



ANNUAL STATEMENT

For the Year Ended December 31, 2013

of the Condition and Affairs of the

PROGRESSIVE SPECIALTY INSURANCE COMPANY

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

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

OFFICERS

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

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

DIRECTORS OR TRUSTEES

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

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

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

(Signature)
DAVID JAMES SKOVE
1. (Printed Name)
PRESIDENT
(Title)

(Signature)
KATHLEEN MARY CERNY
2. (Printed Name)
ASSISTANT SECRETARY
(Title)

(Signature)
THOMAS ALFRED KING

3. (Printed Name)
TREASURER

(Title)

Subscribed and sworn to before me
This 13TH day of FEBRUARY, 2014

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

Yes [X] No []

PROGRESSIVE SPECIALTY INSURANCE COMPANY
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).....	523,944,119		523,944,119	544,653,787
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	26,420,775		26,420,775	90,496,775
2.2 Common stocks.....	144,576,851		144,576,851	102,928,250
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 (\$....299,990, Schedule E-Part 2) and short-term investments (\$....136,836, Schedule DA).....	436,826		436,826	10,915,260
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	9,021,142	9,021,142	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	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	704,399,713	9,021,142	695,378,571	748,994,072
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	4,178,499		4,178,499	4,775,324
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	38,843,188	9,403,878	29,439,310	26,394,451
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	168,850,883		168,850,883	155,965,587
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	8,011,819		8,011,819	6,665,302
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.....	6,079,963		6,079,963	20,433,688
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.....	26,996,000		26,996,000	30,504,711
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	8,300,583	5,958,921	2,341,662	566,274
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	965,660,648	24,383,941	941,276,707	994,299,409
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	965,660,648	24,383,941	941,276,707	994,299,409

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.....	2,046,000		2,046,000	
2502. EQUITIES AND DEPOSITS IN POOLS AND ASSOCIATIONS.....	295,662		295,662	566,274
2503. MISCELLANEOUS OTHER ASSETS.....	5,755,702	5,755,702	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	203,219	203,219	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	8,300,583	5,958,921	2,341,662	566,274

PROGRESSIVE SPECIALTY INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	231,068,338	217,147,501
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	3,313,520	4,978,502
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	45,220,509	43,354,212
4. Commissions payable, contingent commissions and other similar charges.....	891,200	1,036,140
5. Other expenses (excluding taxes, licenses and fees).....	24,137,291	19,944,840
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	4,766,538	5,108,680
7.1 Current federal and foreign income taxes (including \$...305,032 on realized capital gains (losses)).....	5,768,686	7,229,334
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 \$....302,386,393 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).....	195,733,501	189,117,054
10. Advance premium.....	5,357,069	4,873,125
11. Dividends declared and unpaid:		
11.1 Stockholders.....	.....	.....
11.2 Policyholders.....	.....	.....
12. Ceded reinsurance premiums payable (net of ceding commissions).....	97,085	42,208
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.....	358,965	262,564
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.....	36,678,906	32,097,485
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.....	1,660,827	1,786,571
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	555,052,435	526,978,216
27. Protected cell liabilities.....	.....	.....
28. Total liabilities (Lines 26 and 27).....	555,052,435	526,978,216
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,500,000	3,500,000
31. Preferred capital stock.....	.....	.....
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....	.....	.....
34. Gross paid in and contributed surplus.....	129,725,749	106,071,065
35. Unassigned funds (surplus).....	252,998,523	357,750,128
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).....	386,224,272	467,321,193
38. TOTALS (Page 2, Line 28, Col. 3).....	941,276,707	994,299,409

DETAILS OF WRITE-INS

2501. OTHER LIABILITIES.....	1,646,862	1,669,608
2502. UNEARNED FEE RESERVE.....	8,136	5,993
2503. ESCHEATABLE PROPERTY.....	5,829	110,970
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,660,827	1,786,571
2901. .....	.....	.....
2902. .....	.....	.....
2903. .....	.....	.....
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....	0	0
3201. .....	.....	.....
3202. .....	.....	.....
3203. .....	.....	.....
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....	0	0

PROGRESSIVE SPECIALTY INSURANCE COMPANY
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	658,777,947	623,470,798
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	413,204,145	403,903,130
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	67,214,807	64,457,556
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	140,526,991	134,650,346
5. Aggregate write-ins for underwriting deductions.....	3,466	0
6. Total underwriting deductions (Lines 2 through 5).....	620,949,409	603,011,032
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	37,828,538	20,459,766
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	18,784,744	27,785,399
10. Net realized capital gains (losses) less capital gains tax of \$....469,802 (Exhibit of Capital Gains (Losses)).....	42,712,421	21,363,892
11. Net investment gain (loss) (Lines 9 + 10).....	61,497,165	49,149,291
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....679,336 amount charged off \$....16,979,809).....	(16,300,473)	(14,354,119)
13. Finance and service charges not included in premiums.....	27,000,167	25,716,336
14. Aggregate write-ins for miscellaneous income.....	675,811	645,093
15. Total other income (Lines 12 through 14).....	11,375,505	12,007,310
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	110,701,208	81,616,367
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).....	110,701,208	81,616,367
19. Federal and foreign income taxes incurred.....	23,714,191	21,268,871
20. Net income (Line 18 minus Line 19) (to Line 22).....	86,987,017	60,347,496
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	467,321,193	574,737,996
22. Net income (from Line 20).....	86,987,017	60,347,496
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....1,318,926.....	2,448,145	10,382,633
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(13,034,798)	(3,049,019)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(1,151,969)	1,072,059
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.....	23,654,684	23,830,028
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(180,000,000)	(200,000,000)
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).....	(81,096,921)	(107,416,803)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	386,224,272	467,321,193

DETAILS OF WRITE-INS

0501. LOSS ON COMMUTATION.....	3,466	
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).....	3,466	0
1401. MISCELLANEOUS INCOME.....	610,784	540,919
1402. SERVICE BUSINESS REVENUE.....	36,918	54,831
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	28,109	49,343
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).....	675,811	645,093
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

PROGRESSIVE SPECIALTY INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	648,520,497	612,453,224
2. Net investment income.....	31,065,601	47,288,899
3. Miscellaneous income.....	11,900,685	12,722,059
4. Total (Lines 1 through 3).....	691,486,783	672,464,182
5. Benefit and loss related payments.....	402,294,807	384,284,184
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.....	.....
7. Commissions, expenses paid and aggregate write-ins for deductions.....	202,175,397	196,750,123
8. Dividends paid to policyholders.....	.....	.....
9. Federal and foreign income taxes paid (recovered) net of \$....1,945,413 tax on capital gains (losses).....	25,644,641	20,151,646
10. Total (Lines 5 through 9).....	630,114,845	601,185,953
11. Net cash from operations (Line 4 minus Line 10).....	61,371,938	71,278,229
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	448,168,833	291,910,623
12.2 Stocks.....	68,380,675	48,401,810
12.3 Mortgage loans.....	.....	.....
12.4 Real estate.....	.....	.....
12.5 Other invested assets.....	188,000	140,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	.....	.....
12.7 Miscellaneous proceeds.....	.....	13,533
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	516,737,508	340,465,966
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	433,609,336	234,729,735
13.2 Stocks.....	4,534,753	1,662,437
13.3 Mortgage loans.....	.....	.....
13.4 Real estate.....	.....	.....
13.5 Other invested assets.....	.....	.....
13.6 Miscellaneous applications.....	.....	.....
13.7 Total investments acquired (Lines 13.1 to 13.6).....	438,144,089	236,392,172
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).....	78,593,419	104,073,794
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.....	23,654,684	23,830,028
16.3 Borrowed funds.....	.....	.....
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	.....	.....
16.5 Dividends to stockholders.....	180,000,000	200,000,000
16.6 Other cash provided (applied).....	5,901,525	11,532,467
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(150,443,791)	(164,637,505)
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).....	(10,478,434)	10,714,518
19. Cash, cash equivalents and short-term investments:	.....	.....
19.1 Beginning of year.....	10,915,260	200,742
19.2 End of year (Line 18 plus Line 19.1).....	436,826	10,915,260

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

20.0001
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PROGRESSIVE SPECIALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				..0
2. Allied lines.....				0
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....	2,123,653	1,023,564	1,109,979	2,037,238
5. Commercial multiple peril.....				0
6. Mortgage guaranty.....				0
8. Ocean marine.....				0
9. Inland marine.....	.11,103,866	.5,066,496	.5,264,656	10,905,707
10. Financial guaranty.....				0
11.1 Medical professional liability - occurrence.....				0
11.2 Medical professional liability - claims-made.....	.2,100	.195	.201	2,094
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.....	.4,623,600	.2,162,998	.2,182,936	4,603,661
17.2 Other liability - claims-made.....	(5,692)	.25,340	.7,597	12,051
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.....	.381,436,786	.98,915,238	.102,799,123	377,552,901
19.3, 19.4 Commercial auto liability.....	.39,503,006	.18,450,989	.18,619,447	39,334,548
21. Auto physical damage.....	.226,606,783	.63,471,754	.65,749,282	224,329,256
22. Aircraft (all perils).....				0
23. Fidelity.....		.156	.16	140
24. Surety.....	.289	.324	.262	351
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.....	.665,394,393	.189,117,054	.195,733,501	.658,777,946

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 SPECIALTY 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.....	1,109,979				1,109,979
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....					0
9. Inland marine.....	5,264,656				5,264,656
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....		201			201
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.....	2,182,936				2,182,936
17.2 Other liability - claims-made.....	34	7,564			7,597
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.....	102,799,123				102,799,123
19.3, 19.4 Commercial auto liability.....	18,619,447				18,619,447
21. Auto physical damage.....	65,749,282				65,749,282
22. Aircraft (all perils).....					0
23. Fidelity.....		16			16
24. Surety.....	262				262
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.....	195,725,921	7,580	0	0	195,733,501
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					195,733,501

DETAILS OF WRITE-INS

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

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

PROGRESSIVE SPECIALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						0
2. Allied lines.....						0
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	869,228	2,123,653		868,368	860	2,123,653
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....	11,224,661	11,103,866		11,224,661		11,103,866
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....		2,100				2,100
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.....	4,673,914	4,623,600		4,295,176	378,738	4,623,600
17.2 Other liability - claims-made.....		(5,692)				(5,692)
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.....	630,455,106	381,436,786		630,455,106		381,436,786
19.3, 19.4 Commercial auto liability.....	25,379,383	39,503,006		25,342,987	36,396	39,503,006
21. Auto physical damage.....	358,172,647	226,606,783		358,172,647		226,606,783
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....		289				289
26. Burglary and theft.....						0
27. Boiler and machinery.....						0
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX					0
32. Reinsurance - nonproportional assumed liability.....	XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	1,030,774,939	665,394,393	0	1,030,358,945	415,994	665,394,393

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	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0

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

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0			0	0.0
2. Allied lines.....				0			0	0.0
3. Farmowners multiple peril.....				0			0	0.0
4. Homeowners multiple peril.....	5,345	934,455	5,345	934,455	205,257	259,228	880,483	43.2
5. Commercial multiple peril.....				0			0	0.0
6. Mortgage guaranty.....				0			0	0.0
8. Ocean marine.....				0			0	0.0
9. Inland marine.....	5,230,052	4,960,833	5,230,052	4,960,833	600,701	643,549	4,917,985	45.1
10. Financial guaranty.....				0			0	0.0
11.1 Medical professional liability - occurrence.....				0			0	0.0
11.2 Medical professional liability - claims-made.....				0	105	104	0	0.0
12. Earthquake.....				0			0	0.0
13. Group accident and health.....				0			0	0.0
14. Credit accident and health (group and individual).....				0			0	0.0
15. Other accident and health.....				0			0	0.0
16. Workers' compensation.....		3,972		3,972	48,851	51,546	1,276	0.0
17.1 Other liability - occurrence.....	2,644,752	1,610,652	2,644,752	1,610,652	2,494,008	2,207,578	1,897,082	41.2
17.2 Other liability - claims-made.....		409,577		409,577	613,247	627,964	394,860	3,276.6
17.3 Excess workers' compensation.....				0			0	0.0
18.1 Products liability - occurrence.....				0			0	0.0
18.2 Products liability - claims-made.....				0			0	0.0
19.1, 19.2 Private passenger auto liability.....	365,639,206	225,560,789	365,639,206	225,560,789	190,347,821	179,876,943	236,031,666	62.5
19.3, 19.4 Commercial auto liability.....	16,866,852	20,959,115	16,866,852	20,959,115	32,947,457	30,708,086	23,198,486	59.0
21. Auto physical damage.....	231,581,492	144,709,167	231,581,492	144,709,167	3,280,626	2,128,201	145,861,592	65.0
22. Aircraft (all perils).....				0			0	0.0
23. Fidelity.....		90,292		90,292	15,450	48,522	.57,220	41,015.0
24. Surety.....				0	.808	1,840	-.1032	-.2942
26. Burglary and theft.....				0			0	0.0
27. Boiler and machinery.....				0			0	0.0
28. Credit.....				0			0	0.0
29. International.....				0			0	0.0
30. Warranty.....				0			0	0.0
31. Reinsurance - nonproportional assumed property.....	XXX			0			0	0.0
32. Reinsurance - nonproportional assumed liability.....	XXX	44,456		44,456	514,012	593,940	(35,473)	0.0
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0			0	0.0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35. TOTALS.....	621,967,699	399,283,307	621,967,699	399,283,307	231,068,340	217,147,500	413,204,147	62.7

DETAILS OF WRITE-INS

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	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.....		114,545		114,545	10,661	.90,712	.10,661	205,257	.40,432
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....	.273,972	.272,323	.273,972	.272,323	.325,765	.328,377	.325,765	.600,701	.103,543
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0		.105		.105	.92
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.....		.48,851		.48,851				.48,851	.2,638
17.1 Other liability - occurrence.....	.792,497	.1,831,356	.792,497	.1,831,356	.837,987	.662,652	.837,987	.2,494,008	.419,993
17.2 Other liability - claims-made.....		.282,668		.282,668		.330,579		.613,247	.78,978
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.....	.240,783,798	.145,910,661	.240,783,798	.145,910,661	.64,810,563	.44,437,159	.64,810,562	.190,347,821	.37,570,599
19.3, 19.4 Commercial auto liability.....	.23,092,634	.27,418,797	.23,092,634	.27,418,797	.3,429,758	.5,528,659	.3,429,758	.32,947,457	.5,557,691
21. Auto physical damage.....	.12,151,400	.7,646,042	.12,151,400	.7,646,042	(.6,732,379)	(4,365,416)	(.6,732,379)	.3,280,626	.1,441,283
22. Aircraft (all perils).....				0				0	
23. Fidelity.....		.10,084		.10,084		.5,366		.15,450	.3,167
24. Surety.....				0		.808		.808	.2,094
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	.109,594		.109,594	XXX	.404,417		.514,012	
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.....	.277,094,301	.183,644,920	.277,094,301	.183,644,920	.62,682,355	.47,423,419	.62,682,354	.231,068,340	.45,220,508

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.

PROGRESSIVE SPECIALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	12,059,585			12,059,585
1.2 Reinsurance assumed.....	10,522,138			10,522,138
1.3 Reinsurance ceded.....	12,059,585			12,059,585
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	10,522,138	0	0	10,522,138
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		104,445,352		104,445,352
2.2 Reinsurance assumed, excluding contingent.....		62,928,212		62,928,212
2.3 Reinsurance ceded, excluding contingent.....		104,445,352		104,445,352
2.4 Contingent - direct.....		1,848,212		1,848,212
2.5 Contingent - reinsurance assumed.....		958,496		958,496
2.6 Contingent - reinsurance ceded.....		1,848,212		1,848,212
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	63,886,708	0	63,886,708
3. Allowances to manager and agents.....		302,380		302,380
4. Advertising.....		5,690,294		5,690,294
5. Boards, bureaus and associations.....	185,115	275,011		460,126
6. Surveys and underwriting reports.....		4,590,648		4,590,648
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	37,262,089	29,464,264	558,222	67,284,575
8.2 Payroll taxes.....	2,612,526	2,104,508	17,746	4,734,780
9. Employee relations and welfare.....	6,476,718	5,036,384	21,250	11,534,352
10. Insurance.....	82,864	115,371		198,235
11. Directors' fees.....				0
12. Travel and travel items.....	2,015,811	828,183	3,629	2,847,623
13. Rent and rent items.....	2,840,508	2,414,196	15,346	5,270,050
14. Equipment.....	195,903	866,430		1,062,333
15. Cost or depreciation of EDP equipment and software.....	2,492,084	5,072,370	5,492	7,569,946
16. Printing and stationery.....	231,353	540,664	953	772,970
17. Postage, telephone and telegraph, exchange and express.....	2,041,103	4,086,434	4,058	6,131,595
18. Legal and auditing.....	177,874	988,296	85,589	1,251,759
19. Totals (Lines 3 to 18).....	56,613,949	62,375,432	712,285	119,701,665
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$....3,126.....		11,030,566		11,030,566
20.2 Insurance department licenses and fees.....	63,088	752,353		815,441
20.3 Gross guaranty association assessments.....		(27,438)		(27,438)
20.4 All other (excluding federal and foreign income and real estate).....	16,894	2,071,502		2,088,395
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	79,981	13,826,982	0	13,906,964
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	(1,261)	437,868	92,104	528,711
25. Total expenses incurred.....	67,214,807	140,526,991	804,388	(a) 208,546,186
26. Less unpaid expenses - current year.....	45,220,509	29,775,451	19,578	75,015,538
27. Add unpaid expenses - prior year.....	43,354,212	26,071,882	17,779	69,443,873
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).....	65,348,511	136,823,421	802,589	202,974,521

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	(1,261)	437,868	92,104	528,711
2402. .....	.....			0
2403. .....	.....			0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	(1,261)	437,868	92,104	528,711

(a) Includes management fees of \$....120,230,377 to affiliates and \$.....0 to non-affiliates.

PROGRESSIVE SPECIALTY INSURANCE COMPANY
EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....2,338,451	.....2,319,994
1.1 Bonds exempt from U.S. tax.....	(a).....996,202	.....1,493,432
1.2 Other bonds (unaffiliated).....	(a).....11,725,158	.....10,860,844
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....2,632,658	.....2,392,937
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....2,008,619	.....2,037,056
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).....2,870	.....2,870
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....482,000	.....482,000
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....20,185,958	.....19,589,133
11. Investment expenses.....	(g).....804,388	.....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....	.....
13. Interest expense.....	(h).....	.....
14. Depreciation on real estate and other invested assets.....	(i).....0	.....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....
16. Total deductions (Lines 11 through 15).....	.....	.....804,388
17. Net investment income (Line 10 minus Line 16).....	.....	.....18,784,745

DETAILS OF WRITE-INS

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

(a) Includes \$....609,610 accrual of discount less \$....12,291,843 amortization of premium and less \$....470,429 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 \$....2,763 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
 (i) Includes \$.....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.....	.417,869	.....	.417,869	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....0	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	4,930,086	.....	4,930,086	.....184,107	.....
1.3 Bonds of affiliates.....	.....	.....0	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.37,146,109	.....	.37,146,109	.....(34,612,500)	.....
2.11 Preferred stocks of affiliates.....	.....	.....0	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.786,436	(98,276)	.688,160	.....38,196,753	.....
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	.....(1,289)	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....43,280,500	(98,276)	.....43,182,224	.....3,767,071	.....0

DETAILS OF WRITE-INS

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

PROGRESSIVE SPECIALTY INSURANCE COMPANY
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).....	9,021,142	9,210,431	189,289
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).....	9,021,142	9,210,431	189,289
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.....	9,403,878	8,446,495	(957,383)
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.....	5,958,921	5,575,046	(383,875)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	24,383,941	23,231,972	(1,151,969)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	24,383,941	23,231,972	(1,151,969)

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. MISCELLANEOUS OTHER ASSETS.....	5,755,702	5,389,114	(366,588)
2502. PREPAID EXPENSES.....	203,219	185,932	(17,287)
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).....	5,958,921	5,575,046	(383,875)

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32	Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses	14.14
33	Asbestos and Environmental Reserves	14.14
34	Subscriber Savings Accounts	14.15
35	Multiple Peril Crop Insurance	14.15
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NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

The Ohio DOI requires insurance companies domiciled in the state of Ohio to prepare their statutory-basis financial statements in accordance with the National Association of Insurance Commissioners' ("NAIC") *Accounting Practices and Procedures Manual* subject to any deviations prescribed or permitted by the Ohio DOI. No deviations from NAIC statutory accounting practices ("NAIC SAP") were used in preparing these statutory-basis financial statements as illustrated in the table below:

Description	State of Domicile	2013	2012
Net income			
(1) Net income, state basis	OH	\$ 86,987,017	\$ 60,347,496
(2) Effect of state prescribed practices			
(3) Effect of state permitted practices			
(4) Net income, NAIC SAP basis (1-2-3=4)	OH	\$ 86,987,017	\$ 60,347,496
Surplus			
(5) Policyholders' surplus, state basis	OH	\$ 386,224,272	\$ 467,321,193
(6) Effect of state prescribed practices			
(7) Effect of state permitted practices			
(8) Policyholders' surplus, NAIC SAP basis (5-6-7=8)	OH	\$ 386,224,272	\$ 467,321,193

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.

NOTES TO FINANCIAL STATEMENTS

- The Company owns 100% of the surplus of Trussville/Cahaba, AL, LLC ("Trussville/Cahaba"), a non-insurance affiliate incorporated in Ohio that owns investment real estate. In accordance with SSAP No. 4 – Assets and Nonadmitted Assets, this investment is reported as other invested assets in the Company's statutory-basis financial statements (see Schedule BA). This investment is reported on the equity basis as prescribed in the *Accounting Practices and Procedures Manual* of the NAIC. See Note 21.C.2.
- The Company has no investments in derivatives.
- The Company may enter into repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. The Company did not have any open repurchase agreements at December 31, 2013 and December 31, 2012.
- 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

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

NOTES TO FINANCIAL STATEMENTS

3. The Company did not recognize any other-than-temporary impairment for loan-backed and structured debt securities during the current year.

4. As of December 31, 2013, the Company had \$1,245,830 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, 2013, 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	\$ 1,159,969
2. Twelve months or longer	85,861
Total	\$ 1,245,830
b. Aggregate fair value of securities with unrealized losses	
1. Less than twelve months	\$ 64,093,702
2. Twelve months or longer	12,079,221
Total	\$ 76,172,923

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 and/or Securities Lending Transactions

Not applicable (see Note 1C Investments)

F. Real Estate

Not applicable

G. Low Income Housing Tax Credits

Not applicable

H. Restricted Assets

1. Restricted assets (including pledged) summarized by restricted asset category are as follows:

Restricted Asset Category	Gross Restricted						8	Percentage	
	Current Year					6	7	9	10
	1	2	3	4	5				
Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)		Total (1 plus 3)	Total From Prior Year	Increase (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets
On deposit with state	\$ 3,736,181	\$ --	\$ --	\$ --	\$ 3,736,181	\$ 3,733,257	\$ 2,924	\$ 3,736,181	0.39%
Total restricted assets	\$ 3,736,181	\$ --	\$ --	\$ --	\$ 3,736,181	\$ 3,733,257	\$ 2,924	\$ 3,736,181	0.39%
									Admitted Restricted to Total Admitted Assets

(a) Subset of column 1

(b) Subset of column 3

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (from above table)

Not applicable

3. Detail of Other Restricted Assets

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

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

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

B. Write-downs for Impairment of Joint Ventures, Partnerships, and LLC's

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

7. Investment Income

A. Accrued Investment Income

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

NOTES TO FINANCIAL STATEMENTS**B. Amounts Nonadmitted**

Not applicable

8. Derivative Instruments

Not applicable

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

1. The components of the net DTA/(DTL) at December 31 are as follows:

Description	December 31, 2013			December 31, 2012			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	\$ 31,299,236	\$ 13,507,587	\$ 44,806,823	\$ 30,424,395	\$ 28,210,772	\$ 58,635,167	\$ 874,841	\$ (14,703,185)	\$ (13,828,344)
(b) Statutory valuation allowance adjustment	--	--	--	--	--	--	--	--	--
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 31,299,236	\$ 13,507,587	\$ 44,806,823	\$ 30,424,395	\$ 28,210,772	\$ 58,635,167	\$ 874,841	\$ (14,703,185)	\$ (13,828,344)
(d) Deferred tax assets nonadmitted	--	--	--	--	--	--	--	--	--
(e) Subtotal (net deferred tax asset) (1c-1d)	\$ 31,299,236	\$ 13,507,587	\$ 44,806,823	\$ 30,424,395	\$ 28,210,772	\$ 58,635,167	\$ 874,841	\$ (14,703,185)	\$ (13,828,344)
(f) Deferred tax liabilities	4,115,689	34,611,171	38,726,860	4,407,395	33,794,084	38,201,479	(291,706)	817,087	525,381
(g) Net admitted deferred tax assets (net deferred tax liability) (1e-1f)	\$ 27,183,547	\$ (21,103,584)	\$ 6,079,963	\$ 26,017,000	\$ (5,583,312)	\$ 20,433,688	\$ 1,166,547	\$ (15,520,272)	\$ (14,353,725)

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

Description	December 31, 2013			December 31, 2012			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	\$ 28,959,477	\$ --	\$ 28,959,477	\$ 28,062,077	\$ --	\$ 28,062,077	\$ 897,400	\$ --	\$ 897,400
(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)	1,329,182	--	1,329,182	1,105,987	--	1,105,987	223,195	--	223,195
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	1,329,182	--	1,329,182	1,105,987	--	1,105,987	223,195	--	223,195
2. Adjusted gross deferred tax assets allowed per limitation threshold			57,021,646			67,033,126			(10,011,479)
(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	1,010,577	13,507,587	14,518,164	1,256,331	28,210,772	29,467,103	(245,754)	(14,703,185)	(14,948,939)
(d) Deferred tax assets admitted as result of application of SSAP No. 101.									
Total (2(a)+2(b)+2(c))	\$ 31,299,236	\$ 13,507,587	\$ 44,806,823	\$ 30,424,395	\$ 28,210,772	\$ 58,635,167	\$ 874,841	\$ (14,703,185)	\$ (13,828,344)

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

Description	2013	2012
(a) Ratio percentage used to determine recovery period and threshold limitation amount	1445%	1929%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 380,144,309	\$ 446,887,505

NOTES TO FINANCIAL STATEMENTS

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

Description	December 31, 2013		December 31, 2012		Change	
	(1) Ordinary	(2) Capital	(3) Ordinary	(4) Capital	(5) (Col 1-3) Ordinary	(6) (Col 2-4) Capital
(A) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
1. Adjusted gross DTAs	\$ 31,299,236	\$ 13,507,587	\$ 30,424,395	\$ 28,210,772	\$ 874,841	\$ (14,703,185)
2. % of adjusted gross DTAs attributable to the impact of tax planning strategies	0%	0%	0%	0%	0%	0%
3. Net admitted adjusted gross DTAs	\$ 31,299,236	\$ 13,507,587	\$ 30,424,395	\$ 28,210,772	\$ 874,841	\$ (14,703,185)
4. % of net admitted adjusted gross DTAs admitted due to tax planning strategies	0%	0%	0%	0%	0%	0%
(B) Does the Company's tax planning strategies include the use of reinsurance? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>						

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

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

1. Current Income Tax:

Description	(1) December 31, 2013	(2) December 31, 2012	(3) (Col 1-2) Change
(a) Federal	\$ 23,714,191	\$ 21,268,871	\$ 2,445,320
(b) Foreign	--	--	--
(c) Subtotal	\$ 23,714,191	\$ 21,268,871	\$ 2,445,320
(d) Federal income tax on net capital gains	469,802	949,606	(479,804)
(e) Utilization of capital loss carry-forwards	--	--	--
(f) Other	--	--	--
(g) Federal and foreign income taxes incurred	\$ 24,183,993	\$ 22,218,477	\$ 1,965,516

2. Deferred Tax Assets:

Description	(1) December 31, 2013	(2) December 31, 2012	(3) (Col 1-2) Change
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 3,363,964	\$ 3,898,259	\$ (534,295)
(2) Unearned premium reserve	13,849,519	13,376,880	472,639
(3) Policyholder reserves	--	--	--
(4) Investments	--	--	--
(5) Deferred acquisition costs	--	--	--
(6) Policyholder dividends accrual	--	--	--
(7) Fixed assets	769,230	380,316	388,914
(8) Compensation and benefits accrual	6,074,802	6,087,557	(12,755)
(9) Pension accrual	--	--	--
(10) Receivables - nonadmitted	3,291,357	2,956,273	335,084
(11) Net operating loss carry-forward	--	--	--
(12) Tax credit carry-forward	--	--	--
(13) Other - non admitted assets	2,085,622	1,951,266	134,356
(14) Other - bad debt reserve	1,666,196	1,482,383	183,813
(15) Other (including items <5% of total ordinary tax assets)	198,546	291,461	(92,915)
(99) Subtotal	\$ 31,299,236	\$ 30,424,395	\$ 874,841
(b) Statutory valuation allowance adjustment	--	--	--
(c) Nonadmitted	--	--	--
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 31,299,236	\$ 30,424,395	\$ 874,841
(e) Capital			
(1) Investments	13,507,587	28,210,772	(14,703,185)
(2) Net capital loss carry-forward	--	--	--
(3) Real estate	--	--	--
(4) Other (including items <5% of total capital tax assets)	--	--	--
(99) Subtotal	\$ 13,507,587	\$ 28,210,772	\$ (14,703,185)
(f) Statutory valuation allowance adjustment	--	--	--
(g) Nonadmitted	--	--	--
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 13,507,587	\$ 28,210,772	\$ (14,703,185)
(i) Admitted deferred tax assets (2d+2h)	\$ 44,806,823	\$ 58,635,167	\$ (13,828,344)

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities:

Description	(1) December 31, 2013	(2) December 31, 2012	(3) (Col 1-2) Change
(a) Ordinary			
(1) Investments	\$ 28,240	\$ 49,213	\$ (20,973)
(2) Fixed Assets	2,784,320	3,215,367	(431,047)
(3) Deferred and uncollected premium	--	--	--
(4) Policyholder reserves	--	--	--
(5) Other liabilities- prepaid expenses	978,847	817,498	161,349
(6) Other liabilities - salvage and subrogation	214,767	221,512	(6,745)
(7) Other (including items <5% of total ordinary tax liabilities)	109,515	103,805	5,710
(99) Subtotal	4,115,689	4,407,395	(291,706)
(b) Capital			
(1) Investments	34,611,171	33,794,084	817,087
(2) Real estate	--	--	--
(3) Other (including items <5% of total capital tax liabilities)	--	--	--
(99) Subtotal	34,611,171	33,794,084	817,087
(c) Deferred tax liabilities (3a99+3b99)	\$ 38,726,860	\$ 38,201,479	\$ 525,381

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

Description	(1) December 31, 2013	(2) December 31, 2012	(3) (Col 1-2) Change
Net deferred tax asset (liability) (2i-3c)	\$ 6,079,963	\$ 20,433,688	\$ (14,353,725)

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, 2013	December 31, 2012	Change
Total deferred tax assets	\$ 44,806,823	\$ 58,635,167	\$ (13,828,344)
Total deferred tax liabilities	38,726,860	38,201,479	525,381
Net deferred tax asset (liability)	\$ 6,079,963	\$ 20,433,688	\$ (14,353,725)
Tax effect of unrealized gains (losses)			(1,318,926)
Change in net deferred income tax			\$ (13,034,798)

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	\$ 38,909,854	35%
Exempt interest income	(473,143)	-1%
Dividends received deduction	(594,713)	-1%
Impact of nonadmitted assets	(469,441)	0%
Other	(153,766)	0%
Total	\$ 37,218,791	33%
Federal and foreign income taxes incurred	\$ 24,183,993	
Change in net deferred income tax	13,034,798	
Total statutory income taxes	\$ 37,218,791	

E. Operating Loss and Tax Credit Carryforwards

1. The Company has no operating loss or tax credit carryforwards available.

2. The amount of Federal income taxes incurred and available for recoupment by the Company in the event of future net losses is equal to approximately:

Period	Amount
Current tax year:	\$ 24,311,104
First preceding tax year:	\$ 20,437,953

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

3. Protective Tax Deposits

Not applicable

F. Consolidated Federal Income Tax Return

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

NOTES TO FINANCIAL STATEMENTS

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

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

A. Nature of Relationships

The Company is wholly owned by Progressive Casualty Insurance Company ("Casualty"), an insurance affiliate domiciled in Ohio. 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 2013 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

Effective May 15, 2013, the Company terminated its management agreement with Casualty and entered into a joint management services agreement with Casualty. See Note 10.F.

D. Amounts Due to or from Related Parties

The Company reported a \$26,996,000 and \$30,504,711 receivable from parent, subsidiaries, and affiliates at December 31, 2013 and 2012, 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 \$5,768,686 and \$7,229,334 current Federal income tax payable at December 31, 2013 and 2012, respectively. These balances are due to TPC for the Company's Federal income tax liability. The intercompany balances are settled by the end of the following quarter depending on the timing of investment transactions. These transactions are dependent upon market timing, investment needs and overall portfolio strategy as to the timing of such settlement transactions.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

Management, operations and claims services are provided under a joint management services agreement with Casualty. 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.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by Casualty.

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Write-Downs for Impairments of Investments in Affiliates

Not applicable

K. Investment in Foreign Insurance Subsidiary

Not applicable

L. Investment in Downstream Non-Insurance Holding Company

Not applicable

11. Debt

Not applicable

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

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

A. Defined Benefit Plans

Not applicable

B-D. Description of Investment Policies, Fair Value of Plan Assets, Rate of Return Assumptions

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

E. Defined Contribution Plans

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

F. Multiemployer Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS**G. Consolidated / Holding Company Plans**

TPC has a defined contribution pension plan ("401(k) Plan") which covers most employees who are United States residents and have been employed by TPC for at least 30 days. Under this plan, TPC matches up to a maximum of 6% of an employee's eligible compensation contributed to the plan. Employee and TPC matching contributions are invested, at the direction of the employee, in a number of investment options available under the plan, including various mutual funds, a self-directed brokerage option, and an employee stock ownership program within the 401(k) Plan.

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

TPC provides postretirement health and life insurance benefits to all employees who met requirements as to age and length of service at December 31, 1988. There are approximately 120 people who are eligible for these postretirement benefits. TPC's funding policy for these benefits is to contribute annually, to a 501(c)(9) trust, the maximum amount that can be deducted for Federal income tax purposes.

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

TPC's 2003 Incentive Plan provides for the granting of equity-based awards to key members of management. In addition, TPC also grants equity-based awards under the 2010 Equity Incentive Plan.

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

H. Postemployment Benefits and Compensated Absences

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

I. Impact of Medicare Modernization Act on Postretirement Benefits

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

The Company is allocated employee benefit expense based on the 100% pooling reinsurance agreement (see Note 26). The amount of employee benefit expense allocated to the Company was \$2,566,246 and \$2,525,103 in 2013 and 2012, respectively.

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations**1. Outstanding Shares**

The Company has 2,000 shares of \$5,000 par value common stock authorized and 700 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 Casualty in 2014 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 \$86,987,017 in 2014 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 Casualty as follows:

Date Paid	Amount Paid	Dividend Type
December 19, 2013	\$ 60,300,000	Ordinary
December 19, 2013	\$ 119,700,000	Extraordinary
November 12, 2012	\$ 64,000,000	Ordinary
November 12, 2012	\$ 136,000,000	Extraordinary

The extraordinary cash dividends were approved by the Ohio DOI.

7. Mutual Surplus Advances

Not applicable

8. Company Stock Held for Special Purposes

Not applicable

9. Changes in Special Surplus Funds

Not applicable

NOTES TO FINANCIAL STATEMENTS

10. Changes in Unassigned Funds (Surplus)

As of December 31, 2013, 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)	\$ 86,010,975
Nonadmitted assets	(24,383,941)
Provision for reinsurance	--
Total	\$ 61,627,034

The unrealized gain is gross of the applicable deferred tax liability of \$30,033,652.

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, 2013 and 2012, the Company's estimated liability for state guaranty fund and other assessments was \$1,806,208 and \$1,664,231, respectively. The Company did not recognize any premium tax benefit associated with its various assessments.

As of December 31, 2013 and 2012, the Company's estimated liability for various surcharges was \$93,120 and \$179,678, 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 2013 to settle claims related extra contractual obligations ("ECO") or bad faith claims stemming from lawsuits:

Description	Direct
Claims related ECO and bad faith losses paid in 2013	\$ 420,000

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 2013.

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

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

E. Product Warranties

Not applicable

F. All Other Contingencies

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.

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 potentially significant pending cases at December 31, 2013. Unless specifically noted, the Company does not consider a loss from these cases to be probable and is unable to estimate a range of loss, if any, at this time.

As of December 31, 2013, the Company was defending a putative statewide class action lawsuit alleging that the Company improperly steers automobile repair work to certain auto body repair shops and challenging the labor rates the Company pays to auto body repair shops.

As of December 31, 2013, there was a putative class action lawsuit challenging the manner in which the Company grants a discount for anti-theft devices.

15. Leases

Not applicable

NOTES TO FINANCIAL STATEMENTS

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

Not applicable

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

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

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

Not applicable

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

Not applicable

20. Fair Value Measurements

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

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

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

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

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

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

See Note 1, Investment Policies section for further information regarding methods used to determine fair market value. The Company's management evaluated whether the market was distressed or inactive in determining the fair value of the Company's securities 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, management concluded that there was sufficient activity in determining the fair market value of the Company's securities.

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. 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.

Fair Value Measurements at December 31, 2013:

Asset Description	Level 1	Level 2	Level 3	Total
a. Assets on balance sheet at fair value				
Bonds Industrial & Miscellaneous	\$ --	\$ 95,615	\$ --	\$ 95,615
Common stock Industrial & Miscellaneous	144,576,851	--	--	144,576,851
Preferred stock Industrial & Miscellaneous	--	17,700,000	--	17,700,000
Total assets at fair value	\$ 144,576,851	\$ 17,795,615	\$ --	\$ 162,372,466
b. Liabilities on balance sheet at fair value				
Derivative liabilities	\$ --	\$ --	\$ --	\$ --
Total liabilities at fair value	\$ --	\$ --	\$ --	\$ --

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

2. Roll forward of Level 3 Items

Not applicable

3. Policy on Transfers Into and Out of Level 3

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

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

See Note 20.A.1 above.

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

NOTES TO FINANCIAL STATEMENTS**C. Fair Values for all Financial Instruments by Levels 1, 2, and 3**

The table below represents the fair value of all financial instruments at December 31, 2013, however, not all financial instruments are reported at fair value in the Company's financial statements.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Bonds	\$ 523,679,698	\$ 523,944,119	\$ 117,363,419	\$ 406,316,279	\$ --	\$ --
Cash equivalents	299,990	299,990	299,990	--	--	--
Short term investments	136,836	136,836	136,836	--	--	--
Common stock	144,576,851	144,576,851	144,576,851	--	--	--
Preferred stock	37,740,867	26,420,775	--	37,740,867	--	--
Total	\$ 706,434,242	\$ 695,378,571	\$ 262,377,096	\$ 444,057,146	\$ --	\$ --

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**1. Segregated Funds**

At December 31, 2013, securities at the amortized cost of \$3,736,181 were on deposit with various regulatory agencies to meet statutory requirements (see Schedule E, Part 3).

2. Nonadmitted Other Invested Assets

In accordance with reporting and admissibility requirements of SSAP No. 48, Joint Ventures, Partnerships, and Limited Liability Companies and SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, the Company nonadmits its investment in Trussville/Cahaba (see Note 1C).

D. Business Interruption Insurance Recoveries

Not applicable

E. 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, 2013 are as follows:

Description of state transferable ("T") and non-transferable ("NT") tax credits	State	Carrying Value	Unused Amount
Film Tax Credit (NT)	PA	\$ 2,046,000	\$ 2,200,000
Total		\$ 2,046,000	\$ 2,200,000

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

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

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

Type	Total Admitted	Total Nonadmitted
Transferable	\$ --	\$ --
Non-transferable	\$ 2,046,000	\$ --

F. Subprime Mortgage Related Risk Exposure**1. Exposure to Subprime 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 subprime exposure, those securities would be listed in Note 21.F.3.

Management's review of the investment portfolio for securities with direct subprime 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 subprime exposure were also reviewed as part of the OTTI process.

NOTES TO FINANCIAL STATEMENTS

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 subprime mortgage loan disruption, as well as broader credit market events.

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

In 2013, the Company recorded no OTTI write-downs on any securities as a result of direct subprime exposure.

2. Direct Investment in Subprime Mortgage Loans

Not applicable

3. Direct Investment in Securities with Underlying Subprime Exposure

At December 31, 2013, the Company had the following securities with underlying subprime exposure:

Investment Type	Actual Cost	Book Adjusted Carrying Value	Fair Market Value	OTTI Recognized
(a) Residential mortgage-backed securities	\$ 28,841,617	\$ 28,838,480	\$ 29,371,441	\$ --
(b) Commercial mortgage-backed securities	--	--	--	--
(c) Collateralized debt obligations	--	--	--	--
(d) Structured securities	--	--	--	--
(e) Equity investment in SCAs	--	--	--	--
(f) Other assets	--	--	--	--
(g) Total	\$ 28,841,617	\$ 28,838,480	\$ 29,371,441	\$ --

4. Mortgage or Financial Guaranty Subprime Exposure

Not applicable

G. Offsetting and Netting of Assets and Liabilities

Not applicable

H. Joint and Several Liabilities

Not applicable

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

At December 31, 2013 and 2012, the Company reported net admitted premiums and agents' balances in course of collection of \$29,439,310 and \$26,394,451, respectively. Of this amount there were no premiums due from a controlled or controlling person as defined in Florida statute 625.012 (5).

22. Events Subsequent

The Company was not impacted by any subsequent events. Subsequent events have been considered through February 14, 2014 for the statutory statement that was available for issuance by March 1, 2014.

23. Reinsurance

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

At December 31, 2013, 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	\$ 720,572
Total			\$ 720,572

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, 2013.

	Assumed		Ceded		Net	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
(a) Affiliates	\$ 195,734	\$ --	\$ 302,148	\$ --	\$ (106,414)	\$ --
(b) All Other	--	--	238	62	(238)	(62)
(c) Totals	\$ 195,734	\$ --	\$ 302,386	\$ 62	\$ (106,652)	\$ (62)
(d) Direct Unearned Premium Reserve is \$302,386						

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																																																																
I.	Certified Reinsurer Downgraded or Status Subject to Revocation																																																																
	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 \$3,858,960 in 2013, which is 1.5% of the total prior year net unpaid losses and LAE of \$260,501,713. Private passenger auto liability and auto physical damage reserve development was unfavorable due to late emerging losses for accident year 2012. Commercial auto liability reserves developed unfavorably due to originally anticipated severity for accident years 2012 and 2011 increasing by 2.7% and 1.3%, respectively. The LAE reserves developed unfavorably primarily due to unfavorable adjusting and other expense reserve development in private passenger auto liability and auto physical damage.																																																																
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, 2013 and 2012 were as follows:																																																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Company</th> <th style="text-align: center; padding: 2px;">NAIC Code</th> <th style="text-align: center; padding: 2px;">2013 Pool %</th> <th style="text-align: center; padding: 2px;">2012 Pool %</th> </tr> </thead> <tbody> <tr> <td>Progressive Casualty Insurance Company (Lead)</td> <td style="text-align: center; padding: 2px;">24260</td> <td style="text-align: center; padding: 2px;">49.0%</td> <td style="text-align: center; padding: 2px;">49.0%</td> </tr> <tr> <td>Progressive Northern Insurance Company</td> <td style="text-align: center; padding: 2px;">38628</td> <td style="text-align: center; padding: 2px;">12.0</td> <td style="text-align: center; padding: 2px;">12.0</td> </tr> <tr> <td>Progressive Northwestern Insurance Company</td> <td style="text-align: center; padding: 2px;">42919</td> <td style="text-align: center; padding: 2px;">12.0</td> <td style="text-align: center; padding: 2px;">12.0</td> </tr> <tr> <td>Progressive Specialty Insurance Company</td> <td style="text-align: center; padding: 2px;">32786</td> <td style="text-align: center; padding: 2px;">7.0</td> <td style="text-align: center; padding: 2px;">7.0</td> </tr> <tr> <td>Progressive Preferred Insurance Company</td> <td style="text-align: center; padding: 2px;">37834</td> <td style="text-align: center; padding: 2px;">6.0</td> <td style="text-align: center; padding: 2px;">6.0</td> </tr> <tr> <td>Progressive Michigan Insurance Company</td> <td style="text-align: center; padding: 2px;">10187</td> <td style="text-align: center; padding: 2px;">4.0</td> <td style="text-align: center; padding: 2px;">4.0</td> </tr> <tr> <td>Progressive Classic Insurance Company</td> <td style="text-align: center; padding: 2px;">42994</td> <td style="text-align: center; padding: 2px;">3.0</td> <td style="text-align: center; padding: 2px;">3.0</td> </tr> <tr> <td>Progressive American Insurance Company</td> <td style="text-align: center; padding: 2px;">24252</td> <td style="text-align: center; padding: 2px;">2.0</td> <td style="text-align: center; padding: 2px;">2.0</td> </tr> <tr> <td>Progressive Gulf Insurance Company</td> <td style="text-align: center; padding: 2px;">42412</td> <td style="text-align: center; padding: 2px;">2.0</td> <td style="text-align: center; padding: 2px;">2.0</td> </tr> <tr> <td>Progressive Bayside Insurance Company</td> <td style="text-align: center; padding: 2px;">17350</td> <td style="text-align: center; padding: 2px;">1.0</td> <td style="text-align: center; padding: 2px;">1.0</td> </tr> <tr> <td>Progressive Mountain Insurance Company</td> <td style="text-align: center; padding: 2px;">35190</td> <td style="text-align: center; padding: 2px;">1.0</td> <td style="text-align: center; padding: 2px;">1.0</td> </tr> <tr> <td>Progressive Southeastern Insurance Company</td> <td style="text-align: center; padding: 2px;">38784</td> <td style="text-align: center; padding: 2px;">1.0</td> <td style="text-align: center; padding: 2px;">1.0</td> </tr> <tr> <td>Progressive Hawaii Insurance Corp.</td> <td style="text-align: center; padding: 2px;">10067</td> <td style="text-align: center; padding: 2px;">--</td> <td style="text-align: center; padding: 2px;">--</td> </tr> <tr> <td>National Continental Insurance Company</td> <td style="text-align: center; padding: 2px;">10243</td> <td style="text-align: center; padding: 2px;">--</td> <td style="text-align: center; padding: 2px;">--</td> </tr> <tr> <td></td> <td style="text-align: center; padding: 2px;"></td> <td style="text-align: center; padding: 2px;">100.0%</td> <td style="text-align: center; padding: 2px;">100.0%</td> </tr> </tbody> </table>	Company	NAIC Code	2013 Pool %	2012 Pool %	Progressive Casualty Insurance Company (Lead)	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%	
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National Continental Insurance Company	10243	--	--																																																														
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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 due 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.

NOTES TO FINANCIAL STATEMENTS

At December 31, 2013, 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)	\$ 80,011,766	\$ 37,603,567
Progressive Northern Insurance Company	5,672,749	14,298,231
Progressive Northwestern Insurance Company	1,431,873	17,719,527
Progressive Specialty Insurance Company	8,010,731	4,413,396
Progressive Preferred Insurance Company	5,134,131	9,668,048
Progressive Michigan Insurance Company	3,000,192	6,661,525
Progressive Classic Insurance Company	932,218	4,692,928
Progressive American Insurance Company	7,537,862	12,370,809
Progressive Gulf Insurance Company	330,031	3,565,094
Progressive Bayside Insurance Company	87,440	1,279,840
Progressive Mountain Insurance Company	2,619,885	3,814,859
Progressive Southeastern Insurance Company	2,832,167	1,526,801
Progressive Hawaii Insurance Corp.	--	708
National Continental Insurance Company	14,288	--
Total	\$ 117,615,333	\$ 117,615,333

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 December 27, 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, 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, and Casualty's aggregate stop loss reinsurance agreement with National Continental Insurance Company, an insurance affiliate domiciled in New York, for general liability business written on or before November 25, 1985.

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

	December 31,				
	2009	2010	2011	2012	2013
Direct					
Beginning reserves	\$ 14,350	\$ 14,350	\$ 14,350	\$ 14,350	\$ 14,350
Losses and DCC incurred	--	--	--	--	--
Calendar year payments for losses and DCC	--	--	--	--	--
Ending reserves	\$ 14,350	\$ 14,350	\$ 14,350	\$ 14,350	\$ 14,350
Assumed Reinsurance					
Beginning reserves	\$ 425,179	\$ 322,298	\$ 334,130	\$ 226,887	\$ 229,701
Losses and DCC incurred	(65,508)	28,921	(54,487)	10,276	(45,836)
Calendar year payments for losses and DCC	37,373	17,089	52,756	7,462	31,360
Ending reserves	\$ 322,298	\$ 334,130	\$ 226,887	\$ 229,701	\$ 152,505
Net of Ceded Reinsurance					
Beginning reserves	\$ 439,529	\$ 336,648	\$ 348,480	\$ 241,237	\$ 244,051
Losses and DCC incurred	(65,508)	28,921	(54,487)	10,276	(45,836)
Calendar year payments for losses and DCC	37,373	17,089	52,756	7,462	31,360
Ending reserves	\$ 336,648	\$ 348,480	\$ 241,237	\$ 244,051	\$ 166,855

NOTES TO FINANCIAL STATEMENTS

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

Direct	\$ --
Assumed	106,837
Net	\$ 106,837

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

Direct	\$ 4,900
Assumed	--
Net	\$ 4,900

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

	December 31,				
	2009	2010	2011	2012	2013
Direct					
Beginning reserves	\$ 3,577	\$ 3,577	\$ 3,577	\$ 3,577	\$ 3,577
Losses and DCC incurred	--	--	--	--	--
Calendar year payments for losses and DCC	--	--	--	--	--
Ending reserves	\$ 3,577	\$ 3,577	\$ 3,577	\$ 3,577	\$ 3,577
Assumed Reinsurance					
Beginning reserves	\$ 52,768	\$ 234,666	\$ 206,723	\$ 246,930	\$ 357,328
Losses and DCC incurred	186,064	(23,699)	39,881	109,969	212,312
Calendar year payments for losses and DCC	4,166	4,244	(326)	(429)	3,968
Ending reserves	\$ 234,666	\$ 206,723	\$ 246,930	\$ 357,328	\$ 565,672
Net of Ceded Reinsurance					
Beginning reserves	\$ 56,345	\$ 238,243	\$ 210,300	\$ 250,507	\$ 360,905
Losses and DCC incurred	186,064	(23,699)	39,881	109,969	212,312
Calendar year payments for losses and DCC	4,166	4,244	(326)	(429)	3,968
Ending reserves	\$ 238,243	\$ 210,300	\$ 250,507	\$ 360,905	\$ 569,249

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

Direct	\$ --
Assumed	222,281
Net	\$ 222,281

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

Direct	\$ 3,157
Assumed	300,807
Net	\$ 303,964

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Insurance

Not applicable

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1	Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]												
If yes, complete Schedule Y, Parts 1, 1A and 2.															
1.2	If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] N/A [<input type="checkbox"/>]												
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 [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
2.2	If yes, date of change:														
3.1	State as of what date the latest financial examination of the reporting entity was made or is being made.	12/31/2012													
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.	12/31/2012													
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).	08/06/2013													
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 [<input type="checkbox"/>]	No [<input type="checkbox"/>] N/A [<input checked="" type="checkbox"/>]												
3.6	Have all of the recommendations within the latest financial examination report been complied with?	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>] N/A [<input type="checkbox"/>]												
4.1	During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:														
4.1.1	sales of new business?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
4.1.2	renewals?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
4.2	During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:														
4.2.1	sales of new business?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
4.2.2	renewals?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
5.1	Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?														
5.2	If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 33.33%;">1 Name of Entity</th> <th style="text-align: center; width: 33.33%;">2 NAIC Co. Code</th> <th style="text-align: center; width: 33.33%;">3 State of Domicile</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		1 Name of Entity	2 NAIC Co. Code	3 State of Domicile									
1 Name of Entity	2 NAIC Co. Code	3 State of Domicile													
6.1	Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
6.2	If yes, give full information:														
7.1	Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
7.2	If yes,														
7.2.1	State the percentage of foreign control%													
7.2.2	State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 50%;">1 Nationality</th> <th style="text-align: center; width: 50%;">2 Type of Entity</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>		1 Nationality	2 Type of Entity											
1 Nationality	2 Type of Entity														
8.1	Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
8.2	If response to 8.1 is yes, please identify the name of the bank holding company.														
8.3	Is the company affiliated with one or more banks, thrifts or securities firms?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
8.4	If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 16.66%;">1 Affiliate Name</th> <th style="text-align: center; width: 16.66%;">2 Location (City, State)</th> <th style="text-align: center; width: 16.66%;">3 FRB</th> <th style="text-align: center; width: 16.66%;">4 OCC</th> <th style="text-align: center; width: 16.66%;">5 FDIC</th> <th style="text-align: center; width: 16.66%;">6 SEC</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC							
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 [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
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 [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]												
10.4	If the response to 10.3 is yes, provide information related to this exemption:														

PROGRESSIVE SPECIALTY INSURANCE COMPANY

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

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. TRAICOFF, FCAS, MAAA CORPORATE ACTUARY
 6300 WILSON MILLS ROAD MAYFIELD VILLAGE, OH 44143-2182

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
 PLUM CREEK TIMBER CO INC, PUBLIC STORAGE, VORNADO REALTY TRUST

12.12 Number of parcels involved0
 12.13 Total book/adjusted carrying value \$.....2,260,745
 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 [] No [X]

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

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

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

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance 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

PROGRESSIVE SPECIALTY INSURANCE COMPANY**PART 1 - COMMON INTERROGATORIES - FINANCIAL**

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. \$.....26,996,000

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.

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)

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

Yes [X] No []

- 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 \$.....3,736,181
- 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?

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]

PROGRESSIVE SPECIALTY INSURANCE COMPANY**PART 1 - COMMON INTERROGATORIES - INVESTMENT**

29.2 If yes, complete the following schedule:

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

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

1	2	3	4
Name of Mutual Fund (from the above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to Holding	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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	524,380,947	524,116,524	(264,423)
30.2 Preferred stocks.....	26,420,775	37,740,867	11,320,092
30.3 Totals.....	550,801,722	561,857,391	11,055,669

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 [] No [X]

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 []

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.

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? \$.....53,871

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	2
Name	Amount Paid

INDEPENDENT STATISTICAL SVCS 53,871

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

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

NONE

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

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

NONE

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

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only.

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

1.31 Reason for excluding:

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

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

1.6 Individual policies:

Most current three years:

1.61 Total premium earned
1.62 Total incurred claims
1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned
1.65 Total incurred claims
1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned
1.72 Total incurred claims
1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned
1.75 Total incurred claims
1.76 Number of covered lives

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....	\$.....0	\$.....0
2.2 Premium Denominator.....	\$.....658,777,947	\$.....623,470,798
2.3 Premium Ratio (2.1/2.2).....	.00	.00
2.4 Reserve Numerator.....	\$.....0	\$.....0
2.5 Reserve Denominator.....	\$.....475,335,868	\$.....454,597,269
2.6 Reserve Ratio (2.4/2.5).....	.00	.00

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 5% 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?
THE COMPANY'S ESTIMATED PML IS 5% 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 noncancelable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

Yes [] No [X]

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

- (a) The written premium ceded to the reinsurer by the reporting entity or its 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
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

Yes [] No [X]

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

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

11.2 If yes, give full information:

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

12.11 Unpaid losses	\$.....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): \$ 700,000

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 2013	2 2012	3 2011	4 2010	5 2009
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).....	1,086,068,204	1,010,794,561	941,982,415	876,626,995	792,510,880
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	607,107,958	572,373,844	520,937,898	491,079,707	471,519,434
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,992,881	1,965,568	1,876,485	1,880,146	1,893,107
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	289	2,936	5,923	508	204,121
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	1,696,169,332	1,585,136,910	1,464,802,720	1,369,587,356	1,266,127,542
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).....	425,559,801	406,404,325	379,612,757	360,130,641	348,284,534
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	237,710,650	227,049,484	211,522,046	210,164,326	215,286,410
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,123,653	1,965,568	1,876,485	1,880,146	1,893,107
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	289	590	1,231	508	204,121
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	665,394,393	635,419,968	593,012,518	572,175,621	565,668,172
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	37,828,538	20,459,766	33,813,561	38,813,779	45,488,339
14. Net investment gain (loss) (Line 11).....	61,497,165	49,149,291	45,432,556	50,672,024	49,576,331
15. Total other income (Line 15).....	11,375,505	12,007,310	12,033,860	10,925,292	7,165,366
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	23,714,191	21,268,871	27,257,170	29,926,772	31,553,125
18. Net income (Line 20).....	86,987,017	60,347,496	64,022,807	70,484,323	70,676,911
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	941,276,707	994,299,409	1,065,769,405	1,275,310,314	1,189,722,596
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	29,439,310	26,394,451	19,385,073	12,145,636	15,899,031
20.2 Deferred and not yet due (Line 15.2).....	168,850,883	155,965,587	141,511,047	124,841,562	107,637,124
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	555,052,435	526,978,216	491,031,409	474,957,472	469,851,264
22. Losses (Page 3, Line 1).....	231,068,338	217,147,501	199,877,709	195,454,359	194,116,427
23. Loss adjustment expenses (Page 3, Line 3).....	45,220,509	43,354,212	42,157,315	42,640,274	43,208,963
24. Unearned premiums (Page 3, Line 9).....	195,733,501	189,117,054	177,167,886	169,191,997	164,006,167
25. Capital paid up (Page 3, Lines 30 & 31).....	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26. Surplus as regards policyholders (Page 3, Line 37).....	386,224,272	467,321,193	574,737,996	800,352,842	719,871,332
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	61,371,938	71,278,229	62,996,935	72,838,408	61,645,262
Risk-Based Capital Analysis					
28. Total adjusted capital.....	386,224,272	467,321,193	574,737,996	800,352,842	719,871,332
29. Authorized control level risk-based capital.....	26,305,786	23,171,733	21,938,667	21,248,481	20,946,313
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).....	75.3	72.7	74.4	78.6	80.9
31. Stocks (Lines 2.1 & 2.2).....	24.6	25.8	25.6	19.5	18.2
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).....	0.1	1.5	0.0	1.9	0.0
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					XXX
37. Other invested assets (Line 8).....					1.0
38. Receivable for securities (Line 9).....			0.0		
39. Securities lending reinvested collateral assets (Line 10).....					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.....	9,021,042	9,210,431	9,229,720	9,529,009	9,608,297
48. Total of above lines 42 to 47.....	9,021,042	9,210,431	9,229,720	9,529,009	9,608,297
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).....	2.3	2.0	1.6	1.2	1.3

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2013	2 2012	3 2011	4 2010	5 2009
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	2,448,145	10,382,633	(10,684,473)	12,838,218	39,195,632
52. Dividends to stockholders (Line 35).....	(180,000,000)	(200,000,000)	(275,000,000)	.....	.....
53. Change in surplus as regards policyholders for the year (Line 38).....	(81,096,921)	(107,416,803)	(225,614,846)	80,481,510	130,486,397
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).....	633,694,914	578,475,101	531,484,966	484,863,421	472,427,635
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	386,481,544	370,224,308	344,835,739	288,235,488	271,508,803
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	939,800	1,480,516	1,141,429	952,477	1,101,016
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	90,292	144,737	103,704	36,652	71,859
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	44,456	24,387	58,860	37,210	50,872
59. Total (Line 35).....	1,021,251,006	950,349,048	877,624,699	774,125,249	745,160,184
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).....	248,544,104	238,870,682	220,610,277	213,875,754	214,796,225
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	149,670,000	146,113,018	134,050,083	121,356,140	122,924,935
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	934,455	1,480,516	1,141,429	952,477	1,101,016
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	90,292	144,737	103,704	36,652	71,859
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	44,456	24,387	58,860	37,210	50,872
65. Total (Line 35).....	399,283,307	386,633,339	355,964,354	336,258,234	338,944,906
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).....	62.7	64.8	61.6	59.5	59.2
68. Loss expenses incurred (Line 3).....	10.2	10.3	10.4	10.8	10.9
69. Other underwriting expenses incurred (Line 4).....	21.3	21.6	22.3	22.8	21.9
70. Net underwriting gain (loss) (Line 8).....	5.7	3.3	5.8	6.8	8.0
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).....	19.4	19.3	19.9	20.7	20.8
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	72.9	75.1	72.0	70.3	70.1
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).....	172.3	136.0	103.2	71.5	78.6
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).....	3,046	2,223	(4,082)	(9,096)	(4,258)
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100).....	0.7	0.4	(0.5)	(1.3)	(0.7)
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).....	4,143	(6,249)	(13,364)	(8,114)	(2,735)
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).....	0.7	(0.8)	(1.9)	(1.4)	(0.4)

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

Yes No

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	.....408	.....313	.....37	.....5	.....55	.....	.....61	.....182	....XXX.....
2. 2004.....	....734,271	.....12,319	....721,953	....379,173	....9,877	....14,195	....254	....74,641	....740	....27,090	....457,137	....XXX.....
3. 2005.....	....706,482	.....12,138	....694,344	....396,319	....9,171	....13,018	....331	....76,091	....582	....31,736	....475,345	....XXX.....
4. 2006.....	....667,701	.....10,792	....656,908	....373,000	....9,658	....11,187	....394	....70,367	....395	....31,572	....444,109	....XXX.....
5. 2007.....	....606,781	.....8,948	....597,833	....353,463	....4,750	....9,378	....81	....62,919	....69	....32,862	....420,859	....XXX.....
6. 2008.....	....578,227	.....7,283	....570,944	....349,624	....4,153	....9,059	....211	....60,345	....105	....30,266	....414,559	....XXX.....
7. 2009.....	....579,230	.....7,706	....571,524	....335,872	....4,790	....8,716	....304	....52,355	....95	....28,353	....391,753	....XXX.....
8. 2010.....	....575,661	.....8,671	....566,990	....339,998	....4,549	....8,275	....133	....51,545	....15	....30,302	....395,122	....XXX.....
9. 2011.....	....592,974	.....7,938	....585,037	....349,645	....3,331	....5,881	....50	....50,329	....0	....33,070	....402,473	....XXX.....
10. 2012.....	....629,947	.....6,476	....623,471	....354,248	....2,460	....3,269	....13	....49,680	.....	....35,994	....404,724	....XXX.....
11. 2013.....	....665,304	.....6,526	....658,778	....273,151	....1,241	....746	....1	....41,647	.....	....23,665	....314,303	....XXX.....
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....3,504,901	....54,292	....83,761	....1,778	....589,974	....2,000	....304,972	....4,120,566	....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	....6,378	....5,740	....419	.....	....190	....19	.....	.....	.....67	.....	.....	.....1,296	....XXX.....
2. 2004.....	....3,658	....3,533	....7	.....	....23	....1	.....	.....	.....46	.....	.....	....200	....XXX.....
3. 2005.....	....4,285	....3,829	....7	.....	....41	....0	.....	.....	.....54	.....	.....	....558	....XXX.....
4. 2006.....	....4,253	....3,832	....570	....561	....64	....0	....1	....1	....60	.....	.....	....554	....XXX.....
5. 2007.....	....4,475	....3,841	....1,205	....1,092	....113	....1	....114	....96	....84	.....	.....	....962	....XXX.....
6. 2008.....	....6,049	....4,456	....1,021	....890	....241	....1	....100	....85	....127	.....	.....	....2,106	....XXX.....
7. 2009.....	....6,370	....2,942	....897	....807	....538	....4	....157	....133	....243	.....	.....	....4,319	....XXX.....
8. 2010.....	....11,088	....2,807	....3,053	....602	....1,270	....7	....694	....139	....841	.....	....1,413	....13,391	....XXX.....
9. 2011.....	....21,880	....2,993	....4,100	....903	....3,141	....7	....904	....85	....1,780	.....	....1,218	....27,816	....XXX.....
10. 2012.....	....47,017	....3,694	....8,484	....335	....5,491	....13	....1,554	....52	....4,376	.....	....2,688	....62,830	....XXX.....
11. 2013.....	....108,990	....3,132	....34,780	....1,931	....7,112	....8	....2,965	....11	....13,492	.....	....14,630	....162,257	....XXX.....
12. Totals.....	....224,444	....40,799	....54,544	....7,120	....18,224	....62	....6,489	....601	....21,170	....0	....19,948	....276,289	....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.....	....1,057	....239
2. 2004.....	....471,743	....14,406	....457,337	....64.2	....116.9	....63.3	.....	.....	....7.00	....132	....68
3. 2005.....	....489,816	....13,913	....475,903	....69.3	....114.6	....68.5	.....	.....	....7.00	....463	....95
4. 2006.....	....459,502	....14,840	....444,662	....68.8	....137.5	....67.7	.....	.....	....7.00	....429	....125
5. 2007.....	....431,751	....9,930	....421,821	....71.2	....111.0	....70.6	.....	.....	....7.00	....748	....214
6. 2008.....	....426,566	....9,901	....416,665	....73.8	....135.9	....73.0	.....	.....	....7.00	....1,724	....382
7. 2009.....	....405,148	....9,075	....396,072	....69.9	....117.8	....69.3	.....	.....	....7.00	....3,519	....800
8. 2010.....	....416,764	....8,251	....408,513	....72.4	....95.2	....72.0	.....	.....	....7.00	....10,733	....2,658
9. 2011.....	....437,659	....7,369	....430,289	....73.8	....92.8	....73.5	.....	.....	....7.00	....22,084	....5,732
10. 2012.....	....474,120	....6,566	....467,554	....75.3	....101.4	....75.0	.....	.....	....7.00	....51,473	....11,357
11. 2013.....	....482,883	....6,323	....476,560	....72.6	....96.9	....72.3	.....	.....	....7.00	....138,706	....23,551
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....231,068	....45,220

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 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013	11 One Year	12 Two Year
1. Prior.....	106,814	100,617	97,394	98,181	97,991	97,504	97,730	97,467	97,609	97,731	122	263
2. 2004.....	394,834	386,730	385,409	385,190	383,280	383,333	383,403	383,316	383,373	383,390	17	75
3. 2005.....	XXX.....	405,008	400,351	402,671	402,806	400,193	399,582	399,815	399,940	400,340	399	525
4. 2006.....	XXX.....	XXX.....	374,851	376,122	379,081	377,308	374,875	374,767	374,601	374,630	29	(137)
5. 2007.....	XXX.....	XXX.....	XXX.....	362,277	362,671	363,369	361,668	358,668	358,681	358,887	206	219
6. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	358,789	358,653	359,246	357,292	355,616	356,298	682	(994)
7. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	350,827	345,588	346,498	344,961	343,570	(1,391)	(2,929)
8. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	354,561	354,747	355,622	356,142	520	1,395
9. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	372,454	376,844	378,181	1,337	5,727	
10. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	412,371	413,497	1,126	XXX.....
11. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	421,421	XXX.....	XXX.....	
										12. Totals.....	3,046	4,143

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013		
1. Prior.....	000.....	54,572	77,679	88,295	93,103	94,531	95,536	96,052	96,375	96,502	XXX.....	XXX.....
2. 2004.....	249,367	325,828	353,614	369,734	377,986	380,899	382,287	382,835	383,151	383,236	XXX.....	XXX.....
3. 2005.....	XXX.....	268,608	337,999	369,752	387,868	395,266	397,961	398,805	399,474	399,836	XXX.....	XXX.....
4. 2006.....	XXX.....	XXX.....	254,809	321,311	349,527	364,544	370,367	372,781	373,703	374,136	XXX.....	XXX.....
5. 2007.....	XXX.....	XXX.....	XXX.....	246,899	311,414	337,304	349,761	355,009	357,004	358,010	XXX.....	XXX.....
6. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	241,481	309,419	333,264	345,678	351,722	354,319	XXX.....	XXX.....
7. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	230,657	295,252	320,356	333,222	339,494	XXX.....	XXX.....
8. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	233,388	301,403	329,477	343,591	XXX.....	XXX.....
9. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	249,970	322,825	352,145	XXX.....	XXX.....	
10. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	272,559	355,044	XXX.....	XXX.....	
11. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	272,656	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 2004	2 2005	3 2006	4 2007	5 2008	6 2009	7 2010	8 2011	9 2012	10 2013
1. Prior.....	17,605	5,719	1,241	673	.615	692	.655	501	.502	419
2. 2004.....	36,459	10,991	4,638	1,532	.64	.47	.48	.17	.20	.7
3. 2005.....	XXX.....	31,788	9,878	4,426	2,112	.63	.55	.44	.20	.7
4. 2006.....	XXX.....	XXX.....	29,379	9,165	4,585	2,192	.85	.53	.39	.9
5. 2007.....	XXX.....	XXX.....	XXX.....	29,307	8,637	4,286	2,432	.77	.43	131
6. 2008.....	XXX.....	XXX.....	XXX.....	XXX.....	31,624	8,896	4,779	2,323	.72	146
7. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	29,096	9,158	5,047	.2,840	114
8. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	26,736	9,142	.4,169	3,006
9. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	27,197	.8,959	4,016
10. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	33,332	9,652
11. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	35,803

PROGRESSIVE SPECIALTY INSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....	AL L.....	144,202,593	142,861,304		88,305,301	92,663,719	53,055,299	2,764,383	
2. Alaska.....	AK L.....	24,747,487	25,180,183		15,214,803	14,408,847	9,573,448	404,538	
3. Arizona.....	AZ L.....								
4. Arkansas.....	AR L.....	248,011	260,703		155,616	186,451	78,847	5,314	
5. California.....	CA L.....				(529)	(529)			
6. Colorado.....	CO L.....	1,675,796	1,693,948		1,133,559	765,643	406,474	21,303	
7. Connecticut.....	CT L.....								
8. Delaware.....	DE L.....								
9. District of Columbia.....	DC L.....								
10. Florida.....	FL L.....				(5,727)	(5,727)			
11. Georgia.....	GA L.....								
12. Hawaii.....	HI L.....	1,496,801	1,556,819		1,270,273	712,171	439,768	10,936	
13. Idaho.....	ID L.....								
14. Illinois.....	IL L.....				(1,879)	(1,879)			
15. Indiana.....	IN L.....				(4,910)	(4,910)			
16. Iowa.....	IA L.....								
17. Kansas.....	KS L.....								
18. Kentucky.....	KY L.....					(2,687)			
19. Louisiana.....	LA N.....								
20. Maine.....	ME L.....								
21. Maryland.....	MD L.....	48,549,106	46,755,363		26,106,573	27,689,792	17,367,213	562,114	
22. Massachusetts.....	MA N.....								
23. Michigan.....	MI L.....								
24. Minnesota.....	MN L.....	12,123,087	12,664,620		6,286,115	6,229,373	3,701,977	144,666	
25. Mississippi.....	MS L.....								
26. Missouri.....	MO L.....				(796)	(3,248)	75		
27. Montana.....	MT L.....	254,205	262,792		264,768	259,049	147,368	4,233	
28. Nebraska.....	NE L.....								
29. Nevada.....	NV L.....	1,721,459	1,764,432		987,373	943,629	487,224	26,768	
30. New Hampshire.....	NH N.....								
31. New Jersey.....	NJ L.....								
32. New Mexico.....	NM L.....				(144)	(144)			
33. New York.....	NY L.....	169,590,494	162,194,707		95,603,000	107,827,577	58,370,166	6,573,947	
34. North Carolina.....	NC N.....								
35. North Dakota.....	ND L.....								
36. Ohio.....	OH L.....	375,032,059	368,380,163		237,518,142	238,381,598	110,240,134	10,732,309	
37. Oklahoma.....	OK L.....								
38. Oregon.....	OR L.....	52,846	52,373		21,708	(26,446)	(364)	1,585	
39. Pennsylvania.....	PA L.....	245,307,042	239,176,375		145,023,032	150,680,192	83,414,175	5,650,067	
40. Rhode Island.....	RI L.....								
41. South Carolina.....	SC L.....				(533)	(533)			
42. South Dakota.....	SD L.....								
43. Tennessee.....	TN L.....				(3,804)	(3,804)			
44. Texas.....	TX L.....								
45. Utah.....	UT L.....								
46. Vermont.....	VT L.....	1,477,046	1,531,286		1,145,523	1,268,197	838,817	29,912	
47. Virginia.....	VA L.....	4,296,906	4,543,624		2,954,210	2,160,981	1,656,029	68,091	
48. Washington.....	WA L.....				(3,970)	(3,970)			
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) 46	1,030,774,938	1,008,878,692	0	621,967,704	644,123,342	339,776,650	27,000,166	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

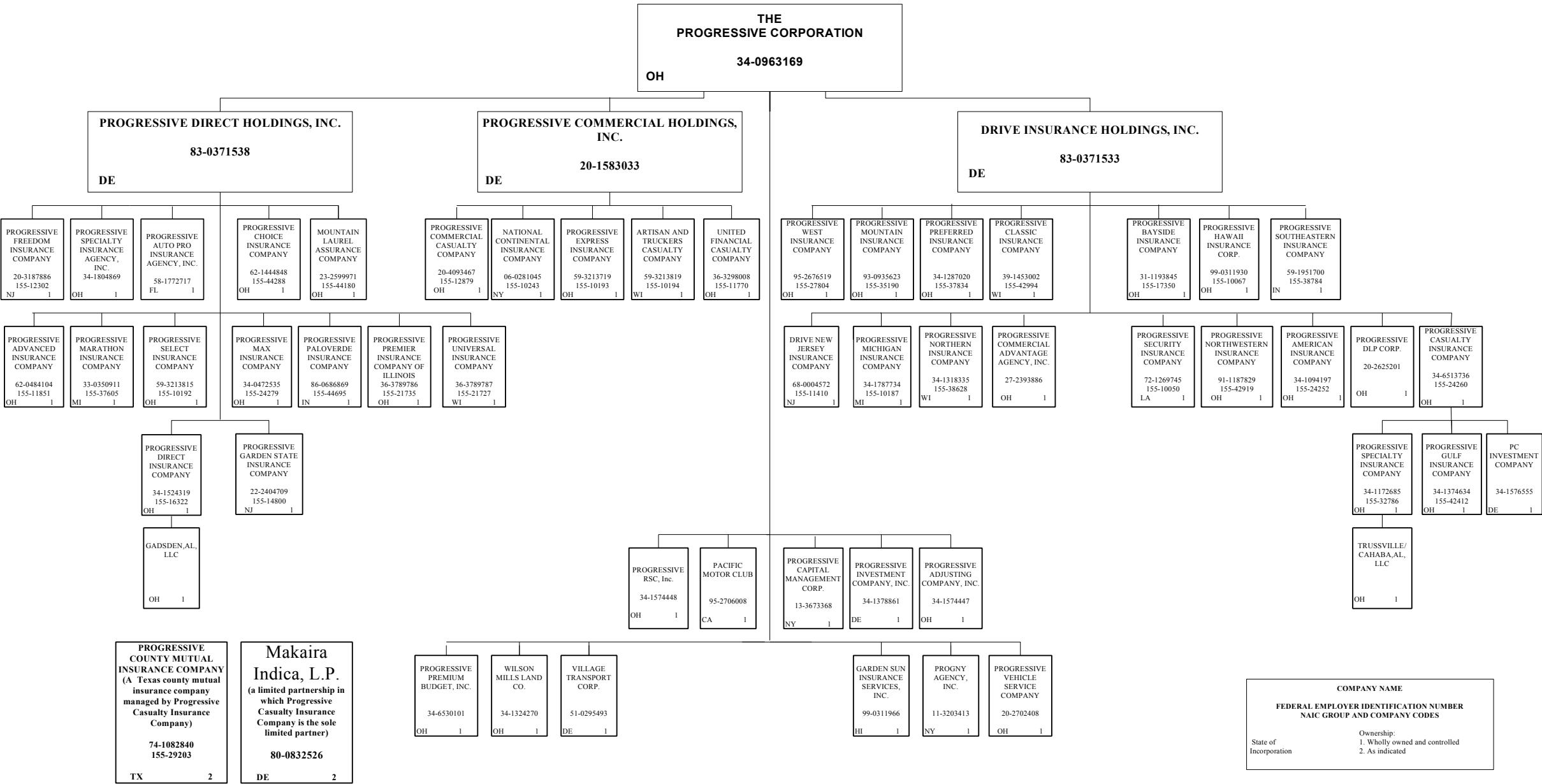
(a) Insert the number of "L" responses except for Canada and Other Alien.

(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****AS OF 12/31/13**

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