



ANNUAL STATEMENT

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

PROGRESSIVE NORTHWESTERN INSURANCE COMPANY

NAIC Group Code.....155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 42919	Employer's ID Number..... 91-1187829
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... September 24, 1982	Commenced Business..... September 26, 1983	
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
MARK DONALD NIEHAUS	PRESIDENT	PETER JAMES ALBERT	SECRETARY
THOMAS ALFRED KING	TREASURER		

OTHER

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

DIRECTORS OR TRUSTEES

THOMAS HUDSON HOLLYER	KATHRYN MARGARET LEMIEUX	MARK DONALD NIEHAUS	DAVID LLOYD PRATT
DAVID JAMES SKOVE			

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

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

_____ (Signature) MARK DONALD NIEHAUS	_____ (Signature) PETER JAMES ALBERT	_____ (Signature) THOMAS ALFRED KING
1. (Printed Name) PRESIDENT	2. (Printed Name) SECRETARY	3. (Printed Name) TREASURER
_____ (Title)	_____ (Title)	_____ (Title)

Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No []
This 14TH day of FEBRUARY, 2013	b. If no	
	1. State the amendment number	_____
	2. Date filed	_____
	3. Number of pages attached	_____

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	870,066,007		870,066,007	863,199,287
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	5,250,000
2.2 Common stocks.....	148,425,892		148,425,892	115,131,761
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....0, Schedule E-Part 1), cash equivalents (\$.....78,498,497, Schedule E-Part 2) and short-term investments (\$.....1,023,585, Schedule DA).....	79,522,082		79,522,082	42,780,845
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	502,250
10. Securities lending reinvested collateral assets (Schedule DL).....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	1,098,013,981	0	1,098,013,981	1,026,864,143
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	5,549,887		5,549,887	6,481,626
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,272,417	2,334,842	(62,425)	1,443,823
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	62,315,381		62,315,381	60,646,295
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	5,481,364		5,481,364	320,416
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.....	19,376,575		19,376,575	17,986,274
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	15,313,406		15,313,406	13,180,538
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	1,565,346	337,662	1,227,684	112,071
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,209,888,357	2,672,504	1,207,215,853	1,127,035,186
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	1,209,888,357	2,672,504	1,207,215,853	1,127,035,186

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 TAX CREDITS.....	1,227,684		1,227,684	112,071
2502. PREPAID EXPENSES.....	327,758	327,758	0	
2503. MISCELLANEOUS OTHER ASSETS.....	9,904	9,904	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,565,346	337,662	1,227,684	112,071

PROGRESSIVE NORTHWESTERN INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	372,252,858	342,647,501
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	8,534,570	7,299,509
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	74,321,507	72,269,683
4. Commissions payable, contingent commissions and other similar charges.....	1,776,240	1,553,170
5. Other expenses (excluding taxes, licenses and fees).....	34,178,772	34,086,901
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	8,757,738	7,084,642
7.1 Current federal and foreign income taxes (including \$.....1,312,198 on realized capital gains (losses)).....	8,885,881	5,001,223
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 \$.....144,545,675 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).....	324,200,664	303,716,375
10. Advance premium.....	3,201,558	3,006,537
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	39,334	43,965
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	19,977,627	17,887,997
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	3,758,880	3,962,421
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	859,885,629	798,559,924
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	859,885,629	798,559,924
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,000,025	3,000,025
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.....	146,299,975	146,299,975
35. Unassigned funds (surplus).....	198,030,224	179,175,262
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).....	347,330,224	328,475,262
38. TOTALS (Page 2, Line 28, Col. 3).....	1,207,215,853	1,127,035,186

DETAILS OF WRITE-INS

2501. STATE PLAN LIABILITY.....	3,516,328	3,606,566
2502. OTHER LIABILITIES.....	185,471	201,894
2503. ESCHEATABLE PROPERTY.....	46,806	141,776
2598. Summary of remaining write-ins for Line 25 from overflow page.....	10,275	12,185
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	3,758,880	3,962,421
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 NORTHWESTERN INSURANCE COMPANY

STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	1,068,807,082	1,002,919,938
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	692,405,366	617,807,491
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	110,498,667	103,825,319
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	230,829,165	223,320,995
5. Aggregate write-ins for underwriting deductions.....	0	29
6. Total underwriting deductions (Lines 2 through 5).....	1,033,733,198	944,953,834
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	35,073,884	57,966,104
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	27,588,471	27,530,654
10. Net realized capital gains (losses) less capital gains tax of \$.....6,054,474 (Exhibit of Capital Gains (Losses)).....	14,371,099	4,160,333
11. Net investment gain (loss) (Lines 9 + 10).....	41,959,570	31,690,987
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....311,343 amount charged off \$.....4,260,333).....	(3,948,990)	(4,198,660)
13. Finance and service charges not included in premiums.....	9,948,141	9,961,682
14. Aggregate write-ins for miscellaneous income.....	1,054,897	1,233,127
15. Total other income (Lines 12 through 14).....	7,054,048	6,996,149
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	84,087,502	96,653,240
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).....	84,087,502	96,653,240
19. Federal and foreign income taxes incurred.....	27,105,269	31,167,447
20. Net income (Line 18 minus Line 19) (to Line 22).....	56,982,233	65,485,793
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	328,475,262	319,267,118
22. Net income (from Line 20).....	56,982,233	65,485,793
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....1,253,178.....	2,327,329	(64,731)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	2,643,479	1,445,324
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(98,079)	341,758
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(43,000,000)	(58,000,000)
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).....	18,854,962	9,208,144
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	347,330,224	328,475,262
DETAILS OF WRITE-INS		
0501. 2008 NORTH CAROLINA PRIVATE PASSENGER AUTO ESCROW (REFUNDS).....		29
0502.		
0503.		
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	29
1401. MISCELLANEOUS INCOME.....	927,293	1,086,590
1402. SERVICE BUSINESS REVENUE.....	93,996	124,893
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	33,608	21,644
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	1,054,897	1,233,127
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.....	1,089,356,908	1,010,956,186
2. Net investment income.....	43,673,241	48,405,042
3. Miscellaneous income.....	7,079,949	6,927,299
4. Total (Lines 1 through 3).....	1,140,110,098	1,066,288,527
5. Benefit and loss related payments.....	666,725,896	607,672,730
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	337,285,925	329,295,362
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....4,444,036 tax on capital gains (losses).....	29,275,085	35,663,985
10. Total (Lines 5 through 9).....	1,033,286,906	972,632,077
11. Net cash from operations (Line 4 minus Line 10).....	106,823,192	93,656,450
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	499,128,892	712,314,717
12.2 Stocks.....	41,983,721	6,165,068
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....	502,250	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	541,614,863	718,479,785
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	514,418,351	676,491,096
13.2 Stocks.....	52,754,106	34,894,153
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		487,969
13.7 Total investments acquired (Lines 13.1 to 13.6).....	567,172,457	711,873,218
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).....	(25,557,594)	6,606,567
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	43,000,000	58,000,000
16.6 Other cash provided (applied).....	(1,524,361)	364,361
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(44,524,361)	(57,635,639)
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).....	36,741,237	42,627,378
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	42,780,845	153,467
19.2 End of year (Line 18 plus Line 19.1).....	79,522,082	42,780,845

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

20.0001		
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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.....	3,369,545	1,664,686	1,754,681	3,279,550
5. Commercial multiple peril.....				.0
6. Mortgage guaranty.....				.0
8. Ocean marine.....				.0
9. Inland marine.....	18,240,846	8,008,368	8,685,423	17,563,792
10. Financial guaranty.....				.0
11.1 Medical professional liability - occurrence.....				.0
11.2 Medical professional liability - claims-made.....	3,600	316	334	3,581
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.....	7,577,130	3,763,385	3,707,997	7,632,519
17.2 Other liability - claims-made.....	3,138	130,824	43,440	90,521
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.....	622,438,733	160,395,700	169,568,979	613,265,454
19.3, 19.4 Commercial auto liability.....	66,670,527	28,554,017	31,630,267	63,594,277
21. Auto physical damage.....	370,986,841	101,178,493	108,808,722	363,356,613
22. Aircraft (all perils).....				.0
23. Fidelity.....	70	17,964	267	17,766
24. Surety.....	942	2,623	555	3,011
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.....	1,089,291,372	303,716,375	324,200,665	1,068,807,083

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 NORTHWESTERN 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.....	1,754,681				1,754,681
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	8,685,423				8,685,423
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....	334				334
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....					0
17.1	Other liability - occurrence.....	3,707,997				3,707,997
17.2	Other liability - claims-made.....	56	43,384			43,440
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.....	169,568,979				169,568,979
19.3, 19.4	Commercial auto liability.....	31,630,267				31,630,267
21.	Auto physical damage.....	108,808,722				108,808,722
22.	Aircraft (all perils).....					0
23.	Fidelity.....		267			267
24.	Surety.....	555				555
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.....	324,157,013	43,652	0	0	324,200,665
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					324,200,665

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

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.....		3,369,545				3,369,545
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....	11,498,549	18,240,846		11,498,549		18,240,846
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....		3,600				3,600
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.....	6,657,724	7,577,129		6,413,070	244,653	7,577,130
17.2 Other liability - claims-made.....		3,138				3,138
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.....	251,409,669	622,438,733		251,409,669		622,438,733
19.3, 19.4 Commercial auto liability.....	26,667,632	66,670,527		26,661,783	5,849	66,670,527
21. Auto physical damage.....	174,968,012	370,986,841		174,968,012		370,986,841
22. Aircraft (all perils).....						0
23. Fidelity.....		70				70
24. Surety.....		942				942
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.....	471,201,586	1,089,291,371	0	470,951,083	250,502	1,089,291,372

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 \$.00.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.00.

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.....		2,538,027		2,538,027	444,391	273,569	2,708,849	82.6
5. Commercial multiple peril.....				.0			.0	
6. Mortgage guaranty.....				.0			.0	
8. Ocean marine.....				.0			.0	
9. Inland marine.....	5,080,131	9,183,735	5,080,131	9,183,735	1,103,225	975,042	9,311,918	53.0
10. Financial guaranty.....				.0			.0	
11.1 Medical professional liability - occurrence.....				.0			.0	
11.2 Medical professional liability - claims-made.....				.0	179	180	(0)	(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.....		65,241		65,241	88,365	155,362	(1,755)	
17.1 Other liability - occurrence.....	2,114,148	2,284,338	2,114,148	2,284,338	3,784,420	3,396,916	2,671,842	35.0
17.2 Other liability - claims-made.....	202,405	895,465	202,405	895,465	1,076,509	1,660,710	311,265	343.9
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.....	156,545,376	371,264,423	156,545,376	371,264,423	308,360,475	287,623,844	392,001,054	63.9
19.3, 19.4 Commercial auto liability.....	11,987,011	34,983,130	11,987,011	34,983,130	52,642,430	46,828,822	40,796,737	64.2
21. Auto physical damage.....	109,298,680	241,295,724	109,298,680	241,295,724	3,648,344	527,738	244,416,330	67.3
22. Aircraft (all perils).....				.0			.0	
23. Fidelity.....		248,120		248,120	83,180	194,430	136,870	770.4
24. Surety.....				.0	3,154	7,134	(3,981)	(132.2)
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	41,806		41,806	1,018,183	1,003,753	56,237	
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.....	285,227,751	662,800,009	285,227,751	662,800,009	372,252,857	342,647,501	692,405,365	64.8

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.....		297,879		297,879		146,513		444,391	72,669
5. Commercial multiple peril.....				.0				.0	
6. Mortgage guaranty.....				.0				.0	
8. Ocean marine.....				.0				.0	
9. Inland marine.....	182,562	581,396	182,562	581,396	312,610	521,830	312,611	1,103,225	192,413
10. Financial guaranty.....				.0				.0	
11.1 Medical professional liability - occurrence.....				.0				.0	
11.2 Medical professional liability - claims-made.....				.0		179		179	157
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.....		88,365		88,365				88,365	3,139
17.1 Other liability - occurrence.....	1,970,828	2,855,887	1,970,828	2,855,887	829,583	928,533	829,583	3,784,420	610,953
17.2 Other liability - claims-made.....	18,383	612,289	18,383	612,289	12,117	464,220	12,117	1,076,509	55,085
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.....	99,170,623	235,239,805	99,170,623	235,239,805	24,317,579	73,120,670	24,317,578	308,360,475	62,476,700
19.3, 19.4 Commercial auto liability.....	17,709,723	43,778,921	17,709,723	43,778,921	3,397,954	8,863,510	3,397,955	52,642,430	8,711,949
21. Auto physical damage.....	5,974,840	12,251,704	5,974,840	12,251,704	(3,186,944)	(8,603,360)	(3,186,944)	3,648,344	2,190,733
22. Aircraft (all perils).....				.0				.0	
23. Fidelity.....		61,745		61,745		21,436		83,180	7,377
24. Surety.....				.0		3,154		3,154	332
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	223,233		223,233	XXX	794,950		1,018,183	
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.....	125,026,959	295,991,223	125,026,959	295,991,223	25,682,899	76,261,635	25,682,900	372,252,857	74,321,506

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.....	2,460,849			2,460,849
1.2 Reinsurance assumed.....	16,886,729			16,886,729
1.3 Reinsurance ceded.....	2,460,849			2,460,849
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	16,886,729	0	0	16,886,729
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		46,911,657		46,911,657
2.2 Reinsurance assumed, excluding contingent.....		102,676,413		102,676,413
2.3 Reinsurance ceded, excluding contingent.....		46,911,657		46,911,657
2.4 Contingent - direct.....		825,198		825,198
2.5 Contingent - reinsurance assumed.....		2,067,050		2,067,050
2.6 Contingent - reinsurance ceded.....		825,198		825,198
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	104,743,463	0	104,743,463
3. Allowances to manager and agents.....		292,511		292,511
4. Advertising.....		9,572,596		9,572,596
5. Boards, bureaus and associations.....	307,050	384,940		691,990
6. Surveys and underwriting reports.....		7,446,844		7,446,844
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	60,333,550	48,512,199	615,740	109,461,489
8.2 Payroll taxes.....	4,233,162	3,572,480	19,128	7,824,769
9. Employee relations and welfare.....	10,774,030	8,137,982	29,338	18,941,350
10. Insurance.....	188,969	210,262		399,231
11. Directors' fees.....				0
12. Travel and travel items.....	3,559,115	1,021,283	1,747	4,582,145
13. Rent and rent items.....	5,053,236	3,709,233	23,659	8,786,129
14. Equipment.....	346,965	1,367,458		1,714,422
15. Cost or depreciation of EDP equipment and software.....	3,859,107	8,604,858	140	12,464,104
16. Printing and stationery.....	403,070	1,101,118	1,503	1,505,691
17. Postage, telephone and telegraph, exchange and express.....	3,819,322	7,206,340	4,815	11,030,477
18. Legal and auditing.....	481,678	1,263,502	86,631	1,831,812
19. Totals (Lines 3 to 18).....	93,359,253	102,403,605	782,702	196,545,560
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....8,034.....		18,148,730		18,148,730
20.2 Insurance department licenses and fees.....	88,882	1,351,169		1,440,051
20.3 Gross guaranty association assessments.....		(23,368)		(23,368)
20.4 All other (excluding federal and foreign income and real estate).....	31,525	3,344,100		3,375,625
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	120,407	22,820,630	0	22,941,037
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	132,278	861,467	151,563	1,145,308
25. Total expenses incurred.....	110,498,667	230,829,165	934,265	(a) 342,262,097
26. Less unpaid expenses - current year.....	74,321,507	44,694,654	18,096	119,034,257
27. Add unpaid expenses - prior year.....	72,269,683	42,704,576	20,142	114,994,401
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).....	108,446,843	228,839,087	936,310	338,222,241

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	132,278	861,467	151,563	1,145,308
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).....	132,278	861,467	151,563	1,145,308

(a) Includes management fees of \$.....197,690,868 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....3,401,792	.....3,282,879
1.1 Bonds exempt from U.S. tax.....	(a).....1,731,808	.....1,879,543
1.2 Other bonds (unaffiliated).....	(a).....21,260,177	.....20,648,366
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....129,322	.....108,835
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....2,604,318	.....2,526,054
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....327,058	.....77,058
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....29,454,475	.....28,522,735
11. Investment expenses.....	.....	(g).....934,265
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....934,265
17. Net investment income (Line 10 minus Line 16).....	.....	.....27,588,470

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 \$.....1,703,054 accrual of discount less \$.....16,858,131 amortization of premium and less \$.....442,870 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 \$.....26,010 accrual of discount less \$.....445,100 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....1,145,176	.....	.....1,145,176	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....5,006,671	.....(34,989)	.....4,971,682	.....	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....615,477	.....
2.1 Preferred stocks (unaffiliated).....	.....849,450	.....	.....849,450	.....(1,059,450)	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....13,534,770	.....(75,506)	.....13,459,264	.....4,024,482	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....20,536,067	.....(110,495)	.....20,425,572	.....3,580,509	.....0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			.0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			.0
2.2 Common stocks.....			.0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			.0
3.2 Other than first liens.....			.0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			.0
4.2 Properties held for the production of income.....			.0
4.3 Properties held for sale.....			.0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			.0
6. Contract loans.....			.0
7. Derivatives (Schedule DB).....			.0
8. Other invested assets (Schedule BA).....			.0
9. Receivables for securities.....			.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0
11. Aggregate write-ins for invested assets.....	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.0	.0	.0
13. Title plants (for Title insurers only).....			.0
14. Investment income due and accrued.....			.0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,334,842	2,398,728	63,886
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.0
15.3 Accrued retrospective premiums.....			.0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			.0
16.2 Funds held by or deposited with reinsured companies.....			.0
16.3 Other amounts receivable under reinsurance contracts.....			.0
17. Amounts receivable relating to uninsured plans.....			.0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			.0
18.2 Net deferred tax asset.....			.0
19. Guaranty funds receivable or on deposit.....			.0
20. Electronic data processing equipment and software.....			.0
21. Furniture and equipment, including health care delivery assets.....			.0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			.0
23. Receivables from parent, subsidiaries and affiliates.....			.0
24. Health care and other amounts receivable.....			.0
25. Aggregate write-ins for other than invested assets.....	337,662	175,697	(161,965)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	2,672,504	2,574,425	(98,079)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0
28. TOTALS (Lines 26 and 27).....	2,672,504	2,574,425	(98,079)

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.....	327,758	170,747	(157,011)
2502. MISCELLANEOUS OTHER ASSETS.....	9,904	4,950	(4,954)
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).....	337,662	175,697	(161,965)

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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 Northwestern 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	\$ 56,982,233	\$ 65,485,793
(2) Effect of state prescribed practices			
(3) Effect of state permitted practices			
(4) Net income, NAIC SAP basis (1-2-3=4)	OH	\$ 56,982,233	\$ 65,485,793
Surplus			
(5) Policyholders' surplus, state basis	OH	\$ 347,330,224	\$ 328,475,262
(6) Effect of state prescribed practices			
(7) Effect of state permitted practices			
(8) Policyholders' surplus, NAIC SAP basis(5-6-7=8)	OH	\$ 347,330,224	\$ 328,475,262

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.

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.
- The Company has no investments in joint ventures, partnerships, or limited liability companies.
- The Company has no investments in derivatives.

NOTES TO FINANCIAL STATEMENTS

- 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.

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 Notes 25 and 33).

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

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

NOTES TO FINANCIAL STATEMENTS

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
68389FKP8	\$ 4,569,061	\$ 4,487,142	\$ 81,919	\$ 4,487,142	\$ 3,319,450	2009 - Q4
46628KAV2	3,159,735	3,090,173	69,562	3,090,173	2,733,250	2011 - Q1
3622N6AG4	3,143,546	3,051,346	92,200	3,051,346	2,603,392	2011 - Q2
46628KAV2	2,942,765	2,873,424	69,341	2,873,424	2,522,134	2011 - Q2
3622N6AG4	2,686,788	2,651,800	34,988	2,651,800	2,382,297	2012 - Q2
Total	XXX	XXX	\$ 348,010	XXX	XXX	XXX

4. As of December 31, 2012, the Company had \$198,088 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	\$ 1,617
2. Twelve months or longer	196,471
Total	\$ 198,088
b. Aggregate fair value of securities with unrealized losses	
1. Less than twelve months	\$ 1,219,727
2. Twelve months or longer	5,934,478
Total	\$ 7,154,205

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

Not applicable

G. Low Income Housing Tax Credits

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

Not applicable

8. Derivative Instruments

Not applicable

NOTES TO FINANCIAL STATEMENTS

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	\$ 42,531,269	\$ 3,134,948	\$ 45,666,217	\$ 40,664,793	\$ 5,438,820	\$ 46,103,613	\$ 1,866,476	\$ (2,303,872)	\$ (437,396)
(b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 42,531,269	\$ 3,134,948	\$ 45,666,217	\$ 40,664,793	\$ 5,438,820	\$ 46,103,613	\$ 1,866,476	\$ (2,303,872)	\$ (437,396)
(d) Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
(e) Subtotal (net deferred tax asset) (1c-1d)	\$ 42,531,269	\$ 3,134,948	\$ 45,666,217	\$ 40,664,793	\$ 5,438,820	\$ 46,103,613	\$ 1,866,476	\$ (2,303,872)	\$ (437,396)
(f) Deferred tax liabilities	6,439,867	19,849,775	26,289,642	8,172,586	19,944,753	28,117,339	(1,732,719)	(94,978)	(1,827,697)
(g) Net admitted deferred tax assets (net deferred tax liability) 1e-1f)	\$ 36,091,402	\$ (16,714,827)	\$ 19,376,575	\$ 32,492,207	\$ (14,505,933)	\$ 17,986,274	\$ 3,599,195	\$ (2,208,894)	\$ 1,390,301

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	\$ 38,481,580	\$ -	\$ 38,481,580	\$ 32,102,828	\$ -	\$ 32,102,828	\$ 6,378,752	\$ -	\$ 6,378,752
(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)	1,895,978	-	1,895,978	-	-	-	1,895,978	-	1,895,978
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	1,895,978	-	1,895,978	-	-	-	1,895,978	-	1,895,978
2. Adjusted gross deferred tax assets allowed per limitation threshold			49,193,047			34,044,926			15,148,121
(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	2,153,711	3,134,948	5,288,659	8,561,965	5,438,820	14,000,785	(6,408,254)	(2,303,872)	(8,712,126)
(d) Deferred tax assets admitted as result of application of SSAP No. 101.									
Total (2(a)+2(b)+2(c))	\$ 42,531,269	\$ 3,134,948	\$ 45,666,217	\$ 40,664,793	\$ 5,438,820	\$ 46,103,613	\$ 1,866,476	\$ (2,303,872)	\$ (437,396)

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	845%	n/a
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 327,953,649	n/a

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 ___ No <u>X</u>									

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

1. Current Income Tax:

Description	(1) December 31, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
(a) Federal	\$ 27,105,269	\$ 31,167,447	\$ (4,062,178)
(b) Foreign	-	-	-
(c) Subtotal	\$ 27,105,269	\$ 31,167,447	\$ (4,062,178)
(d) Federal income tax on net capital gains	6,054,474	3,304,316	2,750,158
(e) Utilization of capital loss carry-forwards	-	-	-
(f) Other	-	-	-
(g) Federal and foreign income taxes incurred	\$ 33,159,743	\$ 34,471,763	\$ (1,312,020)

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	\$ 6,682,730	\$ 6,915,251	\$ (232,521)
(2) Unearned premium reserve	22,931,795	21,471,188	1,460,607
(3) Policyholder reserves	-	-	-
(4) Investments	-	-	-
(5) Deferred acquisition costs	-	-	-
(6) Policyholder dividends accrual	-	-	-
(7) Fixed assets	651,970	660,657	(8,687)
(8) Compensation and benefits accrual	10,435,812	9,842,907	592,905
(9) Pension accrual	-	-	-
(10) Receivables - nonadmitted	817,195	839,555	(22,360)
(11) Net operating loss carry-forward	-	-	-
(12) Tax credit carry-forward	-	-	-
(13) Other - non admitted assets	118,182	61,494	56,688
(14) Other - bad debt reserve	393,940	384,874	9,066
(15) Other (including items <5% of total ordinary tax assets)	499,645	488,867	10,778
(99) Subtotal	\$ 42,531,269	\$ 40,664,793	\$ 1,866,476
(b) Statutory valuation allowance adjustment	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 42,531,269	\$ 40,664,793	\$ 1,866,476
(e) Capital			
(1) Investments	3,134,948	5,438,820	(2,303,872)
(2) Net capital loss carry-forward	-	-	-
(3) Real estate	-	-	-
(4) Other (including items <5% of total capital tax assets)	-	-	-
(99) Subtotal	\$ 3,134,948	\$ 5,438,820	\$ (2,303,872)
(f) Statutory valuation allowance adjustment	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 3,134,948	\$ 5,438,820	\$ (2,303,872)
(i) Admitted deferred tax assets (2d+2h)	\$ 45,666,217	\$ 46,103,613	\$ (437,396)

3. Deferred Tax Liabilities:

Description	(1) December 31, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
(a) Ordinary			
(1) Investments	\$ 13,181	\$ 18,882	\$ (5,701)
(2) Fixed Assets	4,467,574	5,768,620	(1,301,046)
(3) Deferred and uncollected premium	-	-	-
(4) Policyholder reserves	-	-	-
(5) Other liabilities- prepaid expenses	1,401,425	1,835,677	(434,252)
(6) Other liabilities - salvage and subrogation	379,734	375,716	4,018
(7) Other (including items <5% of total ordinary tax liabilities)	177,953	173,691	4,262
(99) Subtotal	\$ 6,439,867	\$ 8,172,586	\$ (1,732,719)
(b) Capital			
(1) Investments	19,849,775	19,944,753	(94,978)
(2) Real estate	-	-	-
(3) Other (including items <5% of total capital tax liabilities)	-	-	-
(99) Subtotal	\$ 19,849,775	\$ 19,944,753	\$ (94,978)
(c) Deferred tax liabilities (3a99+3b99)	\$ 26,289,642	\$ 28,117,339	\$ (1,827,697)

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)	\$ 19,376,575	\$ 17,986,274	\$ 1,390,301

NOTES TO FINANCIAL STATEMENTS

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

Description	December 31, 2012	December 31, 2011	Change
Total deferred tax assets	\$ 45,666,217	\$ 46,103,613	\$ (437,396)
Total deferred tax liabilities	26,289,642	28,117,339	(1,827,697)
Net deferred tax asset (liability)	\$ 19,376,575	\$ 17,986,274	\$ 1,390,301
Tax effect of unrealized gains (losses)			(1,253,178)
Change in net deferred income tax			\$ 2,643,479

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	\$ 31,549,692	35%
Exempt interest income	(573,000)	-1%
Dividends received deduction	(520,761)	0%
Impact of nonadmitted assets	(34,327)	0%
Tax credits	-	0%
Other	94,660	0%
Total	\$ 30,516,264	34%
Federal and foreign income taxes incurred	\$ 33,159,743	
Change in net deferred income tax	(2,643,479)	
Total statutory income taxes	\$ 30,516,264	

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:	\$ 32,581,096
First preceding tax year:	\$ 33,035,626

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.
- 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 Drive Insurance Holdings, Inc. ("DIH"), a holding company incorporated in Delaware. The structure of the holding company organization is shown on Schedule Y, Part 1.

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

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 \$15,313,406 and \$13,180,538 receivable from parent, subsidiaries, and affiliates at December 31, 2012 and 2011, respectively. These balances are due to the timing of security purchases and cash collections and disbursements under the Group's centralized cash management system and the reinsurance and management agreements in which the Company participates. The Company also reported a \$8,885,881 and \$5,001,223 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

NOTES TO FINANCIAL STATEMENTS

F. Management, Service Contracts, Cost Sharing Arrangements

The Company does not have employees or facilities. Management, operations and claims services are provided under a management agreement with Progressive Casualty Insurance Company ("Casualty"), an insurance affiliate domiciled in Ohio. Under the terms of the agreement, the Company is provided underwriting and loss adjustment services for business produced in exchange for a management fee based on the Company's use of services.

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

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

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by DIH.

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Write-Downs for Impairments of Investments in Affiliates

Not applicable

K. Investment in Foreign Insurance Subsidiary

Not applicable

L. Investment in Downstream Non-Insurance Holding Company

Not applicable

11. Debt

Not applicable

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

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

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

1. Outstanding Shares

The Company has 40,000 shares of \$175 par value common stock authorized and 17,143 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 DIH 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 \$56,982,233 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 DIH as follows:

Date Paid	Amount Paid	Dividend Type
December 19, 2012	\$ 43,000,000	Ordinary
December 19, 2011	\$ 58,000,000	Ordinary

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)	\$ 46,060,542
Nonadmitted assets	(2,672,504)
Provision for reinsurance	--
Total	\$ 43,388,038

The unrealized gain is gross of the applicable deferred tax liability of \$16,121,190.

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 \$346,512 and \$514,596, respectively. The assessments are expected to be paid in various intervals during the next year. The Company did not recognize any premium tax benefit associated with its various assessments.

As of December 31, 2012 and 2011, the Company's estimated liability for various surcharges was \$1,763 and \$2,214, 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:

	Direct
Claims related ECO and bad faith losses paid in 2012	\$ 95,000

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 a 100% pooling reinsurance agreement for which it is allocated litigation expenses (see Note 26).

The following is a discussion of a potentially significant pending cases at December 31, 2012. 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, there was a putative class action lawsuit alleging that the Company failed to reimburse legal fees incurred to recover medical damages for personal injury protection benefits.

15. Leases

Not applicable

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

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

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

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

Not applicable

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

The Company maintains an agreement with American Bankers Association Insurance Services, Inc. ("ABAIS"), a managing general agent, to provide underwriting and loss adjustment services for small business employment practices liability insurance written by the Company. Direct written premiums of \$0 and \$5,670 produced by ABAIS in 2012 and 2011, respectively, are less than 5% of policyholders' surplus.

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.

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	\$ -	\$ -	\$ -	\$ -
Parent, subsidiaries and affiliates	-	-	-	-
Total preferred stocks	\$ -	\$ -	\$ -	\$ -
Bonds				
U.S. governments	\$ -	\$ -	\$ -	\$ -
Industrial & miscellaneous	-	5,884,392	-	5,884,392
Hybrid securities	-	-	-	-
Parent, subsidiaries and affiliates	-	-	-	-
Total bonds	\$ -	\$ 5,884,392	\$ -	\$ 5,884,392
Common stock				
Industrial & miscellaneous	\$ 148,425,892	\$ -	\$ -	\$ 148,425,892
Parent, subsidiaries and affiliates	-	-	-	-
Total common stocks	\$ 148,425,892	\$ -	\$ -	\$ 148,425,892
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	\$ 148,425,892	\$ 5,884,392	\$ -	\$ 154,310,284
b. Liabilities on balance sheet at fair value				
Derivative liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities at fair value	\$ -	\$ -	\$ -	\$ -

2. Roll forward of Level 3 Items

Not applicable

NOTES TO FINANCIAL STATEMENTS

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	\$ 897,142,878	\$ 870,066,007	\$ 145,141,840	\$ 751,060,864	\$ 940,174	\$ -
Cash equivalents	78,498,497	78,498,497	78,498,497	-	-	-
Short term investments	1,023,585	1,023,585	1,023,585	-	-	-
Common stock	148,425,892	148,425,892	148,425,892	-	-	-
Preferred stock	-	-	-	-	-	-
Total	\$ 1,125,090,852	\$ 1,098,013,981	\$ 373,089,814	\$ 751,060,864	\$ 940,174	\$ -

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

Not applicable

21. Other Items

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring for Debtors

Not applicable

C. Other Disclosures

Segregated Funds

At December 31, 2012, securities at the amortized cost of \$4,107,849 were on deposit with various regulatory agencies to meet statutory requirements (see Schedule E, Part 3).

D. Uncollectible Premiums Receivable

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

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable and Non-transferable Tax Credits

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	\$ 247,800	\$ 280,000
Digital Media Production Tax Credit	CT	-	7,451
Rehabilitation Tax Credit	KS	979,884	1,065,091
Total		\$ 1,227,684	\$ 1,352,542

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.

NOTES TO FINANCIAL STATEMENTS

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

Type	Total Admitted	Total Nonadmitted
Transferable	\$ 1,227,684	\$ -
Non-transferable	\$ -	\$ -

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.

2. Direct Investment in Sub-Prime Mortgage Loans

Not applicable

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	\$ 13,365,199	\$ 14,561,138	\$ 15,313,194	\$ 34,988
(b) Commercial mortgage-backed securities	-	-	-	-
(c) Collateralized debt obligations	-	-	-	-
(d) Structured securities	-	-	-	-
(e) Equity investment in SCAs	-	-	-	-
(f) Other assets	-	-	-	-
(g) Total	\$ 13,365,199	\$ 14,561,138	\$ 15,313,194	\$ 34,988

4. Mortgage or Financial Guaranty Sub-Prime Exposure

Not applicable

22. Events Subsequent

The Company was not impacted by any subsequent events. Subsequent events have been considered through February 15, 2013 for the statutory statement that was available for issuance by March 1, 2013.

23. Reinsurance

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

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

Reinsurer	NAIC Code	Federal ID#	Amount
Progressive Casualty Insurance Company	24260	34-6513736	\$ 326,681
Total			\$ 326,681

- 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	\$ 324,201	\$ --	\$ 144,418	\$ --	\$ 179,783	\$ --
(b) All	--	--	128	34	(128)	(34)
(c) Totals	\$ 324,201	\$ --	\$ 144,546	\$ 34	\$ 179,655	\$ (34)
(d) Direct Unearned Premium Reserve is \$144,546						

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

- D. Uncollectible Reinsurance

Not applicable

NOTES TO FINANCIAL STATEMENTS

- 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

25. Changes in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to insured events of prior accident years increased by \$3,668,160 in 2012, which is less than 1.0% of the total prior year net unpaid losses and LAE of \$414,917,184. The increase is primarily due to an increase in originally anticipated severity of 1.7% for private passenger auto liability reserves for accident year 2011, partially offset by favorable development for accident years 2009 and prior. Additionally, originally anticipated severity increased by 1.9% for accident year 2011 for commercial auto liability. 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 "Agency Pool") under which 100% of the underwriting business of each member company, net of external reinsurance, is ceded to Casualty, the Agency Pool manager and an Agency Pool participant. The combined premiums, losses, and expenses are then retroceded to each Agency Pool member based on pre-determined pooling percentages.

Progressive Hawaii Insurance Corp. ("Hawaii"), an insurance affiliate domiciled in Ohio and National Continental Insurance Company ("National Continental"), an insurance affiliate domiciled in New York, terminated their future participation in the Agency Pool effective November 5, 2005 and January 1, 1996, respectively. Hawaii and National Continental have zero percent retrocession participation in the Agency Pool for all policies written prior to the dates listed above.

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

Company	NAIC Code	2012 Pool %	2011 Pool %
Progressive Casualty Insurance Company	24260	49.0%	49.0%
Progressive Northern Insurance Company	38628	12.0	12.0
Progressive Northwestern Insurance Company	42919	12.0	12.0
Progressive Specialty Insurance Company	32786	7.0	7.0
Progressive Preferred Insurance Company	37834	6.0	6.0
Progressive Michigan Insurance Company	10187	4.0	4.0
Progressive Classic Insurance Company	42994	3.0	3.0
Progressive American Insurance Company	24252	2.0	2.0
Progressive Gulf Insurance Company	42412	2.0	2.0
Progressive Bayside Insurance Company	17350	1.0	1.0
Progressive Mountain Insurance Company	35190	1.0	1.0
Progressive Southeastern Insurance Company	38784	1.0	1.0
Progressive Hawaii Insurance Corp.	10067	--	--
National Continental Insurance Company	10243	--	--
		100.0%	100.0%

All business written by each Agency Pool participant is subject to pooling. Business ceded by Agency Pool members to non-affiliated reinsurers prior to pooling, is primarily to state-provided reinsurance programs. The Company does not participate in any intercompany sharing of the provision for reinsurance and the write-off of uncollectible reinsurance.

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

Company	Amounts Recoverable	Amounts Payable
Progressive Casualty Insurance Company (Lead)	\$ 88,766,261	\$ 40,454,977
Progressive Northern Insurance Company	9,131,570	17,483,416
Progressive Northwestern Insurance Company	5,417,823	19,565,095
Progressive Specialty Insurance Company	6,664,447	6,459,464
Progressive Preferred Insurance Company	4,392,715	12,003,092
Progressive Michigan Insurance Company	2,386,734	4,990,736
Progressive Classic Insurance Company	1,598,156	6,216,344
Progressive American Insurance Company	6,996,952	10,043,345
Progressive Gulf Insurance Company	1,357,669	3,959,791
Progressive Bayside Insurance Company	173,167	1,423,959
Progressive Mountain Insurance Company	2,328,737	3,563,369
Progressive Southeastern Insurance Company	-	3,052,984
Progressive Hawaii Insurance Corp.	-	1,164
National Continental Insurance Company	7,007	3,502
Total	\$ 129,221,238	\$ 129,221,238

NOTES TO FINANCIAL STATEMENTS

27. Structured Settlements

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Accident and Health Policies

Not applicable

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves \$0
2. Date of most recent evaluation of this liability January 5, 2013
3. 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

Because the Company is primarily an insurer of motor vehicles, it has limited exposure for asbestos and environmental claims. In accordance with disclosure requirements, the amounts reported for direct, assumed, and net below reflect the Company's pooled share (see Note 26) of the Agency Pool's exposure to asbestos and environmental claims. The Agency Pool's exposure arises from Casualty's participation in various reinsurance pools from 1968 to 1975, which underwrote general liability insurance, Casualty's aggregate stop loss reinsurance agreement with Progressive Max Insurance Company, an insurance affiliate domiciled in Ohio, for various reinsurance pools from 1965 to 1975, and Progressive American Insurance Company's, an insurance affiliate and Agency Pool member domiciled in Ohio, limited number of general liability policies issued from 1972 to 1975.

A. Asbestos reserves direct, assumed, and net of reinsurance are as follows:

	December 31,				
	2008	2009	2010	2011	2012
Direct					
Beginning reserves	\$ 24,600	\$ 24,600	\$ 24,600	\$ 24,600	\$ 24,600
Losses and DCC incurred	-	-	-	-	-
Calendar year payments for losses and DCC	-	-	-	-	-
Ending reserves	\$ 24,600	\$ 24,600	\$ 24,600	\$ 24,600	\$ 24,600
Assumed Reinsurance					
Beginning reserves	\$ 757,891	\$ 728,878	\$ 552,510	\$ 572,793	\$ 388,947
Losses and DCC incurred	(17,509)	(112,300)	49,579	(93,407)	17,617
Calendar year payments for losses and DCC	11,504	64,068	29,296	90,439	12,792
Ending reserves	\$ 728,878	\$ 552,510	\$ 572,793	\$ 388,947	\$ 393,772
Net of Ceded Reinsurance					
Beginning reserves	\$ 782,491	\$ 753,478	\$ 577,110	\$ 597,393	\$ 413,547
Losses and DCC incurred	(17,509)	(112,300)	49,579	(93,407)	17,617
Calendar year payments for losses and DCC	11,504	64,068	29,296	90,439	12,792
Ending reserves	\$ 753,478	\$ 577,110	\$ 597,393	\$ 413,547	\$ 418,372

B. Ending Reserves for Asbestos Claims for Bulk and IBNR Included in A above (Losses and DCC):

Direct	\$ --
Assumed	286,773
Net	\$ 286,773

C. Ending Reserves for Asbestos Claims for DCC Included in A above (Case, Bulk, and IBNR):

Direct	\$ 8,400
Assumed	--
Net	\$ 8,400

NOTES TO FINANCIAL STATEMENTS

D. Environmental reserves direct, assumed, and net of reinsurance are as follows:

	December 31,				
	2008	2009	2010	2011	2012
Direct					
Beginning reserves	\$ 6,132	\$ 6,132	\$ 6,132	\$ 6,132	\$ 6,132
Losses and DCC incurred	-	-	-	-	-
Calendar year payments for losses and DCC	-	-	-	-	-
Ending reserves	\$ 6,132	\$ 6,132	\$ 6,132	\$ 6,132	\$ 6,132
Assumed Reinsurance					
Beginning reserves	\$ 272,693	\$ 90,459	\$ 402,284	\$ 354,382	\$ 423,310
Losses and DCC incurred	(181,763)	318,966	(40,627)	68,369	188,519
Calendar year payments for losses and DCC	471	7,141	7,275	(559)	(735)
Ending reserves	\$ 90,459	\$ 402,284	\$ 354,382	\$ 423,310	\$ 612,564
Net of Ceded Reinsurance					
Beginning reserves	\$ 278,825	\$ 96,591	\$ 408,416	\$ 360,515	\$ 429,442
Losses and DCC incurred	(181,763)	318,966	(40,626)	68,368	188,519
Calendar year payments for losses and DCC	471	7,141	7,275	(559)	(735)
Ending reserves	\$ 96,591	\$ 408,416	\$ 360,515	\$ 429,442	\$ 618,696

E. Ending Reserves for Environmental Claims for Bulk and IBNR Included in D above (Losses and DCC):

Direct	\$ --
Assumed	397,390
Net	\$ 397,390

F. Ending Reserves for Environmental Claims for DCC Included in D above (Case, Bulk, and IBNR):

Direct	\$ 5,412
Assumed	144,313
Net	\$ 149,725

34. Subscriber Savings Accounts

Not applicable

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
 VORNADO REALTY TRUST, WEYERHAEUSER CO, ROUSE PROPERTIES INC
- 12.12 Number of parcels involved0
- 12.13 Total book/adjusted carrying value \$.....2,720,433
- 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 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

PART 1 - COMMON INTERROGATORIES - FINANCIAL

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

PART 1 - COMMON INTERROGATORIES - INVESTMENT

- 24.01 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 []
- 24.02 If no, give full and complete information relating thereto.

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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 \$.....4,107,849

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

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.....	949,588,091	976,664,961	27,076,870
30.2 Preferred stocks.....			0
30.3 Totals.....	949,588,091	976,664,961	27,076,870

PROGRESSIVE NORTHWESTERN 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? \$.....47,374
- 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	47,374

- 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? \$.....2,000
- 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
SHELDON SILVER CAMPAIGN	1,000
REPUBLICAN ASSEMBLY CAMPAIGN	500
MARTY GOLDEN CAMPAIGN	500

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.....	\$.....1,068,807,082	\$.....1,002,919,938
2.3 Premium Ratio (2.1/2.2).....	.....0.0	.....0.0
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....779,309,600	\$.....725,933,068
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 MADE EXCLUSIVELY 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 11 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 7% 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 7% 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 [X] N/A []
- 12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:
- 12.41 From%
 - 12.42 To%
- 12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]
- 12.6 If yes, state the amount thereof at December 31 of current year:
- 12.61 Letters of credit
 - 12.62 Collateral and other funds

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....1,200,000
 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]
 Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
 17.12 Unfunded portion of Interrogatory 17.11
 17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11
 17.14 Case reserves portion of Interrogatory 17.11
 17.15 Incurred but not reported portion of Interrogatory 17.11
 17.16 Unearned premium portion of Interrogatory 17.11
 17.17 Contingent commission portion of Interrogatory 17.11

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

17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
 17.19 Unfunded portion of Interrogatory 17.18
 17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18
 17.21 Case reserves portion of Interrogatory 17.18
 17.22 Incurred but not reported portion of Interrogatory 17.18
 17.23 Unearned premium portion of Interrogatory 17.18
 17.24 Contingent commission portion of Interrogatory 17.18

18.1 Do you act as a custodian for health savings account? Yes [] No [X]
 18.2 If yes, please provide the amount of custodial funds held as of the reporting date.
 18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
 18.4 If yes, please provide the balance of the funds administered as of the reporting date.

FIVE-YEAR HISTORICAL DATA

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

	1 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).....	981,428,152	933,396,799	905,774,175	901,490,474	894,669,913
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	575,694,248	545,688,576	550,116,175	564,885,628	576,420,098
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,369,545	3,216,831	3,223,108	3,245,327	3,188,811
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,012	2,110	870	349,921	714,900
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	1,560,492,957	1,482,304,317	1,459,114,328	1,469,971,351	1,474,993,722
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).....	696,693,128	650,764,726	617,366,814	597,059,202	585,207,734
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	389,227,687	362,609,221	360,281,701	369,062,416	378,818,117
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,369,545	3,216,831	3,223,108	3,245,327	3,188,811
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,012	2,110	870	349,921	714,900
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	1,089,291,372	1,016,592,889	980,872,493	969,716,867	967,929,562
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	35,073,884	57,966,104	66,537,908	77,980,008	45,287,730
14. Net investment gain (loss) (Line 11).....	41,959,570	31,690,987	42,704,028	59,566,818	15,059,263
15. Total other income (Line 15).....	7,054,048	6,996,149	7,265,454	5,161,435	4,445,834
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	27,105,269	31,167,447	34,307,028	38,571,058	25,911,947
18. Net income (Line 20).....	56,982,233	65,485,793	82,200,362	104,137,203	38,880,880
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	1,207,215,853	1,127,035,186	1,099,361,078	1,093,327,791	1,092,789,112
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	(62,425)	1,443,823	(6,177,454)	8,916,735	4,971,123
20.2 Deferred and not yet due (Line 15.2).....	62,315,381	60,646,295	62,727,590	64,712,742	67,095,388
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	859,885,629	798,559,924	780,093,960	767,010,672	795,529,463
22. Losses (Page 3, Line 1).....	372,252,858	342,647,501	335,064,616	332,771,018	335,326,610
23. Loss adjustment expenses (Page 3, Line 3).....	74,321,507	72,269,683	73,097,612	74,072,507	76,843,849
24. Unearned premiums (Page 3, Line 9).....	324,200,664	303,716,375	290,043,424	281,153,428	288,615,841
25. Capital paid up (Page 3, Lines 30 & 31).....	3,000,025	3,000,025	3,000,025	3,000,025	3,000,025
26. Surplus as regards policyholders (Page 3, Line 37).....	347,330,224	328,475,262	319,267,118	326,317,119	297,259,649
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	106,823,192	93,656,450	131,471,971	70,897,776	94,869,285
Risk-Based Capital Analysis					
28. Total adjusted capital.....	347,330,224	328,475,262	319,267,118	326,317,119	297,259,649
29. Authorized control level risk-based capital.....	38,827,349	36,140,499	34,635,951	35,194,517	41,269,562
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).....	79.2	84.1	90.8	91.7	85.4
31. Stocks (Lines 2.1 & 2.2).....	13.5	11.7	9.2	8.3	12.1
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	7.2	4.2	0.0	0.0	2.5
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....				XXX	XXX
37. Other invested assets (Line 8).....					
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.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
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).....	0.0				

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).....	2,327,329	(64,731)	6,579,824	11,736,695	(74,444,724)
52. Dividends to stockholders (Line 35).....	(43,000,000)	(58,000,000)	(86,600,000)	(105,800,000)	
53. Change in surplus as regards policyholders for the year (Line 38).....	18,854,962	9,208,144	(7,050,001)	29,057,470	(22,753,494)
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).....	580,341,537	547,424,067	546,060,076	552,604,613	573,301,332
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	364,858,270	342,038,212	313,763,175	319,161,823	345,184,609
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,538,027	1,956,736	1,632,817	1,887,456	2,166,430
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	248,120	177,777	62,832	123,187	301,389
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	41,806	100,903	63,789	87,209	24,592
59. Total (Line 35).....	948,027,760	891,697,695	861,582,688	873,864,288	920,978,352
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).....	409,492,597	378,189,047	366,644,151	368,222,100	373,648,459
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	250,479,459	229,800,143	208,039,098	210,728,459	228,208,986
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,538,027	1,956,736	1,632,817	1,887,456	2,166,430
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	248,120	177,777	62,832	123,187	301,389
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	41,806	100,903	63,789	87,209	24,592
65. Total (Line 35).....	662,800,009	610,224,606	576,442,686	581,048,411	604,349,856
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).....	64.8	61.6	59.5	59.2	61.7
68. Loss expenses incurred (Line 3).....	10.3	10.4	10.8	10.9	11.9
69. Other underwriting expenses incurred (Line 4).....	21.6	22.3	22.8	21.9	21.8
70. Net underwriting gain (loss) (Line 8).....	3.3	5.8	6.8	8.0	4.6
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).....	20.5	21.3	21.9	21.5	21.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	75.1	72.0	70.3	70.1	73.5
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).....	313.6	309.5	307.2	297.2	325.6
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).....	3,811	(6,998)	(15,593)	(7,299)	2,564
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).....	1.2	(2.2)	(4.8)	(2.5)	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).....	(10,712)	(22,910)	(13,910)	(4,688)	8,655
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).....	(3.4)	(7.0)	(4.7)	(1.5)	2.4

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.....	.....593.....	.....276.....	.....83.....	.....4.....	.....88.....	.....95.....	.....484.....	.....XXX.....	
2. 2003.....	.....1,296,079.....	.....17,138.....	.....1,278,941.....	.....700,913.....	.....12,663.....	.....25,915.....	.....278.....	.....138,809.....	.....1,116.....	.....45,818.....	.....851,580.....	.....XXX.....
3. 2004.....	.....1,258,751.....	.....21,118.....	.....1,237,633.....	.....649,453.....	.....16,494.....	.....24,304.....	.....434.....	.....127,916.....	.....1,268.....	.....46,393.....	.....783,478.....	.....XXX.....
4. 2005.....	.....1,211,112.....	.....20,808.....	.....1,190,304.....	.....678,517.....	.....15,322.....	.....22,173.....	.....556.....	.....130,361.....	.....997.....	.....54,339.....	.....814,175.....	.....XXX.....
5. 2006.....	.....1,144,629.....	.....18,501.....	.....1,126,128.....	.....638,309.....	.....16,010.....	.....19,001.....	.....666.....	.....120,510.....	.....676.....	.....54,049.....	.....760,468.....	.....XXX.....
6. 2007.....	.....1,040,196.....	.....15,339.....	.....1,024,857.....	.....604,007.....	.....7,608.....	.....15,727.....	.....119.....	.....107,649.....	.....118.....	.....56,171.....	.....719,538.....	.....XXX.....
7. 2008.....	.....991,247.....	.....12,485.....	.....978,762.....	.....594,892.....	.....6,288.....	.....14,580.....	.....233.....	.....103,038.....	.....180.....	.....51,629.....	.....705,809.....	.....XXX.....
8. 2009.....	.....992,966.....	.....13,210.....	.....979,756.....	.....565,183.....	.....6,471.....	.....12,822.....	.....296.....	.....88,894.....	.....163.....	.....48,176.....	.....659,969.....	.....XXX.....
9. 2010.....	.....986,847.....	.....14,865.....	.....971,982.....	.....561,024.....	.....6,442.....	.....10,372.....	.....136.....	.....86,532.....	.....26.....	.....50,925.....	.....651,325.....	.....XXX.....
10. 2011.....	.....1,016,527.....	.....13,607.....	.....1,002,920.....	.....552,914.....	.....4,702.....	.....5,247.....	.....45.....	.....82,263.....	.....54,454.....	.....635,677.....	.....XXX.....	
11. 2012.....	.....1,079,909.....	.....11,102.....	.....1,068,807.....	.....468,183.....	.....2,304.....	.....1,371.....	.....6.....	.....69,632.....	.....41,363.....	.....536,876.....	.....XXX.....	
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	.....6,013,990.....	.....94,579.....	.....151,594.....	.....2,774.....	.....1,055,693.....	.....4,544.....	.....503,411.....	.....7,119,380.....	.....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.....	.....6,872.....	.....6,062.....	.....838.....	.....275.....	.....35.....	.....70.....	.....1,958.....	.....XXX.....
2. 2003.....	.....4,595.....	.....4,427.....	.....21.....	.....37.....	.....37.....	.....37.....	.....264.....	.....XXX.....
3. 2004.....	.....6,662.....	.....6,369.....	.....33.....	.....58.....	.....3.....	.....65.....	.....447.....	.....XXX.....
4. 2005.....	.....7,594.....	.....6,946.....	.....41.....	.....119.....	.....1.....	.....94.....	.....894.....	.....XXX.....
5. 2006.....	.....7,776.....	.....6,504.....	.....124.....	.....201.....	.....2.....	.....118.....	.....1,657.....	.....XXX.....
6. 2007.....	.....9,533.....	.....7,105.....	.....142.....	.....375.....	.....2.....	.....197.....	.....3,072.....	.....XXX.....
7. 2008.....	.....11,067.....	.....5,420.....	.....388.....	.....909.....	.....4.....	.....377.....	.....7,053.....	.....XXX.....
8. 2009.....	.....18,557.....	.....5,479.....	.....5,545.....	.....2,191.....	.....14.....	.....1,108.....	.....21,232.....	.....XXX.....
9. 2010.....	.....36,982.....	.....4,779.....	.....6,647.....	.....5,500.....	.....30.....	.....2,920.....	.....47,740.....	.....XXX.....
10. 2011.....	.....72,677.....	.....3,970.....	.....15,516.....	.....8,569.....	.....30.....	.....7,294.....	.....99,898.....	.....XXX.....
11. 2012.....	.....178,897.....	.....8,162.....	.....53,956.....	.....11,835.....	.....35.....	.....22,682.....	.....262,359.....	.....XXX.....
12. Totals.....	.....361,212.....	.....65,221.....	.....83,252.....	.....30,069.....	.....157.....	.....34,963.....	.....446,575.....	.....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.....	.....1,649.....	.....309.....
2. 2003..	.....870,328.....	.....18,484.....	.....851,844.....	.....67.2.....	.....107.9.....	.....66.6.....	.....	.....	.....12.00.....	.....189.....	.....75.....
3. 2004..	.....808,493.....	.....24,568.....	.....783,925.....	.....64.2.....	.....116.3.....	.....63.3.....	.....	.....	.....12.00.....	.....326.....	.....120.....
4. 2005..	.....838,901.....	.....23,831.....	.....815,070.....	.....69.3.....	.....114.5.....	.....68.5.....	.....	.....	.....12.00.....	.....681.....	.....213.....
5. 2006..	.....786,044.....	.....23,920.....	.....762,125.....	.....68.7.....	.....129.3.....	.....67.7.....	.....	.....	.....12.00.....	.....1,338.....	.....319.....
6. 2007..	.....737,637.....	.....15,027.....	.....722,610.....	.....70.9.....	.....98.0.....	.....70.5.....	.....	.....	.....12.00.....	.....2,500.....	.....572.....
7. 2008..	.....725,264.....	.....12,402.....	.....712,862.....	.....73.2.....	.....99.3.....	.....72.8.....	.....	.....	.....12.00.....	.....5,767.....	.....1,286.....
8. 2009..	.....695,236.....	.....14,034.....	.....681,202.....	.....70.0.....	.....106.2.....	.....69.5.....	.....	.....	.....12.00.....	.....17,024.....	.....4,208.....
9. 2010..	.....711,320.....	.....12,256.....	.....699,065.....	.....72.1.....	.....82.4.....	.....71.9.....	.....	.....	.....12.00.....	.....38,021.....	.....9,718.....
10. 2011..	.....746,843.....	.....11,268.....	.....735,575.....	.....73.5.....	.....82.8.....	.....73.3.....	.....	.....	.....12.00.....	.....81,719.....	.....18,179.....
11. 2012..	.....811,420.....	.....12,184.....	.....799,236.....	.....75.1.....	.....109.7.....	.....74.8.....	.....	.....	.....12.00.....	.....223,039.....	.....39,321.....
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0.....	.....0.....	.....XXX.....	.....372,253.....	.....74,322.....

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.....	180,631	173,931	167,555	166,259	167,084	166,522	165,979	166,417	166,114	166,338	224	(79)
2. 2003.....	727,395	722,301	718,053	713,823	714,349	714,585	714,293	714,242	714,095	714,114	19	(128)
3. 2004.....	XXX	676,859	662,965	660,702	660,326	657,052	657,142	657,263	657,113	657,211	98	(52)
4. 2005.....	XXX	XXX	694,299	686,315	690,294	690,524	686,045	684,997	685,397	685,612	215	615
5. 2006.....	XXX	XXX	XXX	642,602	644,781	649,853	646,814	642,643	642,457	642,173	(284)	(470)
6. 2007.....	XXX	XXX	XXX	XXX	621,046	621,722	622,918	620,002	614,860	614,882	22	(5,120)
7. 2008.....	XXX	XXX	XXX	XXX	XXX	615,066	614,834	615,851	612,501	609,628	(2,873)	(6,223)
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	601,418	592,436	593,997	591,361	(2,636)	(1,075)
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	607,819	608,138	609,638	1,500	1,819
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	638,493	646,019	7,525	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	706,921	XXX	XXX
12. Totals.....											3,811	(10,712)

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	95,251	136,707	152,723	159,155	161,806	162,504	163,403	164,054	164,450	XXX	XXX
2. 2003.....	460,715	617,871	669,967	693,562	705,329	710,922	712,671	713,495	713,728	713,887	XXX	XXX
3. 2004.....	XXX	427,487	558,562	606,196	633,830	647,975	652,970	655,349	656,289	656,830	XXX	XXX
4. 2005.....	XXX	XXX	460,470	579,427	633,861	664,917	677,599	682,218	683,666	684,812	XXX	XXX
5. 2006.....	XXX	XXX	XXX	436,816	550,819	599,189	624,933	634,914	639,054	640,634	XXX	XXX
6. 2007.....	XXX	XXX	XXX	XXX	423,256	533,852	578,235	599,591	608,587	612,007	XXX	XXX
7. 2008.....	XXX	XXX	XXX	XXX	XXX	413,968	530,433	571,310	592,591	602,951	XXX	XXX
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	395,412	506,146	549,181	571,237	XXX	XXX
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	400,094	516,690	564,818	XXX	XXX
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	428,520	553,414	XXX	XXX
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	467,244	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.....	29,483	10,832	2,648	705	1,056	1,003	1,068	1,041	829	838
2. 2003.....	67,327	19,347	7,156	1,422	98	52	119	83	30	21
3. 2004.....	XXX	62,501	18,842	7,950	2,626	109	80	82	29	33
4. 2005.....	XXX	XXX	54,494	16,934	7,587	3,620	108	95	75	34
5. 2006.....	XXX	XXX	XXX	50,364	15,712	7,860	3,757	147	91	67
6. 2007.....	XXX	XXX	XXX	XXX	50,241	14,807	7,348	4,169	132	74
7. 2008.....	XXX	XXX	XXX	XXX	XXX	54,212	15,249	8,193	3,983	124
8. 2009.....	XXX	XXX	XXX	XXX	XXX	XXX	49,878	15,700	8,653	4,869
9. 2010.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	45,832	15,672	7,147
10. 2011.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	46,623	15,359
11. 2012.....	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	57,141

**PROGRESSIVE NORTHWESTERN 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	N								
2. Alaska.....AK	L	4,568,193	4,627,232		1,606,937	1,443,466	796,869	66,173	
3. Arizona.....AZ	L	2,652,796	2,828,717		1,474,281	1,461,636	682,290	47,119	
4. Arkansas.....AR	L	61,982,442	61,564,113		33,886,778	33,632,626	13,079,901	1,840,281	
5. California.....CA	L								
6. Colorado.....CO	L								
7. Connecticut.....CT	L	30,694,103	28,558,620		14,546,645	16,302,110	17,723,334	358,153	
8. Delaware.....DE	L				(1,517)	(1,517)	1		
9. District of Columbia.....DC	L								
10. Florida.....FL	N								
11. Georgia.....GA	L				(14,954)	(14,954)			
12. Hawaii.....HI	L	497,508	543,234		223,993	249,750	187,458	5,802	
13. Idaho.....ID	L	39,015,020	38,372,893		22,003,314	23,071,559	12,134,174	1,118,089	
14. Illinois.....IL	N								
15. Indiana.....IN	L	4,574,399	4,827,802		3,418,310	3,394,405	1,250,292	97,620	
16. Iowa.....IA	L								
17. Kansas.....KS	L	89,311,937	88,501,689		57,513,183	58,700,611	18,375,203	2,056,928	
18. Kentucky.....KY	L								
19. Louisiana.....LA	L								
20. Maine.....ME	L	55,180,702	54,322,708		32,838,893	33,340,502	19,364,266	1,272,288	
21. Maryland.....MD	L								
22. Massachusetts.....MA	N								
23. Michigan.....MI	Q								
24. Minnesota.....MN	L				162,628	(162,805)	69,324		
25. Mississippi.....MS	L								
26. Missouri.....MO	L	25,840,125	26,247,865		16,432,602	16,587,391	6,433,933	439,600	
27. Montana.....MT	L	36,333,043	35,207,958		19,284,097	19,568,971	8,762,725	559,666	
28. Nebraska.....NE	L								
29. Nevada.....NV	L	1,094,703	1,145,168		480,388	526,219	219,613	20,078	
30. New Hampshire.....NH	N								
31. New Jersey.....NJ	L								
32. New Mexico.....NM	L				160,035	108,389	751,738		
33. New York.....NY	L	42,244,111	42,633,876		27,740,235	28,537,367	15,496,954	878,548	
34. North Carolina.....NC	L								
35. North Dakota.....ND	L	39,499,491	38,496,904		20,871,975	23,289,576	11,164,544	657,302	
36. Ohio.....OH	L								
37. Oklahoma.....OK	L					(1,017)			
38. Oregon.....OR	L				308,268	(43,058)	77,774		
39. Pennsylvania.....PA	N								
40. Rhode Island.....RI	L	879,823	941,303		495,402	257,474	635,256	18,730	
41. South Carolina.....SC	L								
42. South Dakota.....SD	L								
43. Tennessee.....TN	L				(5,925)	(5,925)			
44. Texas.....TX	L								
45. Utah.....UT	L				(1,371)	(1,382)	9		
46. Vermont.....VT	N								
47. Virginia.....VA	L	5,777,246	6,437,641		2,844,873	1,363,378	4,059,896	115,497	
48. Washington.....WA	L	31,055,944	33,161,568		28,958,686	21,980,981	19,444,303	396,266	
49. West Virginia.....WV	L								
50. Wisconsin.....WI	L								
51. Wyoming.....WY	N								
52. American Samoa.....AS	N								
53. Guam.....GU	N								
54. Puerto Rico.....PR	N								
55. US Virgin Islands.....VI	N								
56. Northern Mariana Islands.....MP	N								
57. Canada.....CAN	N								
58. Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59. Totals.....(a) 42		471,201,586	468,419,291	0	285,227,756	283,585,753	150,709,857	9,948,140	0

DETAILS OF WRITE-INS

58001.....XXX									
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	0	0	0	0	0	0	0	0

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

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

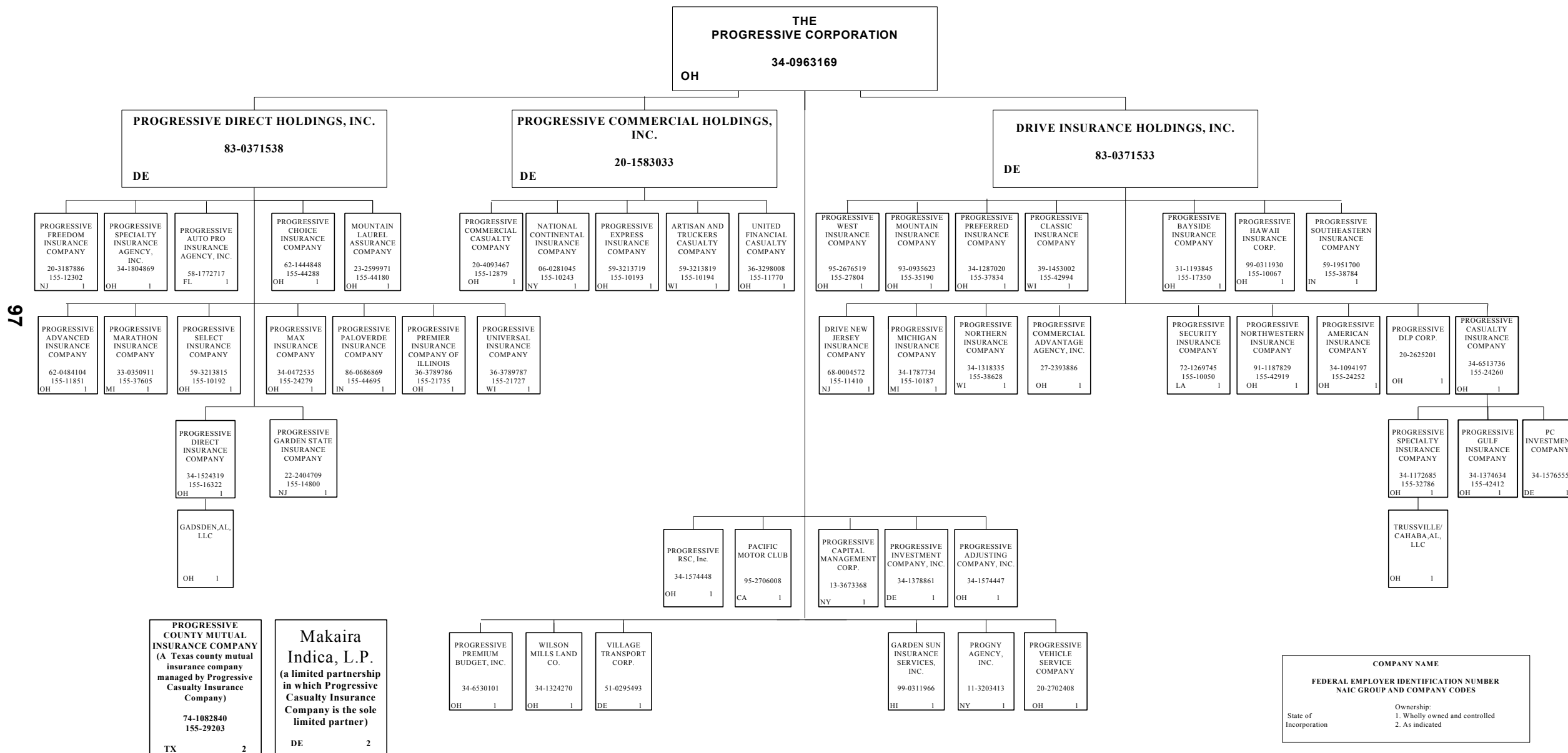
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

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

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

PART 1 – ORGANIZATIONAL CHART



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