



Statement for June 30, 2014 of the **PROGRESSIVE GULF INSURANCE COMPANY**  
**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds.....	149,405,673		149,405,673	180,910,621
2. Stocks:				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate:				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate:				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....0), cash equivalents (\$....34,949,812) and short-term investments (\$.....0).....	34,949,812		34,949,812	
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....			0	
9. Receivables for securities.....			0	
10. Securities lending reinvested collateral assets.....			0	
11. Aggregate write-ins for invested assets.....	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	184,355,485	0	184,355,485	180,910,621
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	717,065		717,065	922,457
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	10,812,661	1,670,141	9,142,520	5,602,635
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	57,755,241		57,755,241	56,530,291
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	1,969,641		1,969,641	330,031
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.....	7,195,003	145,070	7,049,933	6,985,587
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.....	11,419,733		11,419,733	5,980,562
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	128,803	128,803	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	274,353,632	1,944,014	272,409,618	257,262,184
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	274,353,632	1,944,014	272,409,618	257,262,184

**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. PREPAID EXPENSES.....	120,519	120,519	0	
2502. MISCELLANEOUS OTHER ASSETS.....	8,284	8,284	0	
2503. ....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	128,803	128,803	0	0

**PROGRESSIVE GULF INSURANCE COMPANY**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$....25,195,077).....	66,729,626	66,019,525
2. Reinsurance payable on paid losses and loss adjustment expenses.....	2,012,168	946,724
3. Loss adjustment expenses.....	13,414,228	12,920,145
4. Commissions payable, contingent commissions and other similar charges.....	157,016	254,629
5. Other expenses (excluding taxes, licenses and fees).....	8,071,896	6,892,686
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	1,275,476	1,361,868
7.1 Current federal and foreign income taxes (including \$....92,405 on realized capital gains (losses)).....	3,381,648	1,508,636
7.2 Net deferred tax liability.....		
8. Borrowed money \$.....0 and interest thereon \$.....0.....		
9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$....99,856,867 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).....	59,479,580	55,923,857
10. Advance premium.....	2,043,602	1,425,770
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	25,753	21,551
13. Funds held by company under reinsurance treaties.....		
14. Amounts withheld or retained by company for account of others.....		
15. Remittances and items not allocated.....		
16. Provision for reinsurance (including \$.....0 certified).....		
17. Net adjustments in assets and liabilities due to foreign exchange rates.....		
18. Drafts outstanding.....	12,428,801	13,691,227
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.....	601,448	572,213
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	169,621,242	161,538,831
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	169,621,242	161,538,831
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	1,500,000	1,500,000
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.....	3,188,612	3,188,612
35. Unassigned funds (surplus).....	98,099,764	91,034,741
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).....	102,788,376	95,723,353
38. Totals (Page 2, Line 28, Col. 3).....	272,409,618	257,262,184

**DETAILS OF WRITE-INS**

2501. STATE PLAN LIABILITY.....	312,263	302,327
2502. ESCHEATABLE PROPERTY.....	261,236	211,235
2503. OTHER LIABILITIES.....	23,951	56,326
2598. Summary of remaining write-ins for Line 25 from overflow page.....	3,998	2,325
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	601,448	572,213
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

Statement for June 30, 2014 of the **PROGRESSIVE GULF INSURANCE COMPANY**  
**STATEMENT OF INCOME**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
<b>UNDERWRITING INCOME</b>			
1. Premiums earned:			
1.1 Direct..... (written \$....151,520,102).....	148,641,603	147,261,290	296,603,754
1.2 Assumed..... (written \$....100,472,768).....	96,917,045	93,290,444	188,222,270
1.3 Ceded..... (written \$....151,520,102).....	148,641,603	147,261,290	296,603,754
1.4 Net..... (written \$....100,472,768).....	96,917,045	93,290,444	188,222,270
DEDUCTIONS:			
2. Losses incurred (current accident year \$....59,849,739):			
2.1 Direct.....	92,595,575	107,287,568	199,110,260
2.2 Assumed.....	60,210,319	58,009,926	118,058,327
2.3 Ceded.....	92,595,575	107,287,568	199,110,260
2.4 Net.....	60,210,319	58,009,926	118,058,327
3. Loss adjustment expenses incurred.....	9,993,276	9,414,859	19,204,231
4. Other underwriting expenses incurred.....	20,844,743	20,399,802	40,150,569
5. Aggregate write-ins for underwriting deductions.....	0	0	990
6. Total underwriting deductions (Lines 2 through 5).....	91,048,338	87,824,587	177,414,117
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	5,868,707	5,465,857	10,808,153
<b>INVESTMENT INCOME</b>			
9. Net investment income earned.....	2,447,335	3,148,826	6,241,133
10. Net realized capital gains (losses) less capital gains tax of \$....92,405.....	292,253	135,210	41,688
11. Net investment gain (loss) (Lines 9 + 10).....	2,739,588	3,284,036	6,282,821
<b>OTHER INCOME</b>			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$....123,852 amount charged off \$....1,875,994).....	(1,752,142)	(1,549,426)	(3,203,082)
13. Finance and service charges not included in premiums.....	3,060,422	3,160,345	6,332,074
14. Aggregate write-ins for miscellaneous income.....	83,508	38,972	191,602
15. Total other income (Lines 12 through 14).....	1,391,788	1,649,891	3,320,594
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	10,000,083	10,399,784	20,411,568
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).....	10,000,083	10,399,784	20,411,568
19. Federal and foreign income taxes incurred.....	3,289,243	3,774,786	7,006,871
20. Net income (Line 18 minus Line 19) (to Line 22).....	6,710,840	6,624,998	13,404,697
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
21. Surplus as regards policyholders, December 31 prior year.....	95,723,353	127,010,073	127,010,073
22. Net income (from Line 20).....	6,710,840	6,624,998	13,404,697
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(8,679).....	(16,118)	116,213	166,183
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	.8,110	351,616	337,957
27. Change in nonadmitted assets.....	362,191	229,901	(195,557)
28. Change in provision for reinsurance.....			
29. Change in surplus notes.....			
30. Surplus (contributed to) withdrawn from protected cells.....			
31. Cumulative effect of changes in accounting principles.....			
32. Capital changes:			
32.1 Paid in.....			
32.2 Transferred from surplus (Stock Dividend).....			
32.3 Transferred to surplus.....			
33. Surplus adjustments:			
33.1 Paid in.....			
33.2 Transferred to capital (Stock Dividend).....			
33.3 Transferred from capital.....			
34. Net remittances from or (to) Home Office.....			
35. Dividends to stockholders.....			(45,000,000)
36. Change in treasury stock.....	0	0	0
37. Aggregate write-ins for gains and losses in surplus.....	7,065,023	7,322,728	(31,286,720)
38. Change in surplus as regards policyholders (Lines 22 through 37).....	102,788,376	134,332,801	95,723,353
<b>DETAILS OF WRITE-INS</b>			
0501. LOSS ON COMMUTATION.....			990
0502. .....			
0503. .....			
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	0	990
1401. MISCELLANEOUS INCOME.....	75,372	30,156	174,508
1402. SERVICE BUSINESS REVENUE.....	6,019	4,618	10,548
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	2,117	4,198	6,546
1498. Summary of remaining write-ins for Line 14 from overflow page.....	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	83,508	38,972	191,602
3701. .....			
3702. .....			
3703. .....			
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0	0

Statement for June 30, 2014 of the **PROGRESSIVE GULF INSURANCE COMPANY**  
**CASH FLOW**

	1 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
<b>CASH FROM OPERATIONS</b>			
1. Premiums collected net of reinsurance.....	96,720,068	91,607,119	188,826,371
2. Net investment income.....	2,514,902	3,688,193	7,220,045
3. Miscellaneous income.....	1,313,795	1,578,637	3,342,790
4. Total (Lines 1 through 3).....	100,548,765	96,873,949	199,389,206
5. Benefit and loss related payments.....	60,074,384	55,536,401	113,529,014
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	29,348,731	28,373,053	57,764,400
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$....(289,859) tax on capital gains (losses).....	1,508,636	2,565,050	7,651,520
10. Total (Lines 5 through 9).....	90,931,751	86,474,504	178,944,934
11. Net cash from operations (Line 4 minus Line 10).....	9,617,014	10,399,445	20,444,272
<b>CASH FROM INVESTMENTS</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	32,802,635	20,143,012	65,577,845
12.2 Stocks.....			
12.3 Mortgage loans.....			
12.4 Real estate.....			
12.5 Other invested assets.....			
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....			
12.7 Miscellaneous proceeds.....	969,831		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	32,802,635	21,112,843	65,577,845
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	.800,000	41,403,728	48,554,728
13.2 Stocks.....			
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).....	.800,000	41,403,728	48,554,728
14. Net increase or (decrease) in contract loans and premium notes.....			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....	32,002,635	(20,290,885)	17,023,117
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes.....			
16.2 Capital and paid in surplus, less treasury stock.....			
16.3 Borrowed funds.....			
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....			
16.5 Dividends to stockholders.....			45,000,000
16.6 Other cash provided (applied).....	(6,669,837)	4,491,542	1,232,768
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	(6,669,837)	4,491,542	(43,767,232)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	34,949,812	(5,399,898)	(6,299,843)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	(0)	6,299,843	6,299,843
19.2 End of period (Line 18 plus Line 19.1).....	34,949,812	899,945	(0)

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

20,0001 .....	.....	.....	.....
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**NOTES TO FINANCIAL STATEMENTS**

## 1. Summary of Significant Accounting Policies

## A. Accounting Practices

The accompanying statutory-basis financial statements of Progressive Gulf 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	June 30, 2014	December 31, 2013
<b>Net income</b>			
(1) Net income, state basis	OH	\$ 6,710,840	\$ 13,404,697
(2) Effect of state prescribed practices		--	--
(3) Effect of state permitted practices		--	--
(4) Net income, NAIC SAP basis (1-2-3=4)	OH	\$ 6,710,840	\$ 13,404,697
<b>Surplus</b>			
(5) Policyholders' surplus, state basis	OH	\$ 102,788,376	\$ 95,723,353
(6) Effect of state prescribed practices		--	--
(7) Effect of state permitted practices		--	--
(8) Policyholders' surplus, NAIC SAP basis(5-6-7=8)	OH	\$ 102,788,376	\$ 95,723,353

## 2. Accounting Changes and Corrections of Errors

No significant change

## 3. Business Combinations and Goodwill

No significant change

## 4. Discontinued Operations

No significant change

## 5. Investments

## D. Loan-Backed Securities

1. The sources used to determine prepayment assumptions are derived from updated cash flows from widely utilized reputable industry sources. The Company's portfolio managers review the available cash flow data and prepayment assumptions and make adjustments based on current performance indicators on the underlying assets (e.g., delinquency rates, foreclosure rates, and default rates), credit support (via current levels of subordination), and historical credit ratings.
2. Intent to Sell or Inability to Hold Securities with a Recognized Other-Than-Temporary Impairment  
Not applicable
3. As of June 30, 2014, the Company has not recorded an other-than-temporary impairment for loan-backed and structured debt securities during the current year.
4. As of June 30, 2014, the Company had \$24,797 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 June 30, 2014, 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	\$ 24,797
2. Twelve months or longer	--
Total	\$ 24,797
b. Aggregate fair value of securities with unrealized losses	
1. Less than twelve months	\$ 234
2. Twelve months or longer	--
Total	\$ 234

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

## I. Working Capital Finance Investments

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

6. Joint Ventures, Partnerships and Limited Liability Companies  
No significant change

7. Investment Income  
No significant change

8. Derivative Instruments  
No significant change

9. Income Taxes  
No significant change

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties  
No significant change

11. Debt  
B. Federal Home Loan Bank Agreements  
Not applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans  
A. Defined Benefit Plan  
Not applicable

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations  
No significant change

14. Contingencies  
F. All Other Contingencies  
All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and loss adjustment expense ("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.

15. Leases  
No significant change

16. Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk  
No significant change

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

18. Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans  
No significant change

19. Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators  
No significant change

20. Fair Value Measurements  
A. Inputs Used for Assets and Liabilities Measured at Fair Value in the Company's Financial Statements  
1. Fair Value Measurements by Levels 1, 2 and 3  
The Company categorizes its financial instruments, based on the degree of subjectivity inherent in the method by which they are valued, into a fair value hierarchy of three levels, as follows:  
Level 1 - Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., active exchange-traded equity securities).  
Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.  
Level 3 - Inputs that are unobservable. Unobservable inputs reflect the Company's subjective evaluation about the assumptions market participants would use in pricing the financial instrument.  
The Company'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.

**NOTES TO FINANCIAL STATEMENTS**

The valuations classified as either Level 1 or Level 2 in the table below are priced exclusively by external sources, including: pricing vendors, dealers/market makers, and exchange-quoted prices. The Company did not have any transfers between Level 1 and Level 2. 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 June 30, 2014:

Asset Description	Level 1	Level 2	Level 3	Total
a. Assets on balance sheet at fair value				
Bonds Industrial & Miscellaneous	\$ --	\$ 234	\$ --	\$ 234
Total assets at fair value	\$ --	\$ 234	\$ --	\$ 234
b. Liabilities on balance sheet at fair value				
Derivative liabilities	\$ --	\$ --	\$ --	\$ --
Total liabilities at fair value	\$ --	\$ --	\$ --	\$ --

## 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 20A above.

## 5. Derivative Fair Values

Not applicable

## B. Other Fair Value Disclosures

Not applicable

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

The table below represents the fair value of all financial instruments at June 30, 2014, 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	\$ 160,312,989	\$ 149,405,673	\$ 55,222,411	\$ 96,887,432	\$ 8,203,146	\$ --
Cash equivalents	34,949,812	34,949,812	34,949,812	--	--	--
Total	\$ 195,262,801	\$ 184,355,485	\$ 90,172,223	\$ 96,887,432	\$ 8,203,146	\$ --

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

Not applicable

## 21. Other Items

## G. Offsetting and Netting of Assets and Liabilities

Not applicable

## I. Risk Sharing Provisions of the Affordable Care Act

Not applicable

## 22. Events Subsequent

Subsequent events have been considered through August 8, 2014 for the statutory statement that was available for issuance by August 15, 2014. There were no subsequent events to report.

## 23. Reinsurance

No significant change

## 24. Retrospectively Rated Contracts and Contracts Subject to Redetermination

No significant change

## 25. Changes in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to insured events of prior accident years increased by \$752,880 in 2014, which is 1.0% of the total prior year net unpaid losses and LAE of \$78,939,670. The unfavorable development is primarily due to passenger auto liability originally anticipated severity increasing by 1.2% for accident year 2013. The LAE reserves developed unfavorably primarily due to unfavorable adjusting and other expense reserve development.

## 26. Intercompany Pooling Arrangements

No significant change

**NOTES TO FINANCIAL STATEMENTS**

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- 27. Structured Settlements
  - No significant change
- 28. Health Care Receivables
  - No significant change
- 29. Participating Accident and Health Policies
  - No significant change
- 30. Premium Deficiency Reserves
  - No significant change
- 31. High Deductibles
  - No significant change
- 32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses
  - No significant change
- 33. Asbestos and Environmental Reserves
  - No significant change
- 34. Subscriber Savings Accounts
  - No significant change
- 35. Multiple Peril Crop Insurance
  - No significant change
- 36. Financial Guaranty Insurance
  - B. Schedule of Insured Financial Obligations at the End of the Period
    - Not applicable

# PROGRESSIVE GULF INSURANCE COMPANY

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES - GENERAL

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

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

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

2.2 If yes, date of change: \_\_\_\_\_

3.1 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? If yes, complete Schedule Y, Parts 1 and 1A. Yes [ X ] No [ ]

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [ X ]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.  
\_\_\_\_\_  
\_\_\_\_\_

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

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

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

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation.  
\_\_\_\_\_  
\_\_\_\_\_

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .....12/31/2012.....

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .....12/31/2012.....

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .....8/6/2013.....

6.4 By what department or departments?  
\_\_\_\_\_  
OHIO

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

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

7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [ X ]

7.2 If yes, give full information:  
\_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

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

9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [ X ] No [ ]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

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

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

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).  
\_\_\_\_\_  
\_\_\_\_\_

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

Statement for June 30, 2014 of the **PROGRESSIVE GULF INSURANCE COMPANY**  
**GENERAL INTERROGATORIES**

**PART 1 - COMMON INTERROGATORIES - GENERAL**

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

---

**PART 1 - FINANCIAL**

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....11,419,733

**PART 1 - INVESTMENT**

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

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

---

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

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

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

14.2 If yes, please complete the following:

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

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

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]

If no, attach a description with this statement.

---

16. For the reporting entity's security lending program, state the amount of the following as of current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$.....0

16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2: \$.....0

16.3 Total payable for securities lending reported on the liability page: \$.....0

17. 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 [ ]

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

1 Name of Custodian(s)	2 Custodian Address
CITIBANK, N.A.	338 GREENWICH STREET NEW YORK, NY 10013

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

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

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [ ] No [X]

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

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

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

1 Central Registration Depository	2 Name(s)	3 Address
NONE		

**PART 1 - INVESTMENT**

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes [  ] No [  ]

18.2 If no, list exceptions:

---

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**PROGRESSIVE GULF INSURANCE COMPANY**  
**GENERAL INTERROGATORIES (continued)**

**PART 2**

**PROPERTY & CASUALTY INTERROGATORIES**

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

---

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

---

3.1 Have any of the reporting entity's primary reinsurance contracts been canceled? Yes [ ] No [ X ]  
 3.2 If yes, give full and complete information thereto:

---

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

4.2 If yes, complete the following schedule:

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

5. Operating Percentages:

5.1 A&H loss percent 0.0 %

5.2 A&H cost containment percent 0.0 %

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

6.1 Do you act as a custodian for health savings accounts?

Yes [ ] No [ X ]

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

0

6.3 Do you act as an administrator for health savings accounts?

Yes [ ] No [ X ]

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

0

**PROGRESSIVE GULF INSURANCE COMPANY**  
**SCHEDULE F - CEDED REINSURANCE**

Showing All New Reinsurers - Current Year to Date

1 NAIC Company Code	2 ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Type of Reinsurer	6 Certified Reinsurer Rating (1 through 6)	7 Effective Date of Certified Reinsurer Rating

**NONE**

**PROGRESSIVE GULF INSURANCE COMPANY**  
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Current Year to Date - Allocated by States and Territories

States, Etc.	1 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....	.AL	N.....					
2. Alaska.....	AK	N.....					
3. Arizona.....	AZ	N.....					
4. Arkansas.....	AR	N.....					
5. California.....	CA	N.....					
6. Colorado.....	CO	N.....					
7. Connecticut.....	CT	N.....					
8. Delaware.....	DE	N.....					
9. District of Columbia.....	DC	N.....					
10. Florida.....	FL	N.....					
11. Georgia.....	GA	L.....		(1,181)	33,502	122,188	87,913
12. Hawaii.....	HI	N.....					
13. Idaho.....	ID	N.....					
14. Illinois.....	IL	N.....					
15. Indiana.....	IN	N.....					
16. Iowa.....	IA	N.....					
17. Kansas.....	KS	N.....					
18. Kentucky.....	KY	N.....					
19. Louisiana.....	LA	N.....					
20. Maine.....	ME	N.....					
21. Maryland.....	MD	N.....					
22. Massachusetts.....	MA	N.....					
23. Michigan.....	MI	Q.....					
24. Minnesota.....	MN	N.....					
25. Mississippi.....	MS	L.....	70,302,056	69,702,385	43,394,602	57,742,596	43,226,213
26. Missouri.....	MO	N.....					
27. Montana.....	MT	N.....					
28. Nebraska.....	NE	N.....					
29. Nevada.....	NV	N.....					
30. New Hampshire.....	NH	N.....					
31. New Jersey.....	NJ	N.....					
32. New Mexico.....	NM	N.....					
33. New York.....	NY	N.....					
34. North Carolina.....	NC	N.....					
35. North Dakota.....	ND	N.....					
36. Ohio.....	OH	L.....					
37. Oklahoma.....	OK	N.....					
38. Oregon.....	OR	E.....					
39. Pennsylvania.....	PA	N.....					
40. Rhode Island.....	RI	N.....					
41. South Carolina.....	SC	N.....					
42. South Dakota.....	SD	N.....					
43. Tennessee.....	TN	N.....					
44. Texas.....	TX	N.....					
45. Utah.....	UT	N.....					
46. Vermont.....	VT	N.....					
47. Virginia.....	VA	L.....	81,218,046	84,167,183	47,849,626	46,727,544	51,545,606
48. Washington.....	WA	N.....					
49. West Virginia.....	WV	N.....					
50. Wisconsin.....	WI	N.....					
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
59. Totals.....		(a).....4	151,520,102	153,868,387	91,277,730	104,592,328	94,859,731
							95,974,845

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
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above).....	XXX.....	0	0	0	0	0	0

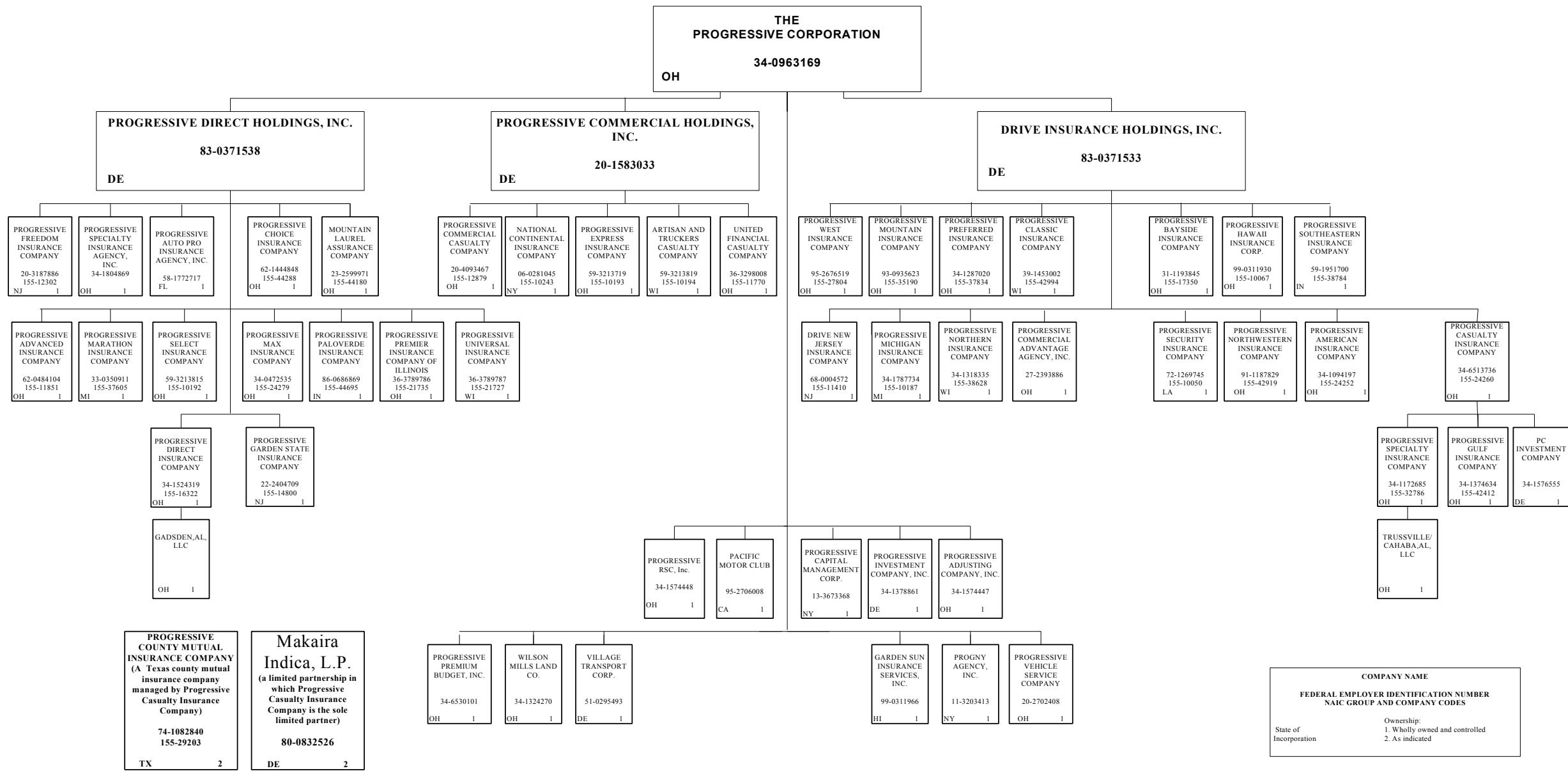
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

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

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

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

## PART 1 – ORGANIZATIONAL CHART



**SCHEDULE Y****PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
<b>Members</b>														
0155.....	The Progressive Insurance Group...	00000.....	34-0963169		0000080661	New York Stock Exchange..	The Progressive Corporation.....	OH.....	UIP.....	Board, Management.....	Board.....		The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	83-0371533			Drive Insurance Holdings, Inc.....	DE.....	UIP.....	The Progressive Corporation.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	11410.....	68-0004572			Drive New Jersey Insurance Company.....	NJ.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	24252.....	34-1094197			Progressive American Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	17350.....	31-1193845			Progressive Bayside Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	24260.....	34-6513736			Progressive Casualty Insurance Company.....	OH.....	UDP.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	34-1576555			PC Investment Company.....	DE.....	NIA.....	Progressive Casualty Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	29203.....	74-1082840			Progressive County Mutual Insurance Company.....	TX.....	IA.....	Progressive Casualty Insurance Company.....	Management.....		The Progressive Corporation.	2, 3.....	
0155.....	The Progressive Insurance Group...	42412.....	34-1374634			Progressive Gulf Insurance Company.....	OH.....	RE.....	Progressive Casualty Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	32786.....	34-1172685			Progressive Specialty Insurance Company.....	OH.....	IA.....	Progressive Casualty Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	20-5716113			Trussville/Cahaba, AL , LLC.....	OH.....	NIA.....	Progressive Specialty Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	42994.....	39-1453002			Progressive Classic Insurance Company.....	WI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	10067.....	99-0311930			Progressive Hawaii Insurance Corp.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	10187.....	34-1787734			Progressive Michigan Insurance Company.....	MI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	35190.....	93-0935623			Progressive Mountain Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	38628.....	34-1318335			Progressive Northern Insurance Company.....	WI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	42919.....	91-1187829			Progressive Northwestern Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	37834.....	34-1287020			Progressive Preferred Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	10050.....	72-1269745			Progressive Security Insurance Company.....	LA.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	38784.....	59-1951700			Progressive Southeastern Insurance Company.....	IN.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	27804.....	95-2676519			Progressive West Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	27-2393886			Progressive Commercial Advantage Agency, Inc.....	OH.....	NIA.....	Drive Insurance Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	20-1583033			Progressive Commercial Holdings, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	10194.....	59-3213819			Artisan and Truckers Casualty Company.....	WI.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	10243.....	06-0281045			National Continental Insurance Company.....	NY.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	12879.....	20-4093467			Progressive Commercial Casualty Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	10193.....	59-3213719			Progressive Express Insurance Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	11770.....	36-3298008			United Financial Casualty Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	83-0371538			Progressive Direct Holdings, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	44180.....	23-2599971			Mountain Laurel Assurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	11851.....	62-0484104			Progressive Advanced Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	58-1772717			Progressive Auto Pro Insurance Agency, Inc.....	FL.....	NIA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	44288.....	62-1444848			Progressive Choice Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	16322.....	34-1524319			Progressive Direct Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	20-5716047			Gadsden, AL, LLC.....	OH.....	NIA.....	Progressive Direct Insurance Company.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	12302.....	20-3187886			Progressive Freedom Insurance Company.....	NJ.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	100.000	The Progressive Corporation.	1, 3.....	

**SCHEDULE Y****PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM**

1 Group Code	2 Group Name	3 NAIC Company Code	4 Federal ID Number	5 Federal RSSD	6 CIK	7 Name of Securities Exchange if Publicly Traded (U.S. or International)	8 Names of Parent, Subsidiaries or Affiliates	9 Domiciliary Location	10 Relationship to Reporting Entity	11 Directly Controlled by (Name of Entity/Person)	12 Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	13 If Control is Ownership Provide Percentage	14 Ultimate Controlling Entity(ies)/Person(s)	15 *	
0155.....	The Progressive Insurance Group...	14800.....	22-2404709				Progressive Garden State Insurance Company.....	NJ.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	37605.....	33-0350911				Progressive Marathon Insurance Company.....	MI.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	24279.....	34-0472535				Progressive Max Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	44695.....	86-0686869				Progressive Paloverde Insurance Company.....	IN.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	21735.....	36-3789786				Progressive Premier Insurance Company of Illinois.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	10192.....	59-3213815				Progressive Select Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	34-1804869				Progressive Specialty Insurance Agency, Inc.....	OH.....	NIA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	21727.....	36-3789787				Progressive Universal Insurance Company.....	WI.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	99-0311966				Garden Sun Insurance Services, ilc.....	HI.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	95-2706008				Pacific Motor Club.....	CA.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	11-3203413				PROGNY Agency, Inc.....	NY.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	34-1574447				Progressive Adjusting Company, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	13-3673368				Progressive Capital Management Corp.....	NY.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	34-1378861				Progressive Investment Company, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	34-6530101				Progressive Premium Budget, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	34-1574448				Progressive RSC, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	20-2702408				Progressive Vehicle Service Company.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	51-0295493				Village Transport Corp.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	34-1324270				Wilson Mills Land Co.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....	
0155.....	The Progressive Insurance Group...	00000.....	80-0832526				Makaira Indica, LP.....	CA.....	NIA.....	Progressive Casualty Insurance Company.....	Other.....			The Progressive Corporation.	1, 3, 4...

Q12.1

**Asterisk****Explanation**

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

Statement for June 30, 2014 of the **PROGRESSIVE GULF INSURANCE COMPANY**  
**PART 1 - LOSS EXPERIENCE**

Lines of Business	Current Year to Date			4 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.0	
2. Allied lines.....			0.0	
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....			0.0	
5. Commercial multiple peril.....			0.0	
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....	2,397,220	705,242	29.4	43.0
10. Financial guaranty.....			0.0	
11.1 Medical professional liability - occurrence.....			0.0	
11.2 Medical professional liability - claims-made.....			0.0	
12. Earthquake.....			0.0	
13. Group accident and health.....			0.0	
14. Credit accident and health.....			0.0	
15. Other accident and health.....			0.0	
16. Workers' compensation.....			0.0	
17.1 Other liability-occurrence.....	1,300,310	427,135	32.8	7.9
17.2 Other liability-claims made.....			0.0	
17.3 Excess workers' compensation.....			0.0	
18.1 Products liability-occurrence.....			0.0	
18.2 Products liability-claims made.....			0.0	
19.1, 19.2 Private passenger auto liability.....	82,735,964	51,919,410	62.8	63.0
19.3, 19.4 Commercial auto liability.....	9,572,002	4,141,113	43.3	79.8
21. Auto physical damage.....	52,636,107	35,402,674	67.3	90.1
22. Aircraft (all perils).....			0.0	
23. Fidelity.....			0.0	
24. Surety.....			0.0	
26. Burglary and theft.....			0.0	
27. Boiler and machinery.....			0.0	
28. Credit.....			0.0	
29. International.....			0.0	
30. Warranty.....			0.0	
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0.0	
35. Totals.....	148,641,603	92,595,575	62.3	72.9

**DETAILS OF WRITE-INS**

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

**PART 2 - DIRECT PREMIUMS WRITTEN**

Lines of Business	1 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....			
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....	1,936,417	2,777,810	2,832,438
10. Financial guaranty.....			
11.1 Medical professional liability - occurrence.....			
11.2 Medical professional liability - claims made.....			
12. Earthquake.....			
13. Group accident and health.....			
14. Credit accident and health.....			
15. Other accident and health.....			
16. Workers' compensation.....			
17.1 Other liability-occurrence.....	1,000,928	1,415,571	1,578,423
17.2 Other liability-claims made.....			
17.3 Excess workers' compensation.....			
18.1 Products liability-occurrence.....			
18.2 Products liability-claims made.....			
19.1 19.2 Private passenger auto liability.....	40,285,519	83,402,823	84,454,584
19.3 19.4 Commercial auto liability.....	5,146,551	10,392,568	10,547,093
21. Auto physical damage.....	26,128,389	53,531,329	54,455,849
22. Aircraft (all perils).....			
23. Fidelity.....			
24. Surety.....			
26. Burglary and theft.....			
27. Boiler and machinery.....			
28. Credit.....			
29. International.....			
30. Warranty.....			
31. Reinsurance-nonproportional assumed property.....	XXX	XXX	XXX
32. Reinsurance-nonproportional assumed liability.....	XXX	XXX	XXX
33. Reinsurance-nonproportional assumed financial lines.....	XXX	XXX	XXX
34. Aggregate write-ins for other lines of business.....	0	0	0
35. Totals.....	74,497,804	151,520,102	153,868,387

**DETAILS OF WRITE-INS**

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

## PART 3 (000 omitted)

## LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

Years in Which Losses Occurred	1	2	3	4	5	6	7	8	9	10	11	12	13
	Prior Year-End Known Case Loss and LAE Reserves	Prior Year-End IBNR Loss and LAE Reserves	Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2)	2014 Loss and LAE Payments on Claims Reported as of Prior Year-End	2014 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2014 Loss and LAE Payments (Cols. 4 + 5)	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End	Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End	Q.S. Date IBNR Loss and LAE Reserves	Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9)	Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1)	Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2)	Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12)
1. 2011 + Prior	12,110	2,519	14,629	4,366	170	4,536	8,063	345	1,753	10,161	318	(250)	68
2. 2012	14,751	3,200	17,951	5,253	332	5,585	9,364	1,136	1,928	12,428	(135)	196	61
3. Subtotals 2012 + Prior	26,861	5,719	32,580	9,618	502	10,121	17,426	1,481	3,681	22,589	183	(55)	129
4. 2013	34,627	11,732	46,359	16,184	2,672	18,856	18,754	3,840	5,534	28,127	310	314	624
5. Subtotals 2013 + Prior	61,488	17,451	78,940	25,802	3,174	28,976	36,180	5,321	9,215	50,716	494	259	753
6. 2014	XXX	XXX	XXX	XXX	40,023	40,023	XXX	21,504	7,924	29,428	XXX	XXX	XXX
7. Totals	61,488	17,451	78,940	25,802	43,197	68,999	36,180	26,825	17,139	80,144	494	259	753
8. Prior Year-End's Surplus As Regards Policyholders											Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. 0.8 %	2. 1.5 %	3. 1.0 %
												Col. 13, Line 7 Line 8	
												4. 0.8 %	

**PROGRESSIVE GULF INSURANCE COMPANY  
SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES**

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

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

**Explanation:**

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

**Bar Code:**

**PROGRESSIVE GULF INSURANCE COMPANY**  
**Overflow Page for Write-Ins****Additional Write-ins for Liabilities:**

	1 Current Statement Date	2 December 31, Prior Year
2504. UNEARNED FEE RESERVE.....	.....3,998	.....2,325
2597. Summary of remaining write-ins for Line 25.....	.....3,998	.....2,325

Statement for June 30, 2014 of the **PROGRESSIVE GULF INSURANCE COMPANY**  
**SCHEDULE A - VERIFICATION**

Real Estate

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

**NONE**

**SCHEDULE B - VERIFICATION**

Mortgage Loans

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

**SCHEDULE BA - VERIFICATION**

Other Long-Term Invested Assets

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

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....	180,910,623	198,578,447
2. Cost of bonds and stocks acquired.....	800,000	48,554,728
3. Accrual of discount.....	715,101	2,211,222
4. Unrealized valuation increase (decrease).....	(24,797)	255,667
5. Total gain (loss) on disposals.....	384,657	(150,665)
6. Deduct consideration for bonds and stocks disposed of.....	32,802,635	65,577,845
7. Deduct amortization of premium.....	577,276	2,741,519
8. Total foreign exchange change in book/adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		219,412
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	149,405,673	180,910,623
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	149,405,673	180,910,623

## SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity

During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a).....	161,395,961	34,948,702	13,068,928	81,044	161,395,961	183,356,779		179,910,984
2. NAIC 2 (a).....	973,078			1,544	973,078	974,622		971,553
3. NAIC 3 (a).....	26,139			(2,055)	26,139	24,084		28,086
4. NAIC 4 (a).....								
5. NAIC 5 (a).....								
6. NAIC 6 (a).....								
7. Total Bonds.....	162,395,178	34,948,702	13,068,928	80,533	162,395,178	184,355,485	0	180,910,623
<b>PREFERRED STOCK</b>								
8. NAIC 1.....								
9. NAIC 2.....								
10. NAIC 3.....								
11. NAIC 4.....								
12. NAIC 5.....								
13. NAIC 6.....								
14. Total Preferred Stock.....	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock.....	162,395,178	34,948,702	13,068,928	80,533	162,395,178	184,355,485	0	180,910,623

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:

NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

**Sch. DA-Pt 1**  
**NONE**

**Sch. DA-Verification**  
**NONE**

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

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

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

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

**Sch. DB-Verification**  
**NONE**

Statement for June 30, 2014 of the **PROGRESSIVE GULF INSURANCE COMPANY**  
**SCHEDULE E- VERIFICATION**

Cash Equivalents

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	6,299,843
2. Cost of cash equivalents acquired.....	43,748,395	12,898,584
3. Accrual of discount.....	1,412	1,573
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....	0	
6. Deduct consideration received on disposals.....	8,799,995	19,200,000
7. Deduct amortization of premium.....		
8. Total foreign exchange change in book/ adjusted carrying value.....		
9. Deduct current year's other than temporary impairment recognized.....		
10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9).....	34,949,812	0
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	34,949,812	0

**Sch. A-Pt 2**  
**NONE**

**Sch. A-Pt 3**  
**NONE**

**Sch. B-Pt 2**  
**NONE**

**Sch. B-Pt 3**  
**NONE**

**Sch. BA-Pt 2**  
**NONE**

**Sch. BA-Pt 3**  
**NONE**

**Sch. D-Pt 3**  
**NONE**

## SCHEDULE D - PART 4

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

1 CUSIP Identification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consideration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value At Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicator (a)			
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's Temporar y Amortizatio n Accretion	13 Other Than Temporary Impairment Recognized	14 Total Change in B/A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B/A.C.V.										
<b>Bonds - U.S. Special Revenue and Special Assessment</b>																								
60535G AX 0	MISSISSIPPI HOME CORP 4.500% 12/01/31.....		06/01/2014	Call	100.0000.....		.85,000	.....85,000	.....91,604	.....89,263		.....(4,263)		.....(4,263)		.....85,000				.....0	.....1,688	12/01/2020	1FE.....	
60535G BX 9	MISSISSIPPI HOME CORP 4.500% 06/01/25.....		06/01/2014	Call	100.0000.....		.250,000	.....250,000	.....267,150	.....262,177		.....(12,177)		.....(12,177)		.....250,000				.....0	.....5,213	06/01/2021	1FE.....	
60535M A4 1	MISSISSIPPI HOME CORP 5.500% 06/01/36.....		06/01/2014	Call	100.0000.....		.165,000	.....165,000	.....172,425	.....166,293		.....(1,293)		.....(1,293)		.....165,000				.....0	.....3,873	08/01/2014	1FE.....	
60535M YY 9	MISSISSIPPI HOME CORP 4.750% 12/01/34.....		06/01/2014	Call	100.0000.....		.25,000	.....25,000	.....26,200	.....25,097		.....(97)		.....(97)		.....25,000				.....0	.....594	08/01/2014	1FE.....	
60535Q DK 3	MISSISSIPPI HOME CORP 5.375% 12/01/38.....		06/01/2014	Call	100.0000.....		.225,000	.....225,000	.....235,773	.....229,940		.....(4,940)		.....(4,940)		.....225,000				.....0	.....5,644	09/01/2018	1FE.....	
60535Q LV 0	MISSISSIPPI HOME CORP 5.000% 12/01/39.....		06/01/2014	Call	100.0000.....		.80,000	.....80,000	.....84,032	.....82,267		.....(2,267)		.....(2,267)		.....80,000				.....0	.....1,646	03/01/2020	1FE.....	
93978T CS 6	WASHINGTON ST HSG 4.300% 12/01/16.....		06/01/2014	Call	100.0000.....		.90,000	.....90,000	.....90,000	.....90,000		.....0		.....0		.....90,000				.....0	.....1,935	12/01/2016	1FE.....	
3199999.	Total Bonds - U.S. Special Revenue and Special Assessment.....						.920,000	.....920,000	.....967,184	.....945,037		.....0	.....(25,037)		.....0	.....(25,037)		.....0	.....920,000	.....0	.....0	.....0	.....20,593	....XXX....XXX....
<b>Bonds - Industrial and Miscellaneous</b>																								
05947U VC 9	BACM 2004-3 A5 5.506% 06/10/39.....		06/01/2014	Paydown.....			2,460,623	.....2,460,623	.....2,414,198	.....2,454,469		.....6,154		.....6,154		.....2,460,623				.....0	.....53,561	06/10/2039	1FM.....	
07387A GH 2	BSARM 2005-12 25A1 1.795% 05/25/53.....		05/01/2014	Paydown.....			1,510	.....2,206	.....1,371	.....1,371		.....139		.....139		.....1,510				.....0	.....15	05/25/2053	1FM.....	
20046F AS 9	COMM 2001-J2A X IO 0.358% 07/01/34.....		06/01/2014	Paydown.....						.....1,692	.....193		.....(193)		.....(193)					.....0	.....47	07/01/2034	3FE.....	
33736X BN 8	FUNBC 2000-C2 IO 0.000% 10/15/32.....		06/01/2014	Paydown/Return of Capital.....			.692	.....2						.....0					.....692	.....692	.....2	10/15/2032	6*	
466247 TS 2	JPMMT 2005-A6 2A3 2.779% 08/25/35.....		06/01/2014	Paydown.....			.877,185	.....877,185	.....855,735	.....871,937		.....5,248		.....5,248		.....877,185				.....0	.....9,394	08/25/2035	1FM.....	
57646L AE 3	MABS 2007-HE2 M2 1.902% 08/25/37.....		06/25/2014	Paydown.....			.663,703	.....4,656	.....4,656		.....(4,656)		.....(4,656)							.....0	.....5,141	08/25/2037	1FM.....	
617059 DM 9	JPMC 1997-C5 G 7.250% 09/01/29.....		06/01/2014	Paydown.....			.190,472	.....190,472	.....53,648	.....23,618		.....166,853		.....166,853		.....190,472				.....0	.....5,759	09/01/2029	1FM.....	
855541 AB 4	STARM 2007-S1 2A1 2.760% 01/25/37.....		06/01/2014	Paydown.....			.119,138	.....119,138	.....104,633	.....104,633		.....14,505		.....14,505		.....119,138				.....0	.....1,197	01/25/2037	1FM.....	
3899999.	Total Bonds - Industrial and Miscellaneous.....						3,649,620	.....4,313,327	.....3,435,935	.....3,460,877		.....0	.....188,050		.....0	.....188,050		.....0	.....3,648,928	.....0	.....692	.....692	....XXX....XXX....	
8399997.	Total Bonds - Part 4.....						4,569,620	.....5,233,327	.....4,403,119	.....4,405,914		.....0	.....163,013		.....0	.....163,013		.....0	.....4,568,928	.....0	.....692	.....692	....XXX....XXX....	
8399999.	Total Bonds.....						4,569,620	.....5,233,327	.....4,403,119	.....4,405,914		.....0	.....163,013		.....0	.....163,013		.....0	.....4,568,928	.....0	.....692	.....692	....XXX....XXX....	
9999999.	Total Bonds, Preferred and Common Stocks.....						4,569,620	.....XXX	.....4,403,119	.....4,405,914		.....0	.....163,013		.....0	.....163,013		.....0	.....4,568,928	.....0	.....692	.....692	....XXX....XXX....	

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

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

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

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

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

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

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

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

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

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

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

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

Statement for June 30, 2014 of the **PROGRESSIVE GULF INSURANCE COMPANY**  
**SCHEDULE E - PART 1 - CASH**

Month End Depository Balances

1 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 * XXX..
					6 First Month	7 Second Month	8 Third Month	
<b>Open Depositories</b>								
CITIBANK.....	NEW YORK, NY.....							XXX..
0199999. Total Open Depositories.....	...XXX.....	...XXX.....	.....0	.....0	.....0	.....0	.....0	XXX..
0399999. Total Cash on Deposit.....	...XXX.....	...XXX.....	.....0	.....0	.....0	.....0	.....0	XXX..
0599999. Total Cash.....	...XXX.....	...XXX.....	.....0	.....0	.....0	.....0	.....0	XXX..

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

1 Description	2 Code	3 Date Acquired	4 Rate of Interest	5 Maturity Date	6 Book/Adjusted Carrying Value	7 Amount of Interest Due & Accrued	8 Amount Received During Year
<b>U.S. Government Bonds - Issuer Obligations</b>							
TREASURY BILL.....		06/11/2014	0.025	07/17/2014	9,499.895		132
0199999. U.S. Government Bonds - Issuer Obligations.....					9,499.895	.0	132
0599999. Total - U.S. Government Bonds.....					9,499.895	.0	132
<b>Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations</b>							
EXXON MOBIL CORP.....		06/02/2014	.040	07/07/2014	11,999.920		387
TORONTO DOM HLDG.....		05/28/2014	.050	07/01/2014	12,500.000		590
CPPIB CAPITAL INC.....		06/30/2014	.050	07/03/2014	.949.997		1
3299999. Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations.....					25,449.917	.0	978
3899999. Total - Industrial and Miscellaneous (Unaffiliated).....					25,449.917	.0	978
<b>Total Bonds</b>							
7799999. Subtotals - Issuer Obligations.....					34,949,812	.0	1,110
8399999. Subtotals - Bonds.....					34,949,812	.0	1,110
8699999. Total - Cash Equivalents.....					34,949,812	.0	1,110