AMENDED FILING EXPLANATION

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PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

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ANNUAL STATEMENT

For the Year Ended December 31, 2013

of the Condition and Affairs of the

Safe Auto Insurance Company

NAIC Group Code..... , (Current Period) (Prior Period) NAIC Company Code..... 25405 Employer's ID Number..... 31-1379882

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

Incorporated/Organized..... May 28, 1993 Commenced Business..... August 25, 1993

Statutory Home Office 4 Easton Oval….. Columbus ..... OH 43219
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 4 Easton Oval….. Columbus ..... OH 614-231-0200
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 4 Easton Oval….. Columbus ..... OH ....
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 4 Easton Oval….. Columbus ..... OH 614-231-0200
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address

Statutory Statement Contact Melinda Fry 614-944-7701
(Name) (Area Code) (Telephone Number) (Extension)
melinda.fry@safeauto.com 614-559-5357
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
1. Ronald Davies	CEO & President	2. Mark LeMaster	Secretary & Executive Vice President
3. Greg Sutton	Treasurer & Executive Vice President	4. Thomas Happensack	Controller

OTHER

John Kish #	Sr. Vice President	Evan McKee	Sr. Vice President

DIRECTORS OR TRUSTEES

Britt Beemer	Charles Bryan	Ari Deshe	Jon Diamond
Oded Gur-Arie	Ralph Kaparos	William H Graves #	

State of........ Ohio
County of..... Franklin

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)	(Signature)	(Signature)
Ronald Davies	Mark LeMaster	Greg Sutton
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
CEO & President	Secretary & Executive Vice President	Treasurer & Executive Vice President
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This ______ day of ______ 2014

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

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

1. The accompanying financial statements of Safe Auto Insurance Company ("the Company") have been prepared on the basis of accounting practices prescribed or permitted by the Insurance Department of the State of Ohio. The Insurance Department of the State of Ohio recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, and for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Ohio.

		2013	2012
(1)	Net income Ohio basis	5,830,758	(26,078,018)
(2)	State prescribed practices	0	0
(3)	State permitted practices	0	0
(4)	Net income, NAIC SAP	$ 5,830,758	$ (26,078,018)
(5)	Statutory surplus Ohio basis	129,396,983	119,437,854
(6)	State prescribed practices	0	0
(7)	State permitted practices	0	0
(8)	Statutory surplus, NAIC SAP	$ 129,396,983	$ 119,437,854

B. Use of Estimates

1. The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts in these financial statements and notes. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policies

1. Premiums written are deferred and earned pro rata over the terms of the related insurance policies. Depending on the state, policy fees are either recognized in premiums earned on the effective date of the respective insurance policy or over the term of the policy. Unearned premium reserves represent the portion of premiums written that are applicable to the unexpired terms of the policies in-force, and are determined on a daily pro rata basis.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as advertising, premium taxes and sales commissions, are charged to operations as incurred. The Company has not modified its capitalization policy from the prior period.

Unpaid losses and loss adjustment expenses ("LAE") include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.

Net investment income earned consists primarily of interest, dividends and rental income less investment related expenses. Interest is recognized on an accrual basis and dividends are recognized on an ex-dividend basis. Rental income includes an imputed rent for the Company's occupancy of its own buildings. Net realized capital gains (losses) are recognized on a specific identification basis when securities are sold, redeemed or otherwise disposed, and include write-downs for impairments considered to be other-than-temporary.

2. In addition, the company uses the following investment related accounting policies:

A. Short-term investments are reported at amortized cost.

B. Bonds not backed by other loans that are designated highest-quality and high-quality (NAIC designations 1 and 2, respectively) are reported at amortized cost, using the interest method. All other bonds (NAIC designations 3 to 6) are reported at the lower of amortized cost or fair value.

C. Loan-backed securities are reported at either amortized cost using the interest method or, if non-investment grade, at the lower of amortized cost, fair value or at the present value of future cash flows. The retrospective adjustment method is used to value all loan-backed securities, except for interest only securities, EITF 99-20 eligible securities or securities where the yield has become negative that are valued using the prospective method.

D. Unaffiliated common stocks are stated at fair value.

E. The company's preferred stock is stated at fair value per Bloomberg.

F. Mortgage loans on real estate are stated at unpaid balance.

G. Other invested assets are stated at the lower of cost or fair value, except investments in limited partnerships and limited liability companies. Investments in limited partnerships and limited liability companies are stated at the underlying audited GAAP equity.

H. Real estate occupied by the Company are reported at depreciated cost, net of encumbrances, if any. Depreciation on occupied property is recorded on a straight-line basis over the estimated useful lives of the properties. The Company owns real estate that is unoccupied and held for sale that is no longer being depreciated. Land is reported at cost

I. The Company owns no stock based subsidiaries.

J. The Company owns no derivatives.

K. The Company regularly reviews all of its investment positions where the fair value is less than amortized cost or cost for other than temporary impairments. Each impaired security is reviewed for the Company's intent and ability to hold until recovery; duration and severity of the impairment; financial condition and credit ratings of the underlying company or assets; and industry or general economic conditions. For loan-backed or structured securities, the present value of future cash flows from the security is calculated using prescribed factors (see Footnote 5.D.1 and 5.D.5). If the Company has the ability and intent to hold the security until recovery, and the present value of future cash flows is less than amortized cost, the security is impaired to the present value of future cash flows. For loan-backed securities, where the Company has the intent to sell or is unable to hold until recovery, and all other security types (equities and other fixed maturity), impairments deemed as other than temporary are impaired to the fair value of the security.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

The Company did not have any material changes in accounting principles and/or corrections of errors.

NOTES TO FINANCIAL STATEMENTS

3. BUSINESS COMBINATIONS AND GOODWILL
   - A. None

4. DISCONTINUED OPERATIONS
   - A. None

5. INVESTMENTS
   - A. Mortgage Loans
     1. Entering 2013, the Company carried one commercial mortgage loan with a balance due of $3,500,000 with an interest rate of 7.5%. This commercial mortgage loan was paid in full on October 18, 2013.
     2. The maximum percentage of any one loan to the value of collateral at the time of the loan was 56%.
     3. There were no taxes, assessments or any amounts advanced and not included in the mortgage loan.
     4. The Company did not have a need to complete an age analysis since the commercial loan was never past due.

     5-6 The Company did not have an investment in impaired mortgage loans.

     7. The Company did not contain an allowance for credit losses.
     8. The Company did not have an investment in impaired mortgage loans therefore, did not recognize interest income on impaired mortgage loans.
   - B. Debt Restructuring
     1. None
   - C. Reverse Mortgages
     1. None
   - D. Loan-Backed Securities
     1. Prepayment assumptions for mortgage-backed securities, collateralized mortgage obligations and other structured securities were generated using a purchased prepayment model. The prepayment model uses a number of factors to estimate prepayment activity including the time of year (seasonality), current levels of interest rates (refinancing incentive), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning). On an ongoing basis, we monitor the rate of prepayment and calibrate the model to reflect actual experience, market factors, and viewpoint.
     2. The Company had no loan backed securities with a 2013 recognized OTTI.
     3. None
     4. Unrealized Loss greater than and less than 12 months:

a. The aggregate amount of unrealized losses:		
	Less Than 12 Months	(1,583,018)
	Greater Than 12 Months	(405,910)
		(1,988,928)
b. The aggregate related fair value of securities with unrealized losses:	Less Than 12 Months	50,671,041
	Greater Than 12 Months	4,142,004
		54,813,045

     5. Recommendations for potential impairments are based on periodic analytical reviews. Analysis relies on actual collateral performance measurements including, but not limited to prepayment rates, default rates, delinquencies and loss severity sourced through third party data providers.
   - E. Repurchase Agreements
     1. None
   - F. Real Estate
     1. On March 18 the Company closed operations at the call center operation in South Carolina. During the fourth quarter of 2013, an impairment loss of $436,265 was recognized based on an appraisal of the building.
     2. The Company's branch office in Hemingway, South Carolina was updated to held for sale during the fourth quarter of 2013. The Company closed operations at this location because it is no longer in use.
     3. None
     4. None
     5. None
   - G. Low Income Housing Tax Credits
     1. None
   - H. Restricted Assets
     1. The Company's only restricted assets are securities on deposit with states totaling $2,702,120 and $2,711,465 at December 31, 2013 and 2012, respectively. These restricted assets represent less than 1% of total assets and total admitted assets at both dates.

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES
   - A. The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.
   - B. None

7. INVESTMENT INCOME
   - A. Accrued Investment Income
     1. The Company does not admit investment income due and accrued if amounts are over 90 days past due.
   - B. Amounts Nonadmitted
     1. None

NOTES TO FINANCIAL STATEMENTS

8. DERIVATIVE INSTRUMENTS

A. None
B. None
C. Not applicable.
D. Not applicable.
E. None
F. None
G. None

9. INCOME TAXES

A. Components of deferred tax assets (DTAs) and deferred tax liabilities (DTLs):

(1) DTA/DTL Components

	Description	2013 Ordinary	2013 Capital	2013 Total	2012 Ordinary	2012 Capital	2012 Total	Change Ordinary	Change Capital	Change Total
(a)	Gross deferred tax assets	20,435,618	1,599,375	22,034,993	20,036,102	1,711,038	21,747,139	399,517	(111,663)	287,854
(b)	Statutory valuation allowance adjustment	(11,025,115)	0	(11,025,115)	(9,437,197)	0	(9,437,197)	(1,587,918)	0	(1,587,918)
(c)	Adjusted gross deferred tax assets	9,410,503	1,599,375	11,009,878	10,598,905	1,711,038	12,309,942	(1,188,401)	(111,663)	(1,300,064)
(d)	Deferred tax assets nonadmitted	0	(0)	(0)	0	0	0	0	(0)	(0)
(e)	Net admitted deferred tax assets	9,410,503	1,599,375	11,009,878	10,598,905	1,711,038	12,309,942	(1,188,401)	(111,663)	(1,300,064)
(f)	Deferred tax liabilities	(5,564,717)	(1,731,669)	(7,296,386)	(5,311,551)	(419,052)	(5,730,603)	(253,165)	(1,312,617)	(1,565,782)
(g)	Net admitted deferred tax asset/(Net deferred tax liability)	3,845,787	(132,294)	3,713,493	5,287,353	1,291,986	6,579,339	(1,441,566)	(1,424,280)	(2,865,846)

(2) Admission calculation components:

	Description	2013 Ordinary	2013 Capital	2013 Total	2012 Ordinary	2012 Capital	2012 Total	Change Ordinary	Change Capital	Change Total
	Admission calculation under ¶11.a.-¶11.c.									
(a)	FIT recoverable by loss carryback [¶11.a.]	0	0	0	0	0	0	0	0	0
(b)	Expected to be realized [¶11.b.] (lesser of 1. or 2.)	3,713,493	0	3,713,493	6,579,340	0	6,579,340	(2,865,847)	0	(2,865,847)
	1. Expected to be realized [¶11.b.i.]	3,713,493	0	3,713,493	12,277,494	1,711,037	13,988,531	0	0	0
	2. Surplus limitation [¶11.b.ii.]	19,409,547	0	19,409,547	6,579,340	0	6,579,340	0	0	0
(c)	DTL offset [¶11.c.]	5,697,011	1,599,375	7,296,386	5,730,603	0	5,730,603	(33,592)	1,599,375	1,565,783
(d)	Total admitted under ¶¶11.a.-11.c.	9,410,504	1,599,375	11,009,879	12,309,943	0	12,309,943	(2,899,439)	1,599,375	(1,300,064)
	Deferred tax liabilities	(5,564,717)	(1,731,669)	(7,296,386)	(5,311,551)	(419,052)	(5,730,603)	(253,165)	(1,312,617)	(1,565,782)
	Net admitted deferred tax asset/liability under ¶11.a.-¶11.c.	**3,845,788**	**(132,294)**	**3,713,494**	**6,998,392**	**(419,052)**	**6,579,340**	**(3,152,604)**	**286,758**	**(2,865,846)**

(3) Other Admissibility Criteria

		2013	2012
(a)	Ratio Percentage used to determine recovery period and threshold limitiation amount	476%	334%
(b)	Adjusted capital and surplus	129,396,983	119,437,853

(4) Impact of tax planning strategies on adjusted gross DTAs and net admitted DTAs:

	Description	2013 Ordinary	2013 Capital	2013 Total	2012 Ordinary	2012 Capital	2012 Total	Change Ordinary	Change Capital	Change Total
	Adjusted gross DTAs - Amount (Memo Entry)	9,410,503	1,599,375	11,009,878	10,598,905	1,711,038	12,309,942	(1,188,401)	(111,663)	(1,300,064)
(a)	Adjusted gross DTAs - Percentage	85.5%	14.5%	100.0%	86.1%	13.9%	100.0%	-0.6%	0.6%	0.0%
	Net admitted DTAs - Amount (Memo Entry)	3,845,787	(132,294)	3,713,493	5,287,353	1,291,986	6,579,339	(1,441,566)	(1,424,280)	(2,865,846)
(b)	Net admitted DTAs - Percentage	103.6%	-3.6%	100.0%	80.4%	19.6%	100.0%	23.2%	-23.2%	0.0%

(c) Did the company avail itself of a tax planning strategy involving reinsurance? [check box] Yes No X

B. Temporary differences for which DTLs have not been established:
Not Applicable

C. Current and Deferred Income Tax:

(1) Current Income Tax

	Description	2013	2012
(a)	Current federal income tax expense	172,361	(9,478,267)
(b)	Foreign taxes	0	0
(c)	Subtotal	172,361	(9,478,267)
(d)	Tax on capital gains/(losses)	0	1,074,407
(e)	Utilization of capital loss carryforwards	0	0
(f)	Other, including prior year underaccrual (overaccrual)	686,241	0
(g)	Federal and foreign income taxes incurred	858,602	(8,403,860)

NOTES TO FINANCIAL STATEMENTS

		December 31, 2013	December 31, 2012	Change
(2)	**Deferred Tax Assets**			
(a)	**Ordinary**			
(1)	Discounting of unpaid losses and LAE	1,541,087	2,739,574	(1,198,487)
(2)	Unearned premiums	5,042,032	5,014,441	27,591
(3)	Policyholder reserves	0	0	0
(4)	Investments	0	0	0
(5)	Deferred acquisition costs	0	0	0
(6)	Policyholder dividends accrued	0	0	0
(7)	Fixed assets	0	0	0
(8)	Compensation and benefit accruals	1,824,641	1,739,985	84,656
(9)	Pension accruals	0	0	0
(10)	Nonadmitted assets	4,951,324	5,012,145	(60,820)
(11)	Net operating loss carryforward	5,960,677	4,523,287	1,437,390
(12)	Tax credit carryforward	690,533	645,783	44,750
(13)	Other (separately disclose items >5%)	425,324	360,887	64,437
(99)	Gross ordinary DTAs	20,435,618	20,036,102	399,517
(b)	Statutory valuation adjustment adjustment - ordinary	(11,025,115)	(9,437,197)	(1,587,918)
(c)	Nonadmitted ordinary DTAs (-)	0	0	0
(d)	Admitted ordinary DTAs	9,410,503	10,598,905	(1,188,401)
(e)	**Capital**			
(1)	Investments	393,943	448,333	(54,390)
(2)	Net capital loss carryforward	1,052,740	1,262,705	(209,965)
(3)	Real estate	152,693	0	152,693
(4)	Other (separately disclose items >5%)	0	0	0
(5)	Unrealized capital losses	0	0	0
(99)	Gross capital DTAs	1,599,375	1,711,038	(111,663)
(f)	Statutory valuation adjustment adjustment - capital (-)	0	0	0
(g)	Nonadmitted capital DTAs (-)	(0)	0	(0)
(h)	Admitted capital DTAs	1,599,375	1,711,038	(111,663)
(i)	**Admitted DTAs**	**11,009,878**	**12,309,942**	**(1,300,064)**

		December 31, 2013	December 31, 2012	Change
(3)	**Deferred Tax Liabilities**			
(a)	**Ordinary**			
(1)	Investments	(25,295)	(123,667)	98,372
(2)	Fixed assets	(554,000)	(1,433,024)	879,023
(3)	Deferred and uncollected premiums	0	0	0
(4)	Policyholder reserves/salvage and subrogation	(71,599)	(87,735)	16,136
(5a)	Other (Capitalized Software)	(4,913,821)	(3,592,261)	(1,321,560)
(5b)	Other (separately disclose items >5%)	0	(74,864)	74,864
(99)	Ordinary DTLs	(5,564,717)	(5,311,551)	(253,165)
(b)	**Capital**			
(1)	Investments	0	0	0
(2)	Real estate	0	0	0
(3)	Other (separately disclose items >5%)	0	0	0
(4)	Unrealized capital gains	(1,731,669)	(419,052)	(1,312,617)
(99)	Capital DTLs	(1,731,669)	(419,052)	(1,312,617)
(c)	**DTLs**	**(7,296,386)**	**(5,730,603)**	**(1,565,782)**
(4)	**Net Deferred Tax Assets**	**3,713,493**	**6,579,339**	**(2,865,846)**

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):

	December 31, 2013	December 31, 2012	Change
Total deferred tax assets	22,034,993	21,747,139	287,854
Total deferred tax liabilities	(7,296,386)	(5,730,603)	(1,565,782)
Net deferred tax assets/liabilities	14,738,608	16,016,536	(1,277,928)
Statutory valuation allowance adjustment	(11,025,115)	(9,437,197)	(1,587,918)
Net deferred tax assets/liabilities after SVA	3,713,493	6,579,339	(2,865,846)
Tax effect of unrealized gains/(losses)	1,731,669	419,052	1,312,617
Change in net deferred income tax [(charge)/benefit]	5,445,162	6,998,391	(1,553,229)

D. Reconciliation of federal income tax rate to actual effective rate:

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this differe

Description	Tax Effect	Effective Tax Rate
Income before taxes	2,341,276	35.0%
Tax-exempt interest	(570,405)	-8.5%
Dividends received deduction	(37,264)	-0.6%
Proration	91,151	1.4%
Non deductible expenses	(579,213)	-8.7%
Statutory valuation allowance adjustment	1,587,918	23.7%
Deferred taxes on nonadmitted assets	60,820	0.9%
Impact of Graduated Tax Rates	34,443	
Other, Including Prior Year True-Up	(516,895)	-7.7%
Total	2,411,831	35.5%
Federal income taxed incurred [expense/(benefit)]	858,602	12.8%
Tax on capital gains/(losses)	0	0.0%
Change in net deferred income tax [charge/(benefit)]	1,553,229	23.2%
Total statutory income taxes	2,411,831	36.1%

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

1) As of December 31, 2013, the Company had an unused operating loss carryforward of $17,030,506 available to offset against future taxable income, as well as an alternative minimum tax carryforward of $678,284.

2) The following is income tax expense for 2011, 2012, and 2013 that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2011	0	0	0
2012	(9,383,976)	1,074,407	(8,309,569)
2013	(0)	0	(0)
Total	(9,383,976)	1,074,407	(8,309,569)

3) Deposits admitted under IRC § 6603
None

F. The Company's federal income tax return is consolidated with the following entities:

1) Safe Auto Insurance Group, Inc., Safe Auto Services, Inc., (dissolved in 2011), Safe Auto Group Agency, Inc., and Safe Auto Realty, LLC.
2) The Company has a tax sharing agreement with its parent whereby federal income tax expense is determined as if the company filed a separate federal income tax return and payments for this liability are made to the parent and included with balances reported as Payable to parent, subsidiaries, and affiliates.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AFFILIATES and OTHER RELATED PARTIES

A. Nature of Relationships
   1. The Company is a wholly owned subsidiary of Safe Auto Insurance Group, Inc. (Parent), a privately held company incorporated in Ohio.

B. Detail of Transactions Greater than ½% of Admitted Assets
   1. The Company received a capital contribution of $4,000,000 from the Parent during 2013, and a capital contribution of $10,000,000 from the Parent in 2012.
   2. The Company participates in a cash sweep program with Safe Auto Group Agency. Within terms of the program the companies may commingle cash balances in a bank account owned by the Company.
   3. Safe Auto Group Agency negotiates, manages, and purchases certain advertising for Safe Auto Insurance Company, sells and services certain insurance policies on the behalf of Safe Auto Insurance Company, and is reimbursed 100% by Safe Auto Insurance Company for all costs incurred to provide such services (see Note 10-F).
   4. No other transactions exceeding the 1/2% limit occurred in 2013 or 2012.

C. Change in Terms of Intercompany Arrangements
   1. None

D. Amounts Due to or From Related Parties
   1. The Company had net payables to Safe Auto Group Agency of $2,058,878 and $6,256,543 as of December 31, 2013 and 2012, respectively.

2. SAGI Realty Ltd. (SAGI), a subsidiary of SafeAuto Realty, LLC., owns the Company's former headquarters and an adjacent building. The Company paid rent on these properties of $4,800 and $12,000 in 2013 and 2012, respectively. The Company also from time to time paid for improvements to certain rental properties and for building operating purposes on behalf of SAGI. The Company had net receivables of $399 as of December 31, 2013 and had no net receivables to SAGI as of December 31, 2012.
3. The Company had a net payable balance to Parent of $753,231 as of December 31, 2013 and had a net receivable balance to Parent of $4,516,196 for the year ended December 31, 2012. As of December 31, 2012, $4,000,000 of a dividend owed to Parent was included in the net receivable from Safe Auto Insurance Group. The dividend was paid in 2013.

E. Guarantees or Contingencies for Related Parties
   1. None

F. Management, Service Contracts, Cost Sharing Arrangements
   1. Safe Auto Insurance Company and Safe Auto Group Agency are parties of an agency contract. Safe Auto Group Agency provides agency services for Safe Auto Insurance Company by employing certain agents, customer service, and related management personnel while also exclusively providing all advertising and marketing efforts. Safe Auto Insurance Company paid Safe Auto Group Agency $48,559,808 in 2013 and $48,128,778 in 2012.
   2. In August 2012, the Company and its parent entered into an agreement whereby Company management provides services to the parent and its subsidiaries. This agreement was approved by the Ohio Department of Insurance. The parent paid the Company $999,996 and $460,125 for these services in 2013 and 2012, respectively.
   3. All such management, service contracts, and cost sharing agreements mentioned are transacted at cost and provide no profit provision to the service provider.

G. Nature of Relationships that Could Affect Operations
   1. All outstanding shares of the Company are owned by Parent.

H. Amount Deducted for Investment in Upstream Company
   1. None

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets
   1. None

J. Write down for Impairments of Investments in Subsidiary, Controlled or Affiliated Companies
   1. None

K. Foreign Subsidiary Valued Using CARVM
   1. None

L. Downstream Holding Company Valued Using Look-Through Method
   1. None

11. DEBT

A. None
B. The Company is a member of the Federal Home Loan Bank of Cincinnati (FHLBC). As of December 31, 2013, the Company holds $689,500 of FHLBC stock and has a current borrowing capacity of $10,000,000. The Company has no outstanding cash advances at December 31, 2013.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, AND POSTEMPLOYMENT BENEFITS

A. None
B. The Company sponsors a defined contribution 401(k) Employee Savings and Profit Sharing Plan (the "401(k) Plan") which allows eligible employees to contribute a percentage of their salaries, wages, and bonuses, subject to certain restrictions and limitations, to an individual 401(k) retirement savings account. The Company makes matching contributions equal to 50% of the employee contributions, up to 8% of total employee compensation, and may make periodic discretionary contributions. The Company's contributions to this Plan were $798,377 and $849,291 for the years ended December 31, 2013 and 2012, respectively.

   The Company also sponsors a non-qualified deferred compensation arrangement for certain executives and directors of the Company. Participating executives and directors may contribute a percentage of their salaries, wages, and bonuses, subject to certain restrictions and limitations. The Company makes matching contributions equal to 50% of the employee contribution up to 8% of total executive compensation when coordinated with the executives' contributions to the 401(k) plan. There are no matching contributions for directors.
C. None
D. None
E. None
F. None
G. None
H. None
I. None

13. CAPITAL AND SURPLUS, DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

1. Outstanding Shares

   The Company has 750 shares of $25,000 par value common stock authorized and 100 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding.
2. Dividend Rate of Preferred Stock

   Not applicable
3. Dividend Restrictions

   Under the insurance regulations of Ohio, the maximum amount of ordinary dividends that the Company may pay to shareholders in a twelve month period is limited to the greater of 10% of the most recent year-end policyholders' surplus or the net income for that same year-end excluding realized capital gains. Accordingly, the maximum amount of ordinary dividends that the Company may pay in the next year is $12,939,698. Dividends above this amount would be deemed extraordinary and my not be paid unless 1) not disapproved by the Commissioner of Insurance of Ohio within 30 days of receiving notice of the declaration thereof or
   2) approved within that thirty day period.

NOTES TO FINANCIAL STATEMENTS

4. Dividend Payments

   In 2013 the Company made a $4,000,000 payment of dividends declared in 2011. The Company paid $20,000,000 of the 2011 declared dividends on June 27, 2012. On December 31, 2012, the Parent made a $10,000,000 capital contribution to the Insurance company. The Company did not declare any dividends in 2013 or 2012.

5. Ordinary Dividends

   Within the limitations noted in note 13.3 above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

6. Restrictions on Surplus

   There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.

7. Mutual Surplus Advances

   Not applicable

8. Company Stock Held for Special Purposes

   None

9. Changes in Special Surplus Funds

   None

10. Changes in Unassigned Funds

    The portion of unassigned funds (surplus) represented by an increase in cumulative unrealized gains is $2,603,910.

11. Surplus Notes

    None

12. & 13. Quasi Reorganizations

    None

14. CONTINGENCIES

A. Contingent Commitments
   1. The Company has no commitments or contingent commitments to affiliates or other entities, or has made no guarantees on behalf of affiliates.
   2. Not applicable
   3. Not applicable

B. Guaranty Fund and Other Assessments
   1. The Company is subject to guaranty fund and other assessments by the states in which it writes business. Guaranty fund assessments should be accrued at the time of insolvencies. Other assessments should be accrued either at the time of assessment or in the case of premium based assessments, at the time the premiums were written, or in the case of loss based assessments, at the time the losses are incurred.
   2. The Company determined there are no accruals needed at this time. This represents management's best estimate based on information received from the states in which the Company writes business and may change if different information is received from a state.

C. Gain Contingencies
   1. The Company does not have any material gain contingencies.

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

   The Company is named, from time to time and in the ordinary course of business, as a defendant in legal actions arising principally from claims made under its insurance contracts, including those seeking extra-contractual damages beyond policy limits. These are commonly referred to as extra-contractual or bad faith claims. The Company is presently defending two such matters. In accordance with applicable accounting principles, the Company establishes reserves for those matters as to which it has determined that it is probable a loss has been incurred and a reasonable estimate of the Company's potential exposure can be established. Such legal actions are considered by the Company in estimating the loss and LAE reserves.

   At this time, the Company does not believe that any other legal action necessitates recognition of losses or disclosure, or that the resolution of such action would have a material adverse effect on the Company's financial position or results of operations.

   During 2013 and 2012, the Company paid $27,500 and $1,072,310, respectively, net of reimbursements relating to less than 25 claims.

   The claim count information is disclosed on a "per claim" basis.

E. Product Warranties
   1. Not applicable

F. All Other Contingencies
   1. The Company is also, from time to time and in the ordinary course of business, faced with class action lawsuits, regulatory proceedings, and individual lawsuits that are not directly related to its insurance contracts. Such matters presently include two putative class action lawsuits alleging that the Company improperly charged premium to certain customers. The company is vigorously defending its position in these matters. In accordance with applicable accounting principles, the Company establishes reserves for those matters as to which it has determined that it is probable a loss has been incurred and a reasonable estimate of the Company's potential exposure can be established. Likewise, the Company does not establish reserves for those matters where the loss is not probable and/or it currently is unable to estimate the Company's potential exposure. If either or both of the existing class action suits result in a judgment against, or settlement by, the Company in an amount significantly in excess of the reserve established for that matter, if any, the resulting liability could have a material effect on the Company's financial condition, cash flows, and results of operations.

   2. The Internal Revenue Service has provided the Company with notice of an alleged infraction related to the filing of certain 1099 returns, and is seeking a $500,000 penalty as a result. It is the Company's position that the underlying facts are such that a penalty is inappropriate and it has submitted written objections to the proposed penalty based upon those underlying mitigating facts. The

Company is awaiting a response from the IRS at this time. As with all such contingencies, the Company establishes reserves for those matters as to which it has determined that it is probable a loss has been incurred and a reasonable estimate of the Company's potential exposure can be established.

15. LEASES

A. Lessee Leasing Arrangements

1. The Company leases equipment under a non-cancelable operating lease agreement that expires in December 2015. Rental expense for 2013 and 2012 was $287,947 and $275,312, respectively.

2. At December 31, 2014, the future minimum rental payments are as follows:

Year Ending December 31	Operating Leases
2014	$ 283,312
2015 and thereafter	269,312
Total	$ 552,624

The Company is not involved in any sale-leaseback transactions.

B. Lessor Leasing Arrangements

1. Not applicable

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISKS

1. Not applicable

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

1. None

18. GAIN OR LOSS FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

1. None

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

In the third quarter the Company began a relationship with a single general agent (GA) to write and administer private passenger automobile insurance products in the State of California. The general agent writes direct premiums lower than 5% of policyholder surplus. The terms of the GA contracts give the GA's authority for premium collection. The Company retains underwriting authority for all policies issued under this agreement. In the third quarter the Company began a separate agreement with a single third party administrator to handle claims adjustment and claims payment for handling of the company's California and Arizona business.

20. FAIR VALUE MEASUREMENT

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

1. Assets recorded on the financial statements at fair value measurements by accounting hierarchy levels 1, 2 and 3. The Company has categorized its assets that are measured at fair value into the three-level fair value hierarchy as reflected in the following table. The Company had no liabilities recorded at fair value.

The Company's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by ASC 820 *Fair Value Measurements and Disclosures.* The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are defined as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

NOTES TO FINANCIAL STATEMENTS

Description for each class of asset or liability	(Level 1)	(Level 2)	(Level 3)	Total
Assets at fair value				
Perpetual Preferred Stock				
Industrial and Misc	$ -	$ 210,400	$ -	$ 210,400
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Perpetual Preferred Stocks	$ -	$ 210,400	$ -	$ 210,400
Bonds				
U.S. Governments	-	-	-	-
Industrial and Misc	130,333	984,060		1,114,393
Hybrid Securities	-			-
Parent, Subsidiaries, and Affiliates	-			-
Total Bonds	$ 130,333	$ 984,060	$ -	$ 1,114,393
Common Stock				
Industrial and Misc	23,826,559	689,500	-	24,516,059
Parent, Subsidiaries, and Affiliates	-	-	-	-
Total Common Stock	$ 23,826,559	$ 689,500	$ -	$ 24,516,059
Total assets at fair value	$ 23,956,892	$ 1,883,960	$ -	$ 25,840,852

Reclassifications impacting Level 3 financial instruments are reported as transfers in (out) of the Level 3 category as of the beginning of the quarter in which the transfer occurs; gains and losses in income only reflect activity for the period the instrument was classified in Level 3. The same policy is followed when a transfer between Level 1 and Level 2 occurs.

There were no transfers between Level 1 and Level 2 assets during the current period.

2. Roll forward of Level 3 items

   There were no transfers in or out of Level 3 securities in 2013.

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. During the current year, no transfers into or out of Level 3 were required.

4. Fair value measurements for fixed income and equity securities are based on values either published by the NAIC's Security Valuation Office (SVO) or from an independent pricing service vendor. Under certain circumstances, if neither an SVO price nor a Vendor price is available, a price may be obtained from a broker. Short term securities and cash equivalents are valued at amortized cost.

   When published prices from the SVO are not available, the Company relies predominately on independent pricing service vendors that have been evaluated and approved by our investment management company's internal pricing policy committee. Generally, pricing service vendors use a pricing methodology involving the market approach, including pricing models, which use prices and relevant market information regarding a particular security or securities with similar characteristics to establish a valuation.

   Certain investments are carried at fair value, while others may periodically be carried at fair value based on certain factors such as the NAIC's lower of cost or market rule or an impairment. Assets recorded at fair value are categorized based on an evaluation of the various inputs used to measure the fair value. Supporting documentation received from pricing vendors detailing the inputs, models and processes used in the vendor's evaluation process is used by the Company to determine the appropriate fair value hierarchy. Documentation from each pricing vendor is reviewed and monitored periodically to ensure they are consistent with the Company's pricing policy. Market Information obtained from brokers with respect to security valuations is also considered in the pricing hierarchy.

21. OTHER ITEMS

A. Extraordinary Items
   1. None

B. Troubled Debt Restructuring for Debtors
   1. None

C. Other Disclosures and Unusual Items
   1. None

D. Business Interruption Insurance Recoveries
   1. None

E. State Transferable and Non-transferable Tax Credits
   1. None

F. Subprime-Mortgage Related Risk Exposure
   1. Subprime Mortgage Exposures

      The Company has invested in collateralized fixed income securities, such as residential mortgage-backed securities ("MBS") and collateralized debt obligations ("CDO"). Through certain investments, the Company is subject to additional default risk exposure as these securitizations were collateralized by mortgages that have characteristics of subprime lending. Such characteristics include, but are not limited to, an interest rate above prime to borrowers who do not qualify for prime rate loans, borrowers with low credit ratings, unconventionally high initial loan-to-value ratios, low initial payments based on a fixed introductory rate that expires after a short initial period, and borrowers with less than conventional documentation of their income or net assets.

      While inherently subject to realized losses resulting from rising defaults or foreclosures, the Company's conservative investment practices of only investing in MBS and CDO's which carry the highest or higher credit ratings (AA or better) and actively monitoring the underlying collateral performance should limit such losses. As such, the Company currently believes that its exposure to unrealized losses from declines in asset values, as the market adjusts to risk aversion and liquidity issues, is greater than its exposure to realized losses resulting from receiving less than anticipated cash flows. The Company intends to hold these fixed income investments until maturity or recovery, and does not anticipate sale of assets to meet future cash flow requirements.

2. Direct Exposure—Mortgage Loans

The Company does not have any investments with direct exposure in subprime mortgage loans.

3. Direct Exposure—Other Investments

The Company has invested in residential mortgage-backed securities and collateralized debt obligations. While the fair value of these fixed income investments may fluctuate, the Company reviewed its MBS and CDO portfolio as of December 31, 2013.

The following is a summary of the Company's other investments with subprime exposure.

	Actual Costs	Book Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
Residential mortgage-backed securities	$ 348,041	$ 348,611	$ 350,859	$ 572
Collateralized debt obligations	1,191,603	273,720	357,543	1,013,659
Other Structured securities	-	-	-	
Total Other Investments	$ 1,539,644	$ 622,331	$ 708,402	$ 1,014,231

4. Underwriting Exposure

The Company does not engage in mortgage guaranty insurance coverage.

G. Offsetting and Netting of Assets and Liabilities
   1. None

H. Joint and Several Liabilities
   1. None

22. EVENTS SUBSEQUENT
   1. None
   Recognized and non recognized subsequent events have been considered through February 28, 2014 for the statutory statements issued on February 28, 2014.

23. REINSURANCE

A. Unsecured Reinsurance Recoverables
   1. None

B. Reinsurance Recoverables in Dispute
   1. Not applicable

C. Reinsurance Assume and Ceded
   1. The Company is a party in a prospective personal automobile physical damage catastrophe agreement of reinsurance with General Reinsurance Corporation. This reinsurance agreement covers a portion of aggregated losses arising from catastrophic events that exceed a specified retention stated in the agreement. Ceded premiums are calculated primarily based on a percentage of comprehensive premiums earned, and were not material for the year ended December 31, 2013.

D. Uncollectible Reinsurance
   1. None

E. Commutation of Ceded Reinsurance
   1. None

F. Retroactive Reinsurance
   1. None

G. Reinsurance Accounted for as a Deposit
   1. None

H. Disclosures for the Transfer of Property and Casualty Run-off Agreements
   1. Not applicable

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION
   1. None

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Current year changes in estimates of the costs of prior year losses and loss adjustment expenses (LAE) affect the current year Statement of Income. Increases in those estimates increase current year expense and are referred to as unfavorable development. Decreases in those estimates decrease current year expense and are referred to as favorable development or prior year reserve redundancies. Current year losses and LAE of $209,873,032 were lower by $10,114,580 because of favorable development of prior year estimates. This favorable development was approximately 7.0% of the prior years' reserves for unpaid losses and LAE.

NOTES TO FINANCIAL STATEMENTS

The decrease in prior years' estimates is a result of ongoing analysis of recent loss trends. The decrease in estimated losses for prior years of $4,409,794 is a result of liability claim frequency and severity for accident year 2012 being below previously projected levels. The decrease in prior years' estimated LAE of $5,704,786 is primarily a result of the impact of decreased claim frequency and lower projected DCC expenses, related to lower than expected claims requiring litigation, which were partially offset by increased A&O expenses.

The Company experienced no prior year claim development on retrospectively rated policies because the Company does not issue retrospectively rated policies.

26. INTERCOMPANY POOLING ARRANGEMENTS

None

27. STRUCTURE SETTLEMENTS

None

28. HEALTH CARE RECEIVABLES

None

29. PARTICIPATING POLICIES

None

30. PREMIUM DEFICIENCY RESERVES

The Company has evaluated for the existence of any premium deficiencies as of December 31, 2013, and it was determined that there were none. Anticipated investment income was not taken into account in the calculation.

31. HIGH DEDUCTIBLES

None

32. DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES OR UNPAID LOSS ADJUSTMENT EXPENSES

The Company does not discount liabilities for unpaid loss adjustment expenses.

33. ASBESTOS/ENVIRONMENTAL RESERVES

None

34. SUBSCRIBER SAVINGS ACCOUNTS

None

35. MULTIPLE PERIL CROP INSURANCE

None

36. FINANCIAL GUARANTY INSURANCE

None