	252,445,325	248,979,776	1,977,812	503,402,913
8.2 Payroll taxes.....	17,714,550	18,693,211	61,218	36,468,979
9. Employee relations and welfare.....	45,451,188	40,582,245	94,399	86,127,832
10. Insurance.....	297,223	1,109,826		1,407,049
11. Directors' fees.....				0
12. Travel and travel items.....	15,141,534	5,320,232	5,650	20,467,416
13. Rent and rent items.....	21,407,221	36,577,673	76,267	58,061,161
14. Equipment.....	1,480,032	6,862,645		8,342,676
15. Cost or depreciation of EDP equipment and software.....	15,742,914	44,891,744	442	60,635,100
16. Printing and stationery.....	1,676,830	5,668,286	4,816	7,349,932
17. Postage, telephone and telegraph, exchange and express.....	15,905,842	37,103,502	15,485	53,024,829
18. Legal and auditing.....	1,759,511	5,415,522	356,882	7,531,915
19. Totals (Lines 3 to 18).....	390,278,584	803,262,717	2,592,970	1,196,134,272
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....5,823.....		69,061,540		69,061,540
20.2 Insurance department licenses and fees.....	385,978	4,424,979		4,810,957
20.3 Gross guaranty association assessments.....		154,106		154,106
20.4 All other (excluding federal and foreign income and real estate).....	128,760	14,949,999		15,078,758
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	514,738	88,590,625	0	89,105,362
21. Real estate expenses.....			18,130,987	18,130,987
22. Real estate taxes.....			3,996,389	3,996,389
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	1,542,788	3,708,924	485,172	5,736,884
25. Total expenses incurred.....	454,510,061	901,838,831	25,205,518	(a) 1,381,554,410
26. Less unpaid expenses - current year.....	291,125,398	47,615,800	4,072,215	342,813,413
27. Add unpaid expenses - prior year.....	277,866,911	43,068,758	4,154,253	325,089,922
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	441,251,574	897,291,789	25,287,556	1,363,830,919

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	1,542,788	3,708,924	485,172	5,736,884
2402.				0
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	1,542,788	3,708,924	485,172	5,736,884

(a) Includes management fees of \$.....1,201,871,154 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a)..... 8,809,082	8,464,765
1.1 Bonds exempt from U.S. tax.....	(a)..... 7,690,786	7,075,568
1.2 Other bonds (unaffiliated).....	(a)..... 63,023,231	61,075,809
1.3 Bonds of affiliates.....	(a).....	
2.1 Preferred stocks (unaffiliated).....	(b)..... 6,119,503	6,042,646
2.11 Preferred stocks of affiliates.....	(b).....	
2.2 Common stocks (unaffiliated).....	12,835,144	12,759,151
2.21 Common stocks of affiliates.....		
3. Mortgage loans.....	(c).....	
4. Real estate.....	(d)..... 39,090,876	39,090,876
5. Contract loans.....		
6. Cash, cash equivalents and short-term investments.....	(e)..... 654,693	654,693
7. Derivative instruments.....	(f).....	
8. Other invested assets.....	380,000	380,000
9. Aggregate write-ins for investment income.....	0	0
10. Total gross investment income.....	138,603,315	135,543,508
11. Investment expenses.....		(g)..... 25,205,518
12. Investment taxes, licenses and fees, excluding federal income taxes.....		(g).....
13. Interest expense.....		(h).....
14. Depreciation on real estate and other invested assets.....		(i)..... 9,933,769
15. Aggregate write-ins for deductions from investment income.....		0
16. Total deductions (Lines 11 through 15).....		35,139,287
17. Net investment income (Line 10 minus Line 16).....		100,404,221

DETAILS OF WRITE-INS

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

- (a) Includes \$.....3,856,068 accrual of discount less \$.....39,518,060 amortization of premium and less \$.....1,822,049 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....446,819 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....9,933,769 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	3,262,371		3,262,371		
1.1 Bonds exempt from U.S. tax.....	1,283,744		1,283,744		
1.2 Other bonds (unaffiliated).....	27,502,196	(148,684)	27,353,512	3,040,573	
1.3 Bonds of affiliates.....			0		
2.1 Preferred stocks (unaffiliated).....	1,968,235		1,968,235	4,153,300	
2.11 Preferred stocks of affiliates.....			0		
2.2 Common stocks (unaffiliated).....	18,835,138	(916,179)	17,918,959	52,426,363	
2.21 Common stocks of affiliates.....			0		
3. Mortgage loans.....			0		
4. Real estate.....		(264,445)	(264,445)		
5. Contract loans.....			0		
6. Cash, cash equivalents and short-term investments.....			0		
7. Derivative instruments.....			0		
8. Other invested assets.....			0	(124,139)	
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	52,851,684	(1,329,308)	51,522,376	59,496,097	0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....	6,308,064	6,612,203	304,139
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	6,308,064	6,612,203	304,139
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	11,742,463	10,910,043	(832,420)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....	1,625,203	3,250,407	1,625,204
21. Furniture and equipment, including health care delivery assets.....	19,553		(19,553)
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	1,102,822	557,151	(545,671)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	20,798,105	21,329,804	531,699
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	20,798,105	21,329,804	531,699

DETAILS OF WRITE-INS

1101.....			.0
1102.....			.0
1103.....			.0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.0	.0	.0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.0	.0	.0
2501. PREPAID EXPENSES.....	947,975	515,611	(432,364)
2502. MISCELLANEOUS OTHER ASSETS.....	154,847	41,540	(113,307)
2503.....			.0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	.0	.0	.0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,102,822	557,151	(545,671)

NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of Progressive Direct 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 as illustrated in the table below:

Description	State of Domicile	2012	2011
Net income			
(1) Net income, state basis	OH	\$ 222,711,535	\$ 208,382,261
(2) Effect of state prescribed practices			
(3) Effect of state permitted practices			
(4) Net income, NAIC SAP basis (1-2-3=4)	OH	\$ 222,711,535	\$ 208,382,261
Surplus			
(5) Policyholders' surplus, state basis	OH	\$ 1,363,283,193	\$ 1,272,391,248
(6) Effect of state prescribed practices			
(7) Effect of state permitted practices			
(8) Policyholders' surplus, NAIC SAP basis(5-6-7=8)	OH	\$ 1,363,283,193	\$ 1,272,391,248

B. Use of Estimates

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

C. Accounting Policies

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

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

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

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

In addition, the Company uses the following accounting policies:

Investments

- Cash and cash equivalents include bank accounts and certificates of deposit as well as short-term investments with original maturities of three months or less that are reported at amortized cost which approximates market value.
- Short-term investments include securities acquired within one year of maturity except for those with original maturities of three months or less (see cash and cash equivalents above) and are reported at amortized cost which approximates market value.
- Investment grade bond valuations are based on NAIC designations or NAIC Credit Rating Provider ("CRP") designations from the Acceptable Rating Organization ("ARO") list and are reported at amortized cost using the scientific method which closely approximates the effective interest method. Non-investment grade bond valuations are also based on NAIC designations or NAIC CRP-ARO designations and are reported at the lower of amortized cost or fair market value. Loan-backed and structured securities follow the guidance prescribed by SSAP No. 43R, Loan-backed and Structured Securities ("SSAP No. 43R"), for the determination of the bond valuation and reporting designation. The difference between the original cost and redemption value of these securities is recognized over the lives of the respective issues and included in net investment gain.
- Common stocks, other than investments in stocks of subsidiaries and affiliates, are reported at fair market values based on active market closing quotations from a regulated exchange. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes.
- Non-redeemable preferred stocks are reported at fair market values. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes. Investment grade redeemable preferred stocks are reported at amortized cost, while non-investment grade redeemable preferred stocks are reported at the lower of amortized cost or fair market value. The difference between the original cost and redemption value of the redeemable preferred securities is recognized using the scientific method, which closely approximates the effective interest method, over the lives of the respective issues and included in net investment gain.
- The fair market values reported are derived from independent and observable market input evaluations provided by reputable pricing services, independent broker/dealer bid lists, independent broker/dealer quotations, independent broker/dealer pricing services, or active market closing quotations from a regulated exchange. In very rare cases, if none of the aforementioned primary sources are available, matrix pricing using the reporting entity's own market based assumptions may be utilized. The approved methods for computation of fair market value are prescribed in Part Five of the Securities Valuation Office Purposes and Procedures Manual.
- The Company has no investments in mortgage loans.
- Loan-backed and structured securities are accounted for as prescribed by SSAP No. 43R. These securities are generally stated at amortized cost as determined by the estimated value of future cash flows. Prepayment assumptions for loan-backed and structured debt securities are obtained from available market data, broker/dealers, and/or internal estimates, and are consistent with current interest rate and economic trends.

NOTES TO FINANCIAL STATEMENTS

- The Company owns 100% of the surplus of Gadsden, AL, LLC ("Gadsden"), a non-insurance affiliate incorporated in Ohio that owns investment real estate. In accordance with SSAP No. 4 – Assets and Nonadmitted Assets, this investment is reported as other invested assets in the Company's statutory-basis financial statements (see Schedule BA). This investment is reported on the equity basis as prescribed in the *Accounting Practices and Procedures Manual* of the NAIC. See Note 21.C.2.
- The Company has no investments in derivatives.
- The Company may enter into repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. The Company did not have any open repurchase agreements at December 31, 2012 and December 31, 2011.
- Realized gains and losses on sales of securities are computed based on the first-in, first-out method.
- The Company's management routinely monitors individual securities in its investment portfolio for pricing changes that might indicate potential impairments and performs detailed reviews of securities with unrealized losses based on predetermined guidelines to determine whether a decline in the value of a security is other-than-temporary. A review for OTTI requires making certain judgments regarding the materiality of the decline, its effect on the financial statements, the probability, extent, and timing of a valuation recovery, and the Company's ability and intent to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market-related prospects of the issuer and its industry.

Management assesses valuation declines to determine the extent to which such changes are attributable to (i) fundamental factors specific to the issuer, such as financial conditions, business prospects or other factors, or (ii) market-related factors such as interest rates or equity market declines (i.e., negative returns at either a sector index level or the broader market level), or (iii) credit-related losses where the present value of cash flows expected to be collected are lower than the amortized cost basis of the security (includes only those securities covered under SSAP No. 43R). This evaluation reflects management's assessment of current conditions, as well as predictions of uncertain future events that may have a material effect on the financial statements related to security valuation.

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

Real Estate, Electronic Data Processing Equipment, and Furniture and Fixtures

- Company occupied real estate is reported at book/adjusted carrying value, less any related encumbrances. The Company does not own any property held for the production of income or sale. For properties intended for a unique, highly specialized purpose, such as the Company's data centers and service centers, the Company reports book/adjusted carrying value, less any related encumbrances.

For properties held for sale, the company engages the services of independent appraisers who issue summary reports indicating the properties' fair market value. The appraisals are completed using all three traditional methods of valuation: cost approach, sales comparison approach, and income approach. For occupied properties, the Company uses book/adjusted carrying value to report fair market value.

All real estate except land is depreciated over its estimated useful life using the straight-line method.

- Electronic data processing equipment and furniture and fixtures are reported at depreciated cost and are depreciated over the estimated useful lives of the assets using accelerated methods for computers and the straight-line method for furniture and fixtures. The resulting net book value of furniture and fixtures is nonadmitted. Application software is capitalized and depreciated over its estimated useful life, and the resulting net book value is nonadmitted.

Loss and Loss Adjustment Expense Reserves

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

Capitalization of Assets

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

2. Accounting Changes and Corrections of Errors

A. Material Changes in Accounting Principles

Accounting changes adopted to conform to the provisions of the NAIC statutory accounting practices are reported as changes in accounting principle. Effective January 1, 2012, the Company adopted SSAP No. 101, Income Taxes. SSAP No. 101 reflects a revision to the accounting principles regarding deferred tax asset admissibility calculations (see Note 9). The Company's deferred tax asset was not impacted by applying the provisions of SSAP No. 101.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

1. 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.

2. Intent to Sell or Inability to Hold Securities with a Recognized Other-Than-Temporary Impairment

Not applicable

3. The following table shows, as of December 31, 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
61748LAD4	\$ 10,977,201	\$ 10,016,108	\$ 961,093	\$ 10,016,108	\$ 7,150,350	2009 - Q3
863579XC7	20,634,751	18,722,138	1,912,613	18,722,138	18,722,138	2009 - Q3
71085PAW3	14,226,110	13,588,558	637,552	13,588,558	8,969,609	2010 - Q1
45660LDG1	5,607,836	5,301,431	306,405	5,301,431	4,436,741	2010 - Q2
71085PAW3	13,588,558	9,081,782	4,506,776	9,081,782	9,081,782	2010 - Q2
855541AB4	4,492,027	4,118,702	373,325	4,118,702	3,952,372	2010 - Q2
32027NRX1	239,447	162,300	77,147	162,300	162,300	2010 - Q3
855541AB4	3,711,737	3,552,306	159,431	3,552,306	3,552,306	2011 - Q1
3622N6AG4	6,307,525	6,122,525	185,000	6,122,525	5,223,707	2011 - Q2
3622N6AG4	5,391,042	5,320,838	70,204	5,320,838	4,780,080	2012 - Q2
32027NRX1	114,572	81,261	33,311	81,261	81,261	2012 - Q2
32027NRX1	85,612	40,443	45,169	40,443	40,443	2012 - Q4
Total	XXX	XXX	\$ 9,268,026	XXX	XXX	XXX

4. As of December 31, 2012, the Company had \$3,218,032 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.

As of December 31, 2012, the composition of fair 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 is as follows:

Description	Amount
a. Aggregate amount of unrealized losses	
1. Less than twelve months	\$ 406,740
2. Twelve months or longer	2,811,292
Total	\$ 3,218,032
b. Aggregate fair value of securities with unrealized losses	
1. Less than twelve months	\$ 41,280,529
2. Twelve months or longer	18,067,385
Total	\$ 59,347,914

5. Under SSAP No. 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.

E. Repurchase Agreements

Not applicable (see Note 1C Investments)

F. Real Estate

The Company recognized impairment write-downs for its investments in real estate during the statement periods. The amount of impairment recognized of \$264,445 (see Schedule A, Part 1, Column 12) is reflected in realized capital gains (losses) in the Company's Statement of Income and is not considered material to the Company.

G. Low Income Housing Tax Credits

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

The Company has an investment in a limited liability company ("LLC") but it does not exceed 10% of the Company's admitted assets (see Note 1C).

NOTES TO FINANCIAL STATEMENTS**B. Write-downs for Impairment of Joint Ventures, Partnerships, and LLC's**

The Company did not recognize any impairment write-down for its investment in the LLC during the statement periods.

7. Investment Income**A. Accrued Investment Income**

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

B. Amounts Nonadmitted

Not applicable

8. Derivative Instruments

Not applicable

9. Income Taxes**A. Components of the net deferred tax asset (liability) ("DTA"/"DTL")****1. The components of the net deferred tax asset/(liability) at December 31 are as follows:**

Description	December 31, 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	\$ 113,716,318	\$ 37,365,748	\$ 151,082,066	\$ 112,714,711	\$ 45,381,030	\$ 158,095,741	\$ 1,001,607	\$ (8,015,282)	\$ (7,013,675)
(b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 113,716,318	\$ 37,365,748	\$ 151,082,066	\$ 112,714,711	\$ 45,381,030	\$ 158,095,741	\$ 1,001,607	\$ (8,015,282)	\$ (7,013,675)
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal (net deferred tax asset) (1c-1d)	\$ 113,716,318	\$ 37,365,748	\$ 151,082,066	\$ 112,714,711	\$ 45,381,030	\$ 158,095,741	\$ 1,001,607	\$ (8,015,282)	\$ (7,013,675)
(f) Deferred tax liabilities	17,421,131	70,148,322	87,569,453	18,759,644	56,294,521	75,054,165	(1,338,513)	13,853,801	12,515,288
(g) Net admitted deferred tax assets (net deferred tax liability) (1e-1f)	\$ 96,295,187	\$ (32,782,574)	\$ 63,512,613	\$ 93,955,067	\$ (10,913,491)	\$ 83,041,576	\$ 2,340,120	\$ (21,869,083)	\$ (19,528,963)

2. The admission calculation components of the DTA in accordance with SSAP No. 101, Income Taxes, are as follows:

Description	December 31, 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) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 108,130,200	\$ 8,019	\$ 108,138,219	\$ 98,333,836	\$ -	\$ 98,333,836	\$ 9,796,364	\$ 8,019	\$ 9,804,383
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)									
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	3,297,070	-	3,297,070	-	-	-	3,297,070	-	3,297,070
2. Adjusted gross deferred tax assets allowed per limitation threshold	3,297,070	-	3,297,070	-	-	-	3,297,070	-	3,297,070
(c) Adjusted gross deferred tax assets(excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	2,289,048	37,357,729	39,646,777	14,380,875	45,381,030	59,761,905	(12,091,827)	(8,023,301)	(20,115,128)
(d) Deferred tax assets admitted as result of application of SSAP No. 101.									
Total (2(a)+2(b)+2(c))	\$ 113,716,318	\$ 37,365,748	\$ 151,082,066	\$ 112,714,711	\$ 45,381,030	\$ 158,095,741	\$ 1,001,607	\$ (8,015,282)	\$ (7,013,675)

3. Recovery period and threshold limitation information is as follows:

Description	2012	2011
(a) Ratio percentage used to determine recovery period and threshold limitation amount	820%	N/A
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 1,299,770,580	N/A

NOTES TO FINANCIAL STATEMENTS

4. The impact of tax planning strategies is as follows:

Description	December 31, 2012			December 31, 2011			Change		
	(1) Ordinary Percent	(2) Capital Percent	(3) (Col 1+2) Total	(4) Ordinary Percent	(5) Capital Percent	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Percent	(8) (Col 2-5) Capital Percent	(9) (Col 7+8) Total
(a) Adjusted gross DTAs (% of total adjusted gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b) Net admitted adjusted gross DTAs (% of total net admitted adjusted gross DTAs)	0%	0%	0%	0%	0%	0%	0%	0%	0%
(c) Does the Company's tax planning strategies include the use of reinsurance? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>									

- B. Regarding deferred tax liabilities that are not recognized:

Not applicable

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

1. Current Income Tax:

Description	(1) December 31, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
(a) Federal	\$ 97,803,531	\$ 108,779,278	\$ (10,975,747)
(b) Foreign	-	-	-
(c) Subtotal	\$ 97,803,531	\$ 108,779,278	\$ (10,975,747)
(d) Federal income tax on net capital gains	16,949,083	(1,229,494)	18,178,577
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$ 114,752,614	\$ 107,549,784	\$ 7,202,830

2. Deferred Tax Assets:

Description	(1) December 31, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 27,815,817	\$ 30,596,525	\$ (2,780,708)
(2) Unearned premium reserve	78,010,283	74,062,014	3,948,269
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	590,930	1,220,301	(629,371)
(8) Compensation and benefits accrual	771,188	1,054,255	(283,067)
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	4,109,862	3,818,515	291,347
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other - bad debt reserve	2,032,250	1,694,114	338,136
(14) Other (including items <5% of total ordinary tax assets)	385,988	268,987	117,001
(99) Subtotal	\$ 113,716,318	\$ 112,714,711	\$ 1,001,607
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 113,716,318	\$ 112,714,711	\$ 1,001,607
(e) Capital			
(1) Investments	37,365,748	45,381,030	(8,015,282)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	\$ 37,365,748	\$ 45,381,030	\$ (8,015,282)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 37,365,748	\$ 45,381,030	\$ (8,015,282)
(i) Admitted deferred tax assets (2d+2h)	\$ 151,082,066	\$ 158,095,741	\$ (7,013,675)

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities:

Description	(1) December 31, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
(a) Ordinary			
(1) Investments	\$ 97,041	\$ 93,811	\$ 3,230
(2) Fixed Assets	14,102,126	15,576,573	(1,474,447)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other liabilities- prepaid expenses	224,608	354,507	(129,899)
(6) Other liabilities - salvage and subrogation	1,789,805	1,757,832	31,973
(7) Other liabilities - foreign currency translation	1,207,551	976,921	230,630
(8) Other (including items <5% of total ordinary tax liabilities)	-	-	-
(99) Subtotal	\$ 17,421,131	\$ 18,759,644	\$ (1,338,513)
(b) Capital			
(1) Investments	70,148,322	56,294,521	13,853,801
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	\$ 70,148,322	\$ 56,294,521	\$ 13,853,801
(c) Deferred tax liabilities (3a99+3b99)	\$ 87,569,453	\$ 75,054,165	\$ 12,515,288

4. Net Deferred Tax Asset (Liability) (2i - 3c):

Description	(1) December 31, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
Net deferred tax asset (liability) (2i-3c)	\$ 63,512,613	\$ 83,041,576	\$ (19,528,963)

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

Description	December 31, 2012	December 31, 2011	Change
Total deferred tax assets	\$ 151,082,066	\$ 158,095,741	\$ (7,013,675)
Total deferred tax liabilities	87,569,453	75,054,165	12,515,288
Net deferred tax asset (liability)	\$ 63,512,613	\$ 83,041,576	\$ (19,528,963)
Tax effect of unrealized gains (losses)			(21,097,711)
Change in net deferred income tax			\$ 1,568,748

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	\$ 118,112,452	35%
Exempt interest income	(2,111,540)	0%
Dividends received deduction	(2,666,261)	-1%
Impact of nonadmitted assets	79,646	0%
Other	(230,431)	0%
Total	\$ 113,183,866	34%
Federal and foreign income taxes incurred	\$ 114,752,614	
Change in net deferred income tax	(1,568,748)	
Total statutory income taxes	\$ 113,183,866	

E. Operating Loss and Tax Credit Carryforwards

- The Company has no operating loss or tax credit carryforwards available.
- The amount of Federal income taxes incurred and available for recoupment by the Company in the event of future net losses is equal to approximately:

Period	Amount
Current tax year:	\$ 111,953,368
First preceding tax year:	\$ 105,955,418

The amounts that can be recouped may be subject to the alternative minimum tax rules, and therefore may be limited.

- Protective Tax Deposits
Not applicable

F. Consolidated Federal Income Tax Return

- The Company's Federal income tax return is consolidated with The Progressive Corporation ("TPC"), a publicly traded holding company incorporated in Ohio, and all of its wholly-owned United States subsidiaries (the "Group") as detailed in Schedule Y, Part 1.

NOTES TO FINANCIAL STATEMENTS

- 2) The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and the Company. The allocation is based upon separate tax return calculations with current credit for net losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled quarterly.

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

A. Nature of Relationships

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

B. Detail of Transactions Greater than ½% of Admitted Assets

The Company received capital contributions totaling \$12,014,268 and \$18,741,462 from PDH in 2012 and 2011, respectively, to fund the Company's Australian operations.

All significant 2012 transactions by the Company or any affiliated insurer with any affiliate are summarized in Schedule Y, Part 2.

See Note 13.4

C. Change in Terms of Intercompany Arrangements

Not applicable

D. Amounts Due to or from Related Parties

The Company reported a \$43,171,249 payable to parent, subsidiaries and affiliates at December 31, 2012 and a \$38,901,889 receivable from parent, subsidiaries, and affiliates at December 31, 2011. These balances are due to the timing of security purchases and cash collections and disbursements under the Group's centralized cash management system and the reinsurance and management agreements in which the Company participates. The Company also reported a \$25,733,310 and \$22,354,047 current Federal income tax payable at December 31, 2012 and 2011, respectively. These balances are due to TPC for the Company's Federal income tax liability. The intercompany balances are settled quarterly.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

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

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

The Company participates in an investment services agreement with Progressive Capital Management Corp., a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services.

All intercompany agreements are approved by the participating insurance companies' states of domicile when established.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by PDH.

H. Amount Deducted for Investment in Upstream Company

Not applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not applicable

J. Write-Downs for Impairments of Investments in Affiliates

Not applicable

K. Investment in Foreign Insurance Subsidiary

Not applicable

L. Investment in Downstream Non-Insurance Holding Company

Not applicable

11. Debt

Not applicable

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

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

A. Defined Benefit Plans

Not applicable

B. Defined Contribution Plans

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

NOTES TO FINANCIAL STATEMENTS

C. Multiemployer Plans

Not applicable

D. Consolidated / Holding Company Plans

Beginning January 1, 2009, TPC sponsors a defined contribution pension plan ("401(k) plan") which covers all United States employees who are 18 years or older and have been employed by TPC for at least 30 days. Under this plan, TPC will match up to a maximum of 6% of an employee's eligible compensation contributed to the plan. Employee and TPC matching contributions are invested, at the direction of the employee, in a number of investment options available under the plan. As of December 3, 2010, TPC converted the Progressive common stock fund investment option to an employee stock ownership program within the 401(k) plan.

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

TPC provides postretirement health and life insurance benefits to all employees who met requirements as to age and length of service at December 31, 1988. There are approximately 130 people who are eligible for these postretirement benefits. TPC's funding policy for these benefits is to contribute annually, to a 501(c)(9) trust, the maximum amount that can be deducted for Federal income tax purposes.

TPC's incentive compensation plans include both non-equity incentive plans (cash) and equity incentive plans (stock-based). Cash incentive compensation includes a cash bonus program for a limited number of senior executives and TPC's gainsharing program for other employees; the bases of these programs are similar in nature. Equity incentive compensation plans provide for the granting of restricted stock awards and restricted stock unit awards to key members of management.

TPC's 2003 Incentive Plan provides for the granting of equity-based awards to key employees of the Group. In addition, TPC's shareholders approved a 2010 Equity Incentive Plan in April 2010, which also grants equity-based rewards.

TPC maintains The Progressive Corporation Executive Deferred Compensation Plan, which permits eligible executives to defer receipt of some or all of their annual bonuses or all of their annual restricted stock awards.

E. Postemployment Benefits and Compensated Absences

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

F. Impact of Medicare Modernization Act on Postretirement Benefits

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

The Company is allocated employee benefit expense based on the 100% pooling reinsurance agreement (see Note 26). The amount of employee benefit expense allocated to the Company was \$19,688,787 and \$18,316,148 in 2012 and 2011, respectively.

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

1. Outstanding Shares

The Company has 532 shares of \$5,640 par value common stock authorized and 532 shares issued, and outstanding. The Company has no preferred stock authorized, issued, or outstanding.

2. Dividend Rate of Preferred Stock

Not applicable

3,4,5,6. Dividends

The maximum amount of dividends the Company can pay to PDH in 2013 without prior regulatory approval is limited by Insurance laws in Ohio. Based on the dividend laws currently in effect, the Company may pay dividends of \$222,711,535 in 2013 without prior approval from the Ohio DOI, provided the dividend payment is not made within 12 months of the previous payment.

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

The Company paid dividends to PDH as follows:

Date Paid	Amount Paid	Dividend Type
December 19, 2012	\$ 110,000,000	Ordinary
September 24, 2012	\$ 75,000,000	Ordinary
December 19, 2011	\$ 101,000,000	Ordinary
September 23, 2011	\$ 27,000,000	Ordinary
September 23, 2011	\$ 33,000,000	Extraordinary

The extraordinary cash dividend was approved by the Ohio DOI.

7. Mutual Surplus Advances

Not applicable

8. Company Stock Held for Special Purposes

Not applicable

9. Changes in Special Surplus Funds

Not applicable

NOTES TO FINANCIAL STATEMENTS

10. Changes in Unassigned Funds (Surplus)

As of December 31, 2012, the portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Description	Cumulative Increase (Decrease) in Surplus
Unrealized gain (loss)	\$ 153,105,173
Nonadmitted assets	(20,798,105)
Provision for reinsurance	--
Total	\$ 132,307,068

The unrealized gain is gross of the applicable deferred tax liability of \$53,569,778.

11. Surplus Notes

Not applicable

12,13. Quasi Reorganizations

Not applicable

14. Contingencies

A. Contingent Commitments

Not applicable

B. Assessments

The Company is subject to state guaranty fund and other assessments by the states in which it writes business. State guaranty fund assessments are accrued at the time of any known insolvencies. Other assessments are accrued either at the time of assessment or at the time the premiums are written. These accruals are based on information received from the states in which the Company writes business and may change due to many factors including the Company's share of the ultimate cost of current insolvencies.

As of December 31, 2012 and 2011, the Company's estimated liability for state guaranty fund and other assessments was \$1,704,336 and \$2,694,262, respectively. The Company did not recognize any premium tax benefit associated with its various assessments.

As of December 31, 2012 and 2011, the Company's estimated liability for various surcharges was \$1,655,603 and \$1,765,520, respectively.

C. Gain Contingencies

Not applicable

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

The Company paid the following amounts in 2012 to settle claims related extra contractual obligations ("ECO") or bad faith claims stemming from lawsuits:

Description	Direct
Claims related ECO and bad faith losses paid in 2012	\$ 428,445

The table below indicates the number of claims where amounts were paid to settle claims related ECO or bad faith claims resulting from lawsuits during 2012.

(a) 0-25 Claims	(b) 26-50 Claims	(c) 51-100 Claims	(d) 101-500 Claims	(e) More than 500 Claims
X				

(f) Per Claim [] (g) Per Claimant [x]

E. Product Warranties

Not applicable

F. 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 various management agreements and the 100% pooling reinsurance agreement for which it is allocated litigation expenses (see Note 26).

The following is a discussion of potentially significant pending cases at December 31, 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 December 31, 2012, there was one certified class action lawsuit challenging the Company's use of certain automated database vendors or software to assist in the adjustment of bodily injury claims. Plaintiffs allege that these databases or software systematically undervalue the claims. An Agreement to settle was reached in 2012 and a loss reserve was established accordingly. As of December 31, 2012, the settlement was still being administered.

As of December 31, 2012, the Company was defending three putative statewide class action lawsuits alleging that the Company improperly steers automobile repair work to certain auto body repair shops and challenging the labor rates the Company pays to auto body repair shops.

As of December 31, 2012, there was a statewide putative class action lawsuit challenging the Company's policy form with regard to rejecting uninsured motorist coverage.

As of December 31, 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.

As of December 31, 2012, the Company was defending a putative class action lawsuit challenging the Company's sale of personal injury protection coverage in Massachusetts.

NOTES TO FINANCIAL STATEMENTS

15. Leases

A. Lessee Leasing Arrangements

- 1) The Company leases office facilities and equipment under various non-cancelable operating leases that expire through April 30, 2015. The Company is allocated a percentage of the Group's total rental expense based on the 100% pooling reinsurance agreement (see Note 26). In 2012 and 2011 the Company was allocated \$23,023,052 and \$26,778,157, respectively, of rental expense. Future minimum rental payments on leases held by the Company are as follows:

Year	Amount
2013	\$ 105,501
2014	104,573
2015	35,310
2016	--
2017	--
Thereafter	--
Total	\$ 245,384

Certain rental commitments have renewal options extending through April 30, 2018. Some of these renewals are subject to adjustments in future periods.

There were no early lease terminations during the reporting periods.

- 2) The Company has no non-cancelable subleases.
 3) The Company has no sales-leaseback arrangements.

B. Lessor Leasing Arrangements

Not applicable

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

Not applicable

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

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

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

Not applicable

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

Not applicable

20. Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value in the Company's Financial Statements

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.

NOTES TO FINANCIAL STATEMENTS

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

Fair Value Measurements at December 31, 2012:

Asset Description	Level 1	Level 2	Level 3	Total
a. Assets on balance sheet at fair value				
Preferred stock				
Industrial & miscellaneous	\$ -	\$ 28,422,900	\$ -	\$ 28,422,900
Parent, subsidiaries and affiliates	-	-	-	-
Total preferred stocks	\$ -	\$ 28,422,900	\$ -	\$ 28,422,900
Bonds				
U.S. governments	\$ -	\$ -	\$ -	\$ -
Industrial & miscellaneous	-	15,860,564	-	15,860,564
Hybrid securities	-	-	-	-
Parent, subsidiaries and affiliates	-	-	-	-
Total bonds	\$ -	\$ 15,860,564	\$ -	\$ 15,860,564
Common stock				
Industrial & miscellaneous	\$ 628,191,530	\$ -	\$ -	\$ 628,191,530
Parent, subsidiaries and affiliates	-	-	-	-
Total common stocks	\$ 628,191,530	\$ -	\$ -	\$ 628,191,530
Derivative assets				
Interest rate contracts	\$ -	\$ -	\$ -	\$ -
Foreign exchange contracts	-	-	-	-
Credit contracts	-	-	-	-
Commodity futures contracts	-	-	-	-
Commodity forward contracts	-	-	-	-
Total derivatives	\$ -	\$ -	\$ -	\$ -
Separate account assets	\$ -	\$ -	\$ -	\$ -
Total assets at fair value	\$ 628,191,530	\$ 44,283,464	\$ -	\$ 672,474,994
b. Liabilities on balance sheet at fair value				
Derivative liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

This table excludes investment in Gadsden as this investment is reported on the equity basis as described in the *Purposes and Procedures Manual of the Securities Valuation Office* of the NAIC.

2. Roll forward of Level 3 Items

Not applicable

3. Policy on Transfers Into and Out of Level 3

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

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

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

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

C. Fair Values for all Financial Instruments by Levels 1, 2, and 3

The table below represents the fair value of all financial instruments however, not all financial instruments are reported at fair value in the Company's financial statements (see Note 1C).

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 2,917,988,313	\$ 2,830,820,023	\$ 448,085,165	\$ 2,450,916,705	\$ 18,986,443	\$ -
Cash equivalents	95,295,302	95,295,302	95,295,302	-	-	-
Short term investments	27,385,338	27,385,338	27,385,338	-	-	-
Common stock	628,191,530	628,191,530	628,191,530	-	-	-
Preferred stock	100,233,550	74,929,815	-	100,233,550	-	-
Total	\$ 3,769,094,033	\$ 3,656,622,008	\$ 1,198,957,335	\$ 2,551,150,255	\$ 18,986,443	\$ -

D. Financial Instruments for Which it is Not Practicable to Estimate Fair Values

Not applicable

NOTES TO FINANCIAL STATEMENTS

21. Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

1. Segregated Funds

At December 31, 2012, securities at the amortized cost of \$5,752,025 were on deposit with various regulatory agencies to meet statutory requirements (see Schedule E, Part 3).

2. 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 Gadsden (see Note 1C).

D. Uncollectible Premiums Receivable

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

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable and Non-transferable Tax Credits

1. The carrying value of transferable and non-transferable state tax credits, gross of any related tax liabilities, and total unused transferable and non-transferable state tax credits by state and in total at December 31, 2012 are as follows:

Description of state transferable and non-transferable tax credits	State	Carrying Value	Unused Amount
Digital Media Production Tax Credit	CT	\$ 619,500	\$ 700,000
Digital Media Production Tax Credit	CT	-	18,705
Low Income Housing Tax Credit	GA	\$ 159,936	\$ 340,000
Total		\$ 779,436	\$ 1,058,705

2. The Company estimated the utilization of the remaining transferable and non-transferable state tax credits by projecting future premium, taking into account policy growth and rate changes, projecting the future tax liability based on projected premium, tax rates, and tax credits, and comparing the projected future tax liability to the availability of remaining transferable and non-transferable state tax credits.

3. The Company recognized an impairment loss of \$0 related to write-downs as a result of impairment analysis of the carrying amount for transferable and non-transferable state tax credits.

4. State tax credits admitted and nonadmitted are as follows:

Type	Total Admitted	Total Nonadmitted
Transferable	\$ 619,500	\$ -
Non-transferable	\$ 159,936	\$ -

G. Sub-Prime Mortgage Related Risk Exposure

1. Exposure to Sub-Prime Mortgage Related Risk

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

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

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

For the Company's investment in Gadsden (see Note 1C), management's review uncovered no issues related to their exposure to sub-prime risk or that required recognition of losses that would have a significant effect on the financial strength and surplus of the Company.

2. Direct Investment in Sub-Prime Mortgage Loans

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

At December 31, 2012, the Company had the following securities with underlying sub-prime exposure:

Investment Type	Actual Cost	Book Adjusted Carrying Value	Fair Market Value	OTTI Recognized
(a) Residential mortgage-backed securities	\$ 79,496,712	\$ 74,263,161	\$ 81,897,539	\$ 148,684
(b) Commercial mortgage-backed securities	-	-	-	-
(c) Collateralized debt obligations	-	-	-	-
(d) Structured securities	-	-	-	-
(e) Equity investment in SCAs	-	-	-	-
(f) Other assets	-	-	-	-
(g) Total	\$ 79,496,712	\$ 74,263,161	\$ 81,897,539	\$ 148,684

4. Mortgage or Financial Guaranty Sub-Prime Exposure

Not applicable

22. Events Subsequent

Subsequent events have been considered through February 15, 2013 for the statutory statement that was available for issuance by March 1, 2013.

The Company received approval from the Ohio and California DOI's to enter into a reinsurance and assumption agreement with Progressive Choice Insurance Company ("Choice"), an insurance affiliate domiciled in Ohio. Effective March 29, 2013, the Company will assume, as direct obligations, 100% of the policy liabilities with regard to all binders, riders, policies and contracts of insurance issued by the Choice prior to the effective date of the agreement.

23. Reinsurance

A. Unsecured Reinsurance Recoverable (all amounts in 000's)

At December 31, 2012, the Company had the following unsecured reinsurance recoverable balances which exceeded 3% of policyholders' surplus:

Reinsurer	NAIC Code	Federal ID#	Amount
Progressive Advanced Insurance Company	11851	62-0484104	\$ 145,429
Progressive Marathon Insurance Company	37605	33-0350911	218,145
Progressive Max Insurance Company	24279	34-0472535	218,145
Progressive Premier Insurance Company of Illinois	21735	36-3789786	72,715
Progressive Universal Insurance Company	21727	36-3789787	145,429
Total			\$ 799,863

B. Reinsurance Recoverable in Dispute

Not applicable

C. Reinsurance Assumed and Ceded (all amounts in 000's)

1) The table below summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2012.

	ASSUMED		CEDED		NET	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
(a) Affiliates	\$ 910,011	\$ --	\$ 321,132	\$ --	\$ (321,132)	\$ --
(b) All Other	--	--	--	--	--	--
(c) Totals	\$ 910,011	\$ --	\$ 321,132	\$ --	\$ (321,132)	\$ --
(d) Direct Unearned Premium Reserve is \$511,731						

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

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

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

Not applicable

24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

NOTES TO FINANCIAL STATEMENTS

25. Changes in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to insured events of prior accident years decreased by \$15,583,700 in 2012, which is approximately 1% of the total prior year net unpaid losses and LAE of \$1,544,803,524. The decrease is primarily due to a decrease in originally anticipated severity of 1.5% for accident year 2011 auto physical damage reserves. Private passenger auto liability reserves experienced favorable development for accident years 2009 and prior, partially offset by an increase in originally anticipated severity of .9% for accident year 2011. The Company also experienced favorable LAE reserve development in 2012.

26. Intercompany Pooling Arrangements

The Company participates in a pooling reinsurance agreement with the property-casualty affiliates listed below (the "Direct Pool") under which 100% of the underwriting business of each member company, net of external reinsurance, is ceded to the Company, the Direct Pool manager and a Direct Pool participant. The combined premiums, losses, and expenses are then retroceded to each Direct Pool member based on pre-determined pooling percentages.

Mountain Laurel Assurance Company ("Mountain Laurel"), an insurance affiliate domiciled in Ohio, terminated its future participation in the Direct Pool effective November 5, 2005. Mountain Laurel has a zero percent retrocession participation in the Direct Pool for all policies written prior to that date.

The pooling percentages for each Direct Pool member as of December 31, 2012 and 2011 were as follows:

Company	NAIC Code	2012 Pool %	2011 Pool %
Progressive Direct Insurance Company	16322	77.5 %	77.5 %
Progressive Marathon Insurance Company	37605	6.0	6.0
Progressive Max Insurance Company	24279	6.0	6.0
Progressive Advanced Insurance Company	11851	4.0	4.0
Progressive Universal Insurance Company	21727	4.0	4.0
Progressive Premier Insurance Company of Illinois	21735	2.0	2.0
Progressive Paloverde Insurance Company	44695	0.5	0.5
Mountain Laurel Assurance Company	44180	--	--
		100.0 %	100.0 %

All business written by each Direct Pool member is subject to pooling with the exception of loss reserves from Progressive Max Insurance Company's assumed asbestos and environmental claims, for which the Company has no exposure. Business ceded by Direct Pool members to non-affiliated reinsurers prior to pooling, is primarily to state-provided reinsurance programs. The Direct Pool does not participate in any intercompany sharing of the provision for reinsurance and the write-offs of uncollectible reinsurance.

At December 31, 2012, amounts recoverable from and payable to the Company and all affiliates participating in the Direct Pool are as follows:

Company	Amounts Recoverable	Amounts Payable
Progressive Direct Insurance Company (Lead)	\$ 18,486,987	\$ 13,255,582
Progressive Marathon Insurance Company	811,444	1,814,097
Progressive Max Insurance Company	3,121,959	1,814,097
Progressive Advanced Insurance Company	5,925,743	5,012,480
Progressive Universal Insurance Company	1,800,314	4,930,677
Progressive Premier Insurance Company of Illinois	1,596,122	2,599,884
Progressive Paloverde Insurance Company	--	2,313,996
Mountain Laurel Assurance Company	--	1,756
Total	\$ 31,742,569	\$ 31,742,569

27. Structured Settlements

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Accident and Health Policies

Not applicable

30. Premium Deficiency Reserves

- Liability carried for premium deficiency reserves \$0
- Date of most recent evaluation of this liability January 5, 2013
- Was anticipated investment income utilized in the calculation? Yes [X] No []

31. High Deductibles

Not applicable

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

Not applicable

33. Asbestos and Environmental Reserves

Not applicable

34. Subscriber Savings Accounts

Not applicable

NOTES TO FINANCIAL STATEMENTS

- 35. Multiple Peril Crop Insurance
Not applicable
- 36. Financial Guaranty Insurance
Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [] N/A []
- 1.3 State regulating? OHIO
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]
- 2.2 If yes, date of change: _____
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/07/2009
- 3.4 By what department or departments?
OHIO

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes [] No [] N/A [X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes [] No [X]
- 4.12 renewals? Yes [] No [X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes [] No [X]
- 4.22 renewals? Yes [] No [X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Co. Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]
- 6.2 If yes, give full information: _____

- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control%
- 7.22 State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PRICEWATERHOUSECOOPERS, LLP
200 PUBLIC SQUARE, 18TH FLOOR CLEVELAND, OH 44114-2301
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]
- 10.2 If the response to 10.1 is yes, provide information related to this exemption: _____
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]
- 10.4 If the response to 10.3 is yes, provide information related to this exemption: _____
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []
- 10.6 If the answer to 10.5 is no or n/a, please explain. _____

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
GARY S. TRACOFF, FCAS, MAAA CORPORATE ACTUARY
6300 WILSON MILLS ROAD MAYFIELD VILLAGE, OH 44143-2182

GENERAL INTERROGATORIES

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [X] No []
- 12.11 Name of real estate holding company
ANNALY CAPITAL MGMT INC, BOSTON PROPERTIES INC, CBL & ASSOCIATES PROPERTIES, DIGITAL REALTY TRUST INC, EQUITY RESIDENTIAL,
ESSEX PROPERTY TRUST INC, FEDERAL REALTY INVS TRUST, HCP INC, HEALTH CARE REIT INC, HOST HOTELS & RESORTS INC, ISTAR FINANCIAL INC,
LIBERTY PROPERTY TRUST, MACERICH CO/THE, PUBLIC STORAGE, RAYONIER INC, REGENCY CENTERS CORP, SL GREEN REALTY CORP, PROLOGIS INC,
SIMON PROPERTY GROUP INC, VENTAS INC, VORNADO REALTY TRUST, AMERICAN CAPITAL AGENCY CORP, DDR CORP, ALEXANDER & BALDWIN INC,
LEUCADIA NATIONAL CORP, AMERICAN TOWER CORP
- 12.12 Number of parcels involved0
- 12.13 Total book/adjusted carrying value \$.....22,953,698
- 12.2 If yes, provide explanation.
WE HOLD A COMMON STOCK INTEREST IN SEVERAL REAL ESTATE HOLDING COMPANIES.
THE NUMBER OF PARCELS IS UNKNOWN.
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
N/A
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []
- 13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? 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.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended? Yes [X] No []
- 14.21 If the response to 14.2 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.
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

PART 1 - COMMON INTERROGATORIES - FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....0
- 20.12 To stockholders not officers \$.....0
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....0
- 20.22 To stockholders not officers \$.....0
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others
- 21.22 Borrowed from others
- 21.23 Leased from others
- 21.24 Other
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment
- 22.22 Amount paid as expenses
- 22.23 Other amounts paid
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No []

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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

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

N/A

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [] No [] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes [] No [] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes [] No [] N/A [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes [] No [] N/A [X]

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.103 Total payable for securities lending reported on the liability page.

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03)

Yes [X] No []

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

25.21 Subject to repurchase agreements

\$.....0

25.22 Subject to reverse repurchase agreements

\$.....0

25.23 Subject to dollar repurchase agreements

\$.....0

25.24 Subject to reverse dollar repurchase agreements

\$.....0

25.25 Pledged as collateral

\$.....0

25.26 Placed under option agreements

\$.....0

25.27 Letter stock or securities restricted as to sale

\$.....0

25.28 On deposit with state or other regulatory body

\$.....5,752,025

25.29 Other

\$.....0

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No [] N/A [X]

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

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

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

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

1 Name of Custodian(s)	2 Custodian's Address
CITIBANK, N.A.	338 GREENWICH STREET, NEW YORK, NY 10013
STATE STREET	801 PENNSYLVANIA AVE, KANSAS CITY, MO 64105
CITIGROUP, PTY. LTD.	120 COLLINS STREET, MELBOURNE VIC, 3000 AU

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes [] No [X]

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

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

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

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

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [] No [X]

29.2 If yes, complete the following schedule:

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

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

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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	2,953,500,659	3,040,668,956	87,168,297
30.2 Preferred stocks.....	74,929,815	100,233,550	25,303,735
30.3 Totals.....	3,028,430,474	3,140,902,506	112,472,032

PROGRESSIVE DIRECT INSURANCE COMPANY

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 30.4 Describe the sources or methods utilized in determining the fair values:
 THE FAIR MARKET VALUES REPORTED ARE DERIVED FROM INDEPENDENT AND OBSERVABLE MARKET INPUT EVALUATIONS PROVIDED BY WIDELY UTILIZED REPUTABLE PRICING SERVICES, INDEPENDENT BROKER/DEALER BID LISTS, INDEPENDENT BROKER/DEALER QUOTATIONS, INDEPENDENT BROKER/DEALER PRICING SERVICES, OR ACTIVE MARKET CLOSING QUOTATIONS FROM A REGULATED EXCHANGE. IN VERY RARE CASES, IF NONE OF THE AFOREMENTIONED PRIMARY SOURCES ARE AVAILABLE, MATRIX PRICING USING THE REPORTING ENTITY'S OWN MARKET BASED ASSUMPTIONS MAY BE UTILIZED. THE APPROVED METHODS FOR COMPUTATION OF FAIR MARKET VALUE ARE PRESCRIBED IN PART FIVE OF THE SECURITIES VALUATION OFFICE PURPOSES AND PROCEDURES MANUAL.
- 31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []
- 31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]
- 31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D. THE COMPANY'S FAIR MARKET VALUATION PROCESS, REGARDLESS OF WHAT PRICING SOURCE IS USED, ANALYZES AND COMPARES INDEPENDENT VENDOR QUOTATIONS/SPREADS, INDEPENDENT BROKER/DEALER BID LISTS, INDEPENDENT BROKER/DEALER QUOTES, INDEPENDENT BROKER/DEALER PRICING SERVICES, INPUTS FROM THE PORTFOLIO MANAGEMENT TEAM, DISCUSSIONS WITH EXTERNAL AUDITORS, AND SECURITY SPECIFIC PARAMETERS TO ENSURE THAT THE VALUATION PROCESS REFLECTS THE MOST ACCURATE FAIR VALUE AT THE REPORTING DATE.
- 32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []
- 32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$.....127,610
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.
- | 1
Name | 2
Amount Paid |
|------------------------------|------------------|
| INDEPENDENT STATISTICAL SVCS | 127,610 |
- 34.1 Amount of payments for legal expenses, if any? \$.....750
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.
- | 1
Name | 2
Amount Paid |
|-------------------|------------------|
| REID AND RIEGE PC | 750 |
- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$.....0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.
- | 1
Name | 2
Amount Paid |
|-----------|------------------|
| NONE | |

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only.
- 1.3 What portion of item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?
 - 1.31 Reason for excluding:
.....
.....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.
- 1.6 Individual policies:
 - Most current three years:
 - 1.61 Total premium earned
 - 1.62 Total incurred claims
 - 1.63 Number of covered lives
 - All years prior to most current three years:
 - 1.64 Total premium earned
 - 1.65 Total incurred claims
 - 1.66 Number of covered lives
- 1.7 Group policies:
 - Most current three years:
 - 1.71 Total premium earned
 - 1.72 Total incurred claims
 - 1.73 Number of covered lives
 - All years prior to most current three years:
 - 1.74 Total premium earned
 - 1.75 Total incurred claims
 - 1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....4,190,996,004	\$.....3,878,639,961
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....2,978,809,816	\$.....2,776,434,984
2.6 Reserve Ratio (2.4/2.5).....	.....0.0	.....0.0

- 3.1 Does the reporting entity issue both participating and non-participating policies? Yes [] No [X]
- 3.2 If yes, state the amount of calendar year premiums written on:
 - 3.21 Participating policies
 - 3.22 Non-participating policies
- 4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:
 - 4.1 Does the reporting entity issue assessable policies? Yes [] No []
 - 4.2 Does the reporting entity issue non-assessable policies? Yes [] No []
 - 4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?%
 - 4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.
- 5. FOR RECIPROCAL EXCHANGES ONLY:
 - 5.1 Does the exchange appoint local agents? Yes [] No []
 - 5.2 If yes, is the commission paid:
 - 5.21 Out of Attorney's-in-fact compensation Yes [] No [] N/A []
 - 5.22 As a direct expense of the exchange Yes [] No [] N/A []
 - 5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?
.....
.....
 - 5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [] No []
 - 5.5 If yes, give full information:
.....
.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?
THE COMPANY DOES NOT WRITE WORKERS' COMPENSATION INSURANCE.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:
THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE ESTIMATE OF THE PML WAS COMPLETED BY PROGRESSIVE EMPLOYEES. THE COMPANY'S NET COMPREHENSIVE EXPOSURE IN THE CATASTROPHE PRONE STATES OF FLORIDA, LOUISIANA, TEXAS, MISSISSIPPI, ALABAMA, NEW YORK, NEW JERSEY AND CALIFORNIA IS LIMITED SINCE THE COMPANY IS A MEMBER OF A 100% POOLING REINSURANCE ARRANGEMENT WITH 6 OF ITS PROPERTY AND CASUALTY AFFILIATES. THE PRIMARY PROPERTY COVERAGE SOLD BY THE COMPANY IS COMPREHENSIVE FOR AUTOMOBILE AND INLAND MARINE FOR BOATS. THE ESTIMATE OF THE PML IS LESS THAN 11% OF THE SURPLUS.

6.3 What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?
SINCE THE COMPANY'S ESTIMATED PML IS LESS THAN 11% OF THE SURPLUS, THE COMPANY CARRIES NO EXTERNAL CATASTROPHE REINSURANCE TO COVER ITS LIMITED CATASTROPHE EXPOSURE. THE COMPANY PARTICIPATES IN A POOLING ARRANGEMENT WHICH SPREADS THE UNDERWRITING RISK INCLUDING THE CATASTROPHE EXPOSURE AMONG ALL PARTIES TO THE POOLING AGREEMENT.

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [] No [X]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:
NONE

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

- 7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [] No [X]
- 7.2 If yes, indicate the number of reinsurance contracts containing such provisions.
- 7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [] No []
- 8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [] No [X]
- 8.2 If yes, give full information:
-
- 9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
- (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
 - (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
 - (c) Aggregate stop loss reinsurance coverage;
 - (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
 - (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
 - (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?
- Yes [] No [X]
- 9.2 Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
 - (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?
- Yes [] No [X]
- 9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
 - (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
 - (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.
- 9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
 - (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?
- Yes [] No [X]
- 9.5 If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.
- 9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
- (a) The entity does not utilize reinsurance; or Yes [] No [X]
 - (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
 - (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]
10. If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done? Yes [X] No [] N/A []
- 11.1 Has this reporting entity guaranteed policies issued by any other reporting entity and now in force? Yes [] No [X]
- 11.2 If yes, give full information:
-
- 12.1 If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
- 12.11 Unpaid losses \$.....0
 - 12.12 Unpaid underwriting expenses (including loss adjustment expenses) \$.....0
- 12.2 Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds: \$.....0
- 12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [] N/A [X]
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From%
 - 12.42 To%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit
 - 12.62 Collateral and other funds

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....15,500,000

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

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

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

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

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

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

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

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

15.2 If yes, give full information:

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

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

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....					
16.12 Products.....					
16.13 Automobile.....					
16.14 Other*.....					

* Disclose type of coverage:

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

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

Provide the following information for this exemption:

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

17.12 Unfunded portion of Interrogatory 17.11

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11

17.14 Case reserves portion of Interrogatory 17.11

17.15 Incurred but not reported portion of Interrogatory 17.11

17.16 Unearned premium portion of Interrogatory 17.11

17.17 Contingent commission portion of Interrogatory 17.11

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

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

17.19 Unfunded portion of Interrogatory 17.18

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18

17.21 Case reserves portion of Interrogatory 17.18

17.22 Incurred but not reported portion of Interrogatory 17.18

17.23 Unearned premium portion of Interrogatory 17.18

17.24 Contingent commission portion of Interrogatory 17.18

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

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

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

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

FIVE-YEAR HISTORICAL DATA

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

	1 2012	2 2011	3 2010	4 2009	5 2008
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	3,632,000,554	3,367,539,073	3,094,313,781	2,700,120,635	2,335,204,414
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,844,111,561	1,733,383,301	1,648,152,538	1,576,218,479	1,438,584,337
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,539,723	3,307,027	3,174,746	2,867,825	2,584,146
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	5,479,651,838	5,104,229,401	4,745,641,065	4,279,206,939	3,776,372,897
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	2,814,800,430	2,609,842,781	2,398,093,180	2,092,593,492	1,809,783,421
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,429,186,460	1,343,372,058	1,277,318,217	1,221,569,321	1,114,902,861
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,743,285	2,562,946	2,460,428	2,222,564	2,002,713
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....					
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	4,246,730,175	3,955,777,785	3,677,871,826	3,316,385,378	2,926,688,995
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	178,541,512	202,236,834	149,243,966	181,957,189	157,481,253
14. Net investment gain (loss) (Line 11).....	134,977,518	106,553,042	146,833,648	118,220,251	(120,626,391)
15. Total other income (Line 15).....	6,996,036	8,371,663	7,965,764	4,090,439	(1,571,097)
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	97,803,531	108,779,278	96,054,800	101,087,740	61,831,647
18. Net income (Line 20).....	222,711,535	208,382,261	207,988,578	203,180,139	(26,547,882)
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	4,541,611,515	4,185,596,213	3,946,956,230	3,569,564,692	3,011,551,795
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	101,465,699	94,101,543	78,639,021	85,473,981	75,094,532
20.2 Deferred and not yet due (Line 15.2).....	508,815,385	531,957,582	498,022,937	484,087,039	427,808,685
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	3,178,328,322	2,913,204,965	2,743,048,485	2,447,878,546	2,127,579,598
22. Losses (Page 3, Line 1).....	1,397,026,110	1,266,936,613	1,205,568,191	1,044,719,173	894,514,571
23. Loss adjustment expenses (Page 3, Line 3).....	291,125,398	277,866,911	263,412,039	230,374,639	203,907,167
24. Unearned premiums (Page 3, Line 9).....	1,106,120,248	1,050,386,077	973,248,250	874,951,037	783,670,032
25. Capital paid up (Page 3, Lines 30 & 31).....	3,000,480	3,000,480	3,000,480	3,000,480	3,000,480
26. Surplus as regards policyholders (Page 3, Line 37).....	1,363,283,193	1,272,391,248	1,203,907,745	1,121,686,146	883,972,196
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	454,205,438	380,915,987	511,673,611	460,290,667	373,657,489
Risk-Based Capital Analysis					
28. Total adjusted capital.....	1,363,283,193	1,272,391,248	1,203,907,745	1,121,686,146	883,972,196
29. Authorized control level risk-based capital.....	158,591,840	157,691,270	170,274,745	137,998,839	146,243,525
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	73.7	76.1	78.1	84.3	69.1
31. Stocks (Lines 2.1 & 2.2).....	18.3	17.7	13.7	7.7	14.4
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	4.7	5.5	6.1	7.2	9.1
34. Cash, cash equivalents and short-term investments (Line 5).....	3.2	0.7	2.2	0.5	7.1
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....				XXX	XXX
37. Other invested assets (Line 8).....				0.2	0.3
38. Receivable for securities (Line 9).....	0.0				0.0
39. Securities lending reinvested collateral assets (Line 10).....				XXX	XXX
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....	6,308,064	6,612,203	6,656,341	6,730,480	6,874,609
48. Total of above lines 42 to 47.....	6,308,064	6,612,203	6,656,341	6,730,480	6,874,609
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.5	0.5	0.6	0.6	0.8

PROGRESSIVE DIRECT INSURANCE COMPANY

FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2012	2011	2010	2009	2008
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	38,629,012	(1,235,132)	32,162,214	19,730,333	(71,263,338)
52. Dividends to stockholders (Line 35).....	(185,000,000)	(161,000,000)	(180,900,000)	(100,000,000)	.....
53. Change in surplus as regards policyholders for the year (Line 38).....	90,891,945	68,483,504	82,221,599	237,713,949	21,575,445
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,958,632,441	1,751,038,896	1,560,739,744	1,395,305,174	1,228,889,111
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,298,405,893	1,198,471,170	1,060,600,201	960,241,296	885,161,827
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,337,293	2,316,557	1,337,226	2,605,310	1,899,725
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....	.....	.....	.....	.....
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....	.....	.....	.....	.....
59. Total (Line 35).....	3,259,375,627	2,951,826,623	2,622,677,171	2,358,151,780	2,115,950,663
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,517,940,142	1,357,055,144	1,209,573,302	1,081,361,509	952,389,061
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	1,006,264,567	928,815,157	821,965,156	744,187,004	686,000,416
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,811,402	1,795,332	1,036,350	2,019,115	1,472,287
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....	.....	.....	.....	.....
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....	.....	.....	.....	.....
65. Total (Line 35).....	2,526,016,111	2,287,665,633	2,032,574,808	1,827,567,629	1,639,861,764
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1).....	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2).....	63.4	60.6	61.3	61.3	61.1
68. Loss expenses incurred (Line 3).....	10.8	11.2	12.0	12.0	12.7
69. Other underwriting expenses incurred (Line 4).....	21.5	23.1	22.6	21.0	20.8
70. Net underwriting gain (loss) (Line 8).....	4.3	5.2	4.2	5.6	5.5
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	21.1	22.4	21.7	20.3	20.4
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	74.2	71.7	73.3	73.3	73.7
73. Net premiums written to policyholders' surplus (Page 8, Part 1B, Col. 6, Line 35, divided by Page 3, Line 37, Col. 1 x 100.0).....	311.5	310.9	305.5	295.7	331.1
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	(9,479)	(75,849)	(82,465)	(33,769)	(6,709)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	(0.7)	(6.3)	(7.4)	(3.8)	(0.8)
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12).....	(92,408)	(123,120)	(58,064)	(26,181)	(3,181)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(7.7)	(11.0)	(6.6)	(3.0)	(0.4)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of

SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No []

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$'000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments							10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	12 Number of Claims Reported-Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments					
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	.....XXX.....	.....XXX.....	.....XXX.....	.....142.....	.....	.....22.....	.....	.....27.....	.....	.....131.....	.....191.....	.....XXX.....
2. 2003.....	.....1,364,045.....	.....1,136,374.....	.....227,671.....	.....721,277.....	.....619,110.....	.....19,569.....	.....18,987.....	.....156,340.....	.....132,097.....	.....41,770.....	.....126,992.....	.....XXX.....
3. 2004.....	.....1,827,571.....	.....60.....	.....1,827,510.....	.....948,772.....	.....91.....	.....28,861.....	.....1.....	.....208,842.....	.....17.....	.....93,488.....	.....1,186,366.....	.....XXX.....
4. 2005.....	.....2,297,757.....	.....11,414.....	.....2,286,343.....	.....1,307,032.....	.....9,785.....	.....37,139.....	.....17.....	.....281,015.....	.....739.....	.....130,878.....	.....1,614,645.....	.....XXX.....
5. 2006.....	.....2,589,477.....	.....19,822.....	.....2,569,654.....	.....1,443,203.....	.....9,807.....	.....38,715.....	.....20.....	.....308,735.....	.....4.....	.....158,642.....	.....1,780,824.....	.....XXX.....
6. 2007.....	.....2,760,864.....	.....25,097.....	.....2,735,767.....	.....1,604,844.....	.....11,371.....	.....40,831.....	.....26.....	.....306,801.....	.....	.....190,480.....	.....1,941,079.....	.....XXX.....
7. 2008.....	.....2,895,705.....	.....26,204.....	.....2,869,502.....	.....1,708,266.....	.....11,732.....	.....38,255.....	.....3.....	.....330,357.....	.....	.....198,523.....	.....2,065,143.....	.....XXX.....
8. 2009.....	.....3,257,637.....	.....32,533.....	.....3,225,104.....	.....1,880,077.....	.....13,947.....	.....40,581.....	.....17.....	.....325,695.....	.....	.....220,818.....	.....2,232,388.....	.....XXX.....
9. 2010.....	.....3,619,023.....	.....39,448.....	.....3,579,574.....	.....2,110,442.....	.....19,628.....	.....36,709.....	.....24.....	.....356,920.....	.....	.....245,164.....	.....2,484,419.....	.....XXX.....
10. 2011.....	.....3,929,214.....	.....50,576.....	.....3,878,639.....	.....2,120,747.....	.....16,895.....	.....21,769.....	.....10.....	.....349,289.....	.....	.....265,790.....	.....2,474,900.....	.....XXX.....
11. 2012.....	.....4,243,748.....	.....52,750.....	.....4,190,998.....	.....1,826,801.....	.....10,198.....	.....5,728.....	.....0.....	.....296,093.....	.....	.....196,120.....	.....2,118,424.....	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....15,671,605.....	.....722,565.....	.....308,180.....	.....19,105.....	.....2,920,114.....	.....132,857.....	.....1,741,803.....	.....18,025,372.....	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21 Direct and Assumed	22 Ceded			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	.....797.....	.....	.....1.....	.....	.....30.....	.....	.....	.....	.....12.....	.....	.....841.....	.....XXX.....
2. 2003.....	.....320.....	.....	.....1.....	.....	.....43.....	.....	.....	.....	.....13.....	.....	.....377.....	.....XXX.....
3. 2004.....	.....492.....	.....	.....168.....	.....	.....49.....	.....	.....	.....	.....23.....	.....131.....	.....732.....	.....XXX.....
4. 2005.....	.....11,790.....	.....9,356.....	.....167.....	.....	.....132.....	.....	.....	.....	.....57.....	.....291.....	.....2,790.....	.....XXX.....
5. 2006.....	.....2,811.....	.....412.....	.....167.....	.....	.....369.....	.....	.....	.....	.....163.....	.....500.....	.....3,099.....	.....XXX.....
6. 2007.....	.....13,480.....	.....7,279.....	.....167.....	.....	.....894.....	.....	.....	.....	.....429.....	.....825.....	.....7,691.....	.....XXX.....
7. 2008.....	.....27,891.....	.....13,117.....	.....470.....	.....303.....	.....2,542.....	.....	.....	.....	.....934.....	.....1,476.....	.....18,416.....	.....XXX.....
8. 2009.....	.....50,741.....	.....7,393.....	.....19,327.....	.....4,354.....	.....7,680.....	.....2,757.....	.....	.....	.....3,672.....	.....3,353.....	.....72,430.....	.....XXX.....
9. 2010.....	.....162,106.....	.....38,429.....	.....25,573.....	.....1,890.....	.....21,940.....	.....4,586.....	.....	.....	.....11,504.....	.....8,485.....	.....185,390.....	.....XXX.....
10. 2011.....	.....276,119.....	.....17,198.....	.....70,033.....	.....12,251.....	.....33,363.....	.....8,601.....	.....	.....	.....29,942.....	.....20,349.....	.....388,609.....	.....XXX.....
11. 2012.....	.....693,308.....	.....38,686.....	.....198,112.....	.....6,350.....	.....46,265.....	.....18,967.....	.....	.....	.....96,158.....	.....123,594.....	.....1,007,775.....	.....XXX.....
12. Totals.....1,239,855.....131,869.....314,186.....25,147.....113,308.....0.....34,910.....0.....142,907.....0.....159,004.....1,688,150.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....798.....	.....43.....
2. 2003..	.....897,564.....	.....770,195.....	.....127,369.....	.....65.8.....	.....67.8.....	.....55.9.....	.....	.....	.....77.50.....	.....321.....	.....56.....
3. 2004..	.....1,187,206.....	.....109.....	.....1,187,097.....	.....65.0.....	.....180.3.....	.....65.0.....	.....	.....	.....77.50.....	.....660.....	.....72.....
4. 2005..	.....1,637,332.....	.....19,897.....	.....1,617,435.....	.....71.3.....	.....174.3.....	.....70.7.....	.....	.....	.....77.50.....	.....2,601.....	.....189.....
5. 2006..	.....1,794,164.....	.....10,242.....	.....1,783,922.....	.....69.3.....	.....51.7.....	.....69.4.....	.....	.....	.....77.50.....	.....2,566.....	.....533.....
6. 2007..	.....1,967,447.....	.....18,677.....	.....1,948,770.....	.....71.3.....	.....74.4.....	.....71.2.....	.....	.....	.....77.50.....	.....6,368.....	.....1,324.....
7. 2008..	.....2,108,714.....	.....25,154.....	.....2,083,560.....	.....72.8.....	.....96.0.....	.....72.6.....	.....	.....	.....77.50.....	.....14,941.....	.....3,475.....
8. 2009..	.....2,330,529.....	.....25,711.....	.....2,304,818.....	.....71.5.....	.....79.0.....	.....71.5.....	.....	.....	.....77.50.....	.....58,321.....	.....14,109.....
9. 2010..	.....2,729,781.....	.....59,971.....	.....2,669,810.....	.....75.4.....	.....152.0.....	.....74.6.....	.....	.....	.....77.50.....	.....147,361.....	.....38,030.....
10. 2011..	.....2,909,864.....	.....46,354.....	.....2,863,509.....	.....74.1.....	.....91.7.....	.....73.8.....	.....	.....	.....77.50.....	.....316,704.....	.....71,906.....
11. 2012..	.....3,181,433.....	.....55,234.....	.....3,126,199.....	.....75.0.....	.....104.7.....	.....74.6.....	.....	.....	.....77.50.....	.....846,385.....	.....161,390.....
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0.....	.....0.....	.....XXX.....	.....1,397,025.....	.....291,125.....

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	One Year	Two Year
1. Prior.....	27,347	25,943	22,256	20,607	21,030	19,604	18,791	18,757	18,946	19,592	646	835
2. 2003.....	127,107	125,224	112,567	104,773	104,295	102,191	102,715	103,143	102,899	103,112	213	(31)
3. 2004.....	XXX	1,019,021	992,354	983,461	980,102	975,513	976,532	976,305	978,087	978,250	163	1,945
4. 2005.....	XXX	XXX	1,366,402	1,342,637	1,347,221	1,343,394	1,335,979	1,335,996	1,337,195	1,337,102	(92)	1,106
5. 2006.....	XXX	XXX	XXX	1,486,319	1,481,466	1,493,913	1,484,134	1,475,278	1,474,079	1,475,028	949	(250)
6. 2007.....	XXX	XXX	XXX	XXX	1,672,954	1,665,743	1,662,737	1,653,962	1,640,081	1,641,540	1,459	(12,422)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	1,800,459	1,786,161	1,779,312	1,764,530	1,752,270	(12,261)	(27,043)
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	2,061,427	2,003,257	1,989,539	1,975,451	(14,087)	(27,806)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,330,128	2,294,935	2,301,386	6,451	(28,742)
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,477,199	2,484,278	7,080	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,733,948	XXX	XXX
12. Totals.....											(9,479)	(92,408)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012		
1. Prior.....	000	(41,983)	(8,044)	8,699	15,376	17,098	17,464	17,681	18,599	18,764	XXX	XXX
2. 2003.....	84,437	(7,784)	45,773	78,487	93,611	99,103	101,094	101,878	102,621	102,748	XXX	XXX
3. 2004.....	XXX	672,365	828,570	900,743	943,113	963,439	971,202	974,110	976,971	977,541	XXX	XXX
4. 2005.....	XXX	XXX	926,367	1,148,722	1,249,400	1,304,852	1,322,841	1,330,224	1,332,785	1,334,369	XXX	XXX
5. 2006.....	XXX	XXX	XXX	1,026,599	1,271,220	1,381,626	1,439,416	1,461,717	1,468,847	1,472,092	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	1,140,324	1,429,457	1,546,420	1,601,759	1,626,523	1,634,277	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	1,196,233	1,538,389	1,652,420	1,708,862	1,734,787	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	1,322,960	1,689,621	1,829,034	1,906,694	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,504,870	1,947,122	2,127,500	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,660,004	2,125,611	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	1,822,331	XXX	XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1. Prior.....	4,346	11,958	2,740	811	604	621	679	623	0	1
2. 2003.....	10,217	27,175	11,376	2,916	2	1	33	55	52	1
3. 2004.....	XXX	86,119	31,914	12,600	4,097	13	37	77	68	168
4. 2005.....	XXX	XXX	105,035	36,185	16,619	6,411	1	98	82	167
5. 2006.....	XXX	XXX	XXX	117,755	40,435	20,696	7,945	104	94	167
6. 2007.....	XXX	XXX	XXX	XXX	132,000	43,488	22,142	11,743	142	167
7. 2008.....	XXX	XXX	XXX	XXX	XXX	155,240	48,902	26,674	12,287	167
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	168,192	56,704	30,405	17,730
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	175,246	60,002	28,269
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	177,106	66,384
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	210,729

PROGRESSIVE DIRECT INSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....AL	L	62,703,421	62,202,823		40,088,449	40,504,401	15,377,149	1,097,718	
2. Alaska.....AK	L	17,589,775	17,148,036		9,287,662	9,707,960	5,160,836	206,949	
3. Arizona.....AZ	Q								
4. Arkansas.....AR	L	25,136,665	24,136,665		12,062,276	13,272,042	4,956,519	417,983	
5. California.....CA	L	42,836,570	41,526,250		22,742,180	23,151,881	6,169,946	876,001	
6. Colorado.....CO	L	161,901,457	157,621,861		104,516,872	109,646,937	56,043,973	2,405,377	
7. Connecticut.....CT	L	71,872,553	70,858,708		42,592,893	46,665,980	33,518,954	954,171	
8. Delaware.....DE	L	27,561,848	27,162,726		15,089,840	16,452,968	9,532,901	320,480	
9. District of Columbia.....DC	L	17,904,269	17,870,124		10,178,191	10,098,014	4,835,144	220,622	
10. Florida.....FL	Q								
11. Georgia.....GA	L	13,818,923	14,510,477		7,948,831	7,478,565	4,339,719	210,542	
12. Hawaii.....HI	L	21,079,464	20,685,083		8,995,903	10,374,150	5,655,340	230,354	
13. Idaho.....ID	L	19,671,586	19,419,205		10,924,672	10,876,738	5,385,954	429,111	
14. Illinois.....IL	L	27,355,170	28,461,520		18,418,870	16,528,572	10,450,489	404,602	
15. Indiana.....IN	L	1,492	1,492		(27,909)	(48,735)	220,692	1,385	
16. Iowa.....IA	L	(207)	(207)		26,817	(9,658)	680	419	
17. Kansas.....KS	L	56,046,037	55,558,854		34,157,192	35,053,882	10,456,560	999,983	
18. Kentucky.....KY	L	79,460,973	79,287,088		51,829,128	52,871,738	22,696,745	1,036,934	
19. Louisiana.....LA	L								
20. Maine.....ME	L	2,135,684	2,006,543		891,749	950,406	404,184	36,488	
21. Maryland.....MD	L	23,483,657	24,462,988		14,884,414	12,810,131	8,667,619	276,995	
22. Massachusetts.....MA	L	124,453,662	120,313,436		72,879,500	64,839,708	45,425,204	1,280,678	
23. Michigan.....MI	Q								
24. Minnesota.....MN	L	157,035,502	153,531,848		90,105,930	95,135,656	49,715,999	2,357,746	
25. Mississippi.....MS	L								
26. Missouri.....MO	L	26,881,617	28,911,824		19,596,414	18,129,035	11,086,535	348,009	
27. Montana.....MT	L	21,121,518	20,480,127		11,076,748	11,576,551	4,581,591	284,604	
28. Nebraska.....NE	L	50	50		(10,359)	(29,580)	833	380	
29. Nevada.....NV	L	74,147,025	72,928,626		45,659,131	48,425,169	31,355,041	1,076,569	
30. New Hampshire.....NH	L	7,890	7,890		1,258,900	(105,783)	1,104,146	693	
31. New Jersey.....NJ	Q								
32. New Mexico.....NM	L	57,984,007	57,255,250		34,959,901	37,992,447	23,879,461	920,603	
33. New York.....NY	L	50,273,430	52,866,530		46,128,861	35,235,695	29,143,398	769,770	
34. North Carolina.....NC	L								
35. North Dakota.....ND	L	16,408,146	15,464,736		8,675,876	9,735,816	3,869,575	281,335	
36. Ohio.....OH	L	248,754,702	243,595,127		150,047,129	157,057,935	66,844,636	4,968,971	
37. Oklahoma.....OK	L	54,710,707	54,162,284		32,717,384	33,409,770	14,768,565	799,668	
38. Oregon.....OR	L	(2,989)	93,266		13,036	17,519	32,367	759	
39. Pennsylvania.....PA	L	45,509,084	47,474,585		29,625,355	27,855,286	21,152,564	762,219	
40. Rhode Island.....RI	L	35,296,131	33,669,529		20,174,072	22,749,378	15,333,653	349,700	
41. South Carolina.....SC	L	42,064,274	36,677,404		19,863,923	23,126,542	10,391,676	807,179	
42. South Dakota.....SD	L	14,478,109	14,093,132		7,629,611	8,494,612	3,889,039	223,596	
43. Tennessee.....TN	L				(320)	(320)			
44. Texas.....TX	N								
45. Utah.....UT	L	46,253,851	45,246,078		26,326,236	28,987,867	15,065,512	826,023	
46. Vermont.....VT	L	14,064,068	13,676,822		7,676,025	7,923,379	3,266,490	299,809	
47. Virginia.....VA	L	70,095,909	73,721,736		50,707,900	44,026,253	26,347,730	951,543	
48. Washington.....WA	L	129,850,150	124,290,197		71,250,703	84,639,307	46,325,292	1,688,338	
49. West Virginia.....WV	L	50	50			(13)	11,454		
50. Wisconsin.....WI	L	176	176		(17,434)	(28,083)	1,266	227	
51. Wyoming.....WY	L	50	50		(2,684)	(2,977)	108	84	
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.....CAN	N								
58. Aggregate Other Alien.....OT	XXX	10,213,054	7,066,816	0	5,825,830	5,852,752	938,011	0	0
59. Totals.....	(a) 46	1,910,159,510	1,878,447,805	0	1,156,775,698	1,181,429,893	628,403,550	29,124,617	0

DETAILS OF WRITE-INS

58001. AUS AUSTRALIA.....	XXX	10,213,054	7,066,816		5,825,830	5,852,752	938,011		
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	0	0	0	0	0	0	0	0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	10,213,054	7,066,816	0	5,825,830	5,852,752	938,011	0	0

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

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

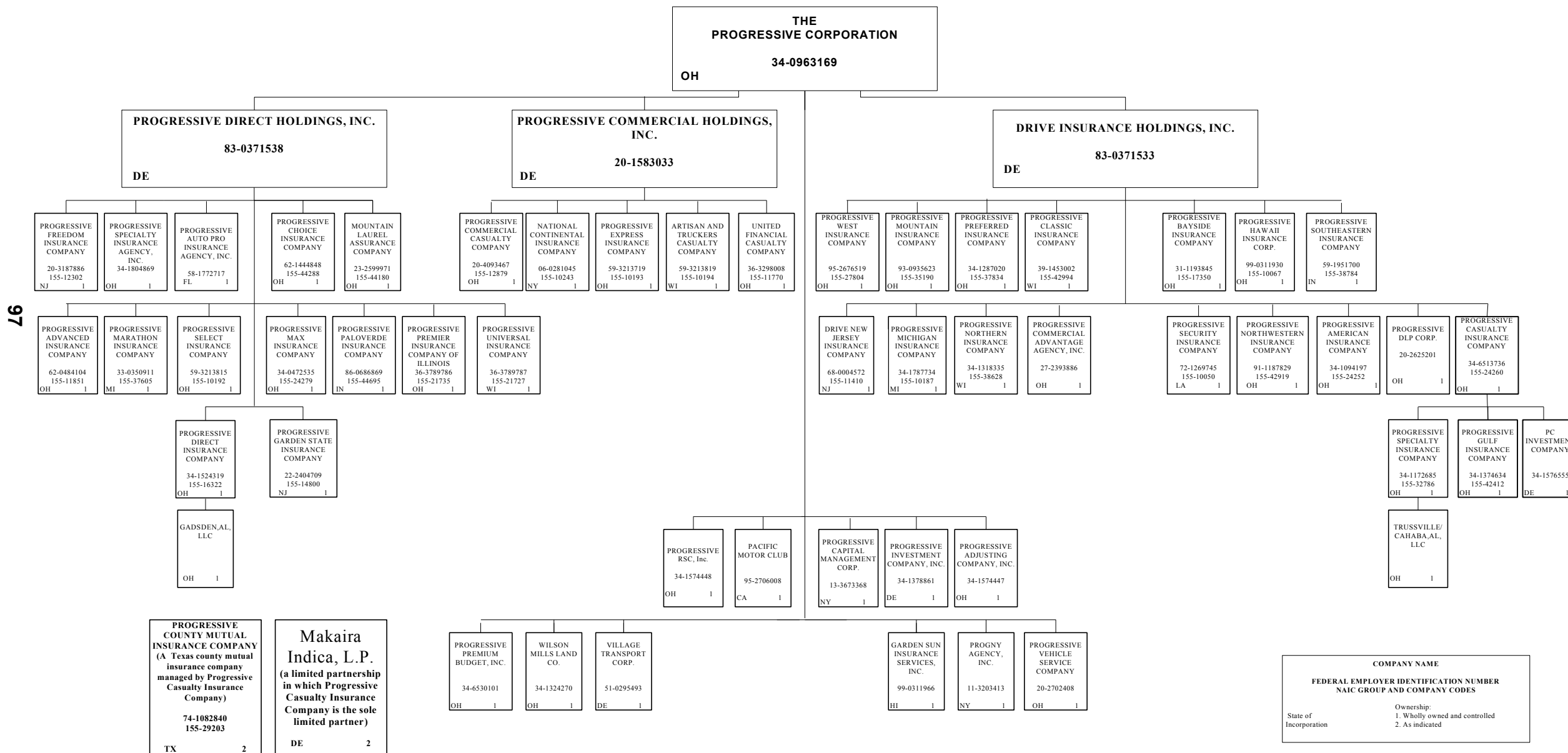
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

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

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

PART 1 – ORGANIZATIONAL CHART



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