



ANNUAL STATEMENT

For the Year Ended December 31, 2014
of the Condition and Affairs of the

PROGRESSIVE CASUALTY INSURANCE COMPANY

NAIC Group Code.....155, 155
(Current Period) (Prior Period)

NAIC Company Code..... 24260

Employer's ID Number..... 34-6513736

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Incorporated/Organized..... November 19, 1956

Commenced Business..... December 11, 1956

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)

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

OFFICERS

Name	Title	Name	Title
DAVID JAMES SKOVE	PRESIDENT	DANE ALLEN SHRALLOW	SECRETARY
THOMAS ALFRED KING	TREASURER		

OTHER

PETER JAMES ALBERT	(VICE PRESIDENT)	MARY BETH ANDREANO	(VICE PRESIDENT)
KAREN BARONE BAILO	(VICE PRESIDENT)	WILLIAM THOMAS CASSELLA	(VICE PRESIDENT)
KATHLEEN MARY CERNY	(ASST. SECRETARY)	BRIAN JOSEPH CHYLIK	(VICE PRESIDENT)
MICHAEL VINCENT ESPOSITO	(VICE PRESIDENT)	SARAH ELIZABETH FRYE	(VICE PRESIDENT)
JAMES EDWARD GLENN JR.	(VICE PRESIDENT)	JULIA KATHERINE HORNACK	(VICE PRESIDENT)
RICHARD ASHTON HUTCHINSON	(VICE PRESIDENT)	JAMES LEE KUSMER	(ASST. TREASURER)
NEIL JOSEPH LENANE	(VICE PRESIDENT)	LYNN NAVARRE MAJOR	(VICE PRESIDENT)
RONALD PAUL MAROTTO	(VICE PRESIDENT)	ROBERT RICHARD NICOLAY, III	(VICE PRESIDENT)
DAVID LLOYD PRATT	(VICE PRESIDENT)	ANDREW JOHN QUIGG	(VICE PRESIDENT)
CARRIE FISHER RADIVOYEVITCH	(VICE PRESIDENT)	RAYMOND MARVIN VOELKER	(VICE PRESIDENT)

DIRECTORS OR TRUSTEES

KAREN BARONE BAILO	RICHARD RUSSELL CRAWLEY	THOMAS HUDSON HOLLYER	KATHRYN MARGARET LEMIEUX
MARK DONALD NIEHAUS	DAVID LLOYD PRATT	DAVID JAMES SKOVE	

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

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

(Signature)	(Signature)	(Signature)
DAVID JAMES SKOVE	KATHLEEN MARY CERNY	JAMES LEE KUSMER
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
PRESIDENT	ASSISTANT SECRETARY	ASSISTANT TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No []
This 17TH day of FEBRUARY, 2015	b. If no	1. State the amendment number
		2. Date filed
		3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	2,151,560,524		2,151,560,524	1,913,247,450
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	94,378,700		94,378,700	71,270,400
2.2 Common stocks.....	1,829,917,531		1,829,917,531	1,875,682,220
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).....	550,568,282		550,568,282	528,020,112
4.2 Properties held for the production of income (less \$.....0 encumbrances).....	4,662,750		4,662,750	5,030,965
4.3 Properties held for sale (less \$.....0 encumbrances).....	14,418,571		14,418,571	12,558,982
5. Cash (\$.....78,198,361, Schedule E-Part 1), cash equivalents (\$.....228,994,854, Schedule E-Part 2) and short-term investments (\$.....89,076,323, Schedule DA).....	396,269,538		396,269,538	400,912,581
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	144,076,303	100,000	143,976,303	132,426,936
9. Receivables for securities.....	20,041,420		20,041,420	709,536
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).....	5,205,893,619	100,000	5,205,793,619	4,939,859,182
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	13,378,329		13,378,329	12,510,815
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	125,343,125	14,692,625	110,650,500	116,328,887
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	640,854,583		640,854,583	597,611,470
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	31,431,127		31,431,127	35,790,360
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.....	45,900,560		45,900,560	58,631,855
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....	76,255,145	64,991,196	11,263,949	18,929,777
21. Furniture and equipment, including health care delivery assets (\$.....0).....	65,435,550	65,435,550	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 (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	115,040,363	112,656,272	2,384,091	1,319,920
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	6,319,532,401	257,875,643	6,061,656,758	5,780,982,266
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	6,319,532,401	257,875,643	6,061,656,758	5,780,982,266

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. STATE UNEARNED SURCHARGE RECOVERABLE.....	1,339,791		1,339,791	1,319,920
2502. STATE TAX CREDITS.....	1,044,300		1,044,300	
2503. PREPAID EXPENSES.....	101,047,695	101,047,695	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	11,608,577	11,608,577	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	115,040,363	112,656,272	2,384,091	1,319,920

PROGRESSIVE CASUALTY INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	1,636,282,568	1,617,478,370
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	240,618,266	211,869,282
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	335,785,088	316,543,561
4. Commissions payable, contingent commissions and other similar charges.....	6,152,840	6,238,399
5. Other expenses (excluding taxes, licenses and fees).....	199,621,531	176,687,469
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	39,407,125	37,066,901
7.1 Current federal and foreign income taxes (including \$.....2,779,650 on realized capital gains (losses)).....	44,863,775	37,296,465
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 \$.....1,455,138,573 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act).....	1,397,062,734	1,370,134,504
10. Advance premium.....	6,209,652	6,146,988
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	(26,692,098)	(40,788,819)
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.....	2,962,540	4,428,158
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.....	63,292,736	66,713,557
19. Payable to parent, subsidiaries and affiliates.....	461,342,612	414,589,118
20. Derivatives.....		
21. Payable for securities.....	34,945,332	5,027,558
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.....	8,424,277	8,440,454
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	4,450,278,978	4,237,871,965
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	4,450,278,978	4,237,871,965
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,000,000	3,000,000
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.....	847,441,703	830,263,402
35. Unassigned funds (surplus).....	760,936,077	709,846,899
36. Less treasury stock, at cost:		
36.1 .....0.000 shares common (value included in Line 30 \$.....0).....		
36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....		
37. Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39).....	1,611,377,780	1,543,110,301
38. TOTALS (Page 2, Line 28, Col. 3).....	6,061,656,758	5,780,982,266

DETAILS OF WRITE-INS		
2501. OTHER LIABILITIES.....	6,309,895	7,481,993
2502. STATE PLAN LIABILITY.....	1,486,175	586,597
2503. ESCHEATABLE PROPERTY.....	593,303	314,914
2598. Summary of remaining write-ins for Line 25 from overflow page.....	34,904	56,950
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	8,424,277	8,440,454
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 CASUALTY INSURANCE COMPANY
STATEMENT OF INCOME

UNDERWRITING INCOME		1	2
		Current Year	Prior Year
1.	Premiums earned (Part 1, Line 35, Column 4).....	4,864,741,330	4,611,445,626
DEDUCTIONS			
2.	Losses incurred (Part 2, Line 35, Column 7).....	2,999,421,639	2,892,429,015
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	493,720,964	470,503,651
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	1,008,687,887	983,688,937
5.	Aggregate write-ins for underwriting deductions.....	0	24,261
6.	Total underwriting deductions (Lines 2 through 5).....	4,501,830,490	4,346,645,864
7.	Net income of protected cells.....		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	362,910,840	264,799,762
INVESTMENT INCOME			
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....	271,447,895	300,966,956
10.	Net realized capital gains (losses) less capital gains tax of \$.....13,268,507 (Exhibit of Capital Gains (Losses)).....	31,760,806	49,948,462
11.	Net investment gain (loss) (Lines 9 + 10).....	303,208,701	350,915,418
OTHER INCOME			
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....819,689 amount charged off \$.....36,951,560).....	(36,131,871)	(37,628,413)
13.	Finance and service charges not included in premiums.....	19,015,957	16,934,363
14.	Aggregate write-ins for miscellaneous income.....	23,907,717	20,283,088
15.	Total other income (Lines 12 through 14).....	6,791,803	(410,962)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	672,911,344	615,304,218
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).....	672,911,344	615,304,218
19.	Federal and foreign income taxes incurred.....	144,915,154	114,035,482
20.	Net income (Line 18 minus Line 19) (to Line 22).....	527,996,190	501,268,736
CAPITAL AND SURPLUS ACCOUNT			
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	1,543,110,301	1,448,474,179
22.	Net income (from Line 20).....	527,996,190	501,268,736
23.	Net transfers (to) from Protected Cell accounts.....		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....8,352,027.....	(31,468,782)	24,819,308
25.	Change in net unrealized foreign exchange capital gain (loss).....		
26.	Change in net deferred income tax.....	(3,692,705)	(4,553,598)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(18,020,571)	5,518,528
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.....	17,178,301	18,328,526
33.2	Transferred to capital (Stock Dividend).....		
33.3.	Transferred from capital.....		
34.	Net remittances from or (to) Home Office.....		
35.	Dividends to stockholders.....	(425,000,000)	(452,000,000)
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.....	1,275,046	1,254,622
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....	68,267,479	94,636,122
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	1,611,377,780	1,543,110,301
DETAILS OF WRITE-INS			
0501.	LOSS ON COMMUTATION.....		24,261
0502.	.....	
0503.	.....	
0598.	Summary of remaining write-ins for Line 5 from overflow page.....	0	0
0599.	Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....	0	24,261
1401.	FINANCE AND SERVICE CHARGE REVENUE ASSUMED.....	15,636,134	16,195,468
1402.	MISCELLANEOUS INCOME.....	8,221,310	4,275,483
1403.	SERVICE BUSINESS REVENUE.....	288,150	258,426
1498.	Summary of remaining write-ins for Line 14 from overflow page.....	(237,877)	(446,289)
1499.	Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	23,907,717	20,283,088
3701.	CHANGE IN ELIMINATION IN DEFERRED UNREALIZED GAIN PER SSAP 25.....	1,275,046	1,254,622
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).....	1,275,046	1,254,622

CASH FLOW

		1	2
		Current Year	Prior Year
CASH FROM OPERATIONS			
1.	Premiums collected net of reinsurance.....	4,867,571,386	4,622,730,313
2.	Net investment income.....	290,808,457	334,790,956
3.	Miscellaneous income.....	6,475,695	397,270
4.	Total (Lines 1 through 3).....	5,164,855,538	4,957,918,539
5.	Benefit and loss related payments.....	2,947,509,224	2,815,049,701
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7.	Commissions, expenses paid and aggregate write-ins for deductions.....	1,458,502,137	1,415,227,790
8.	Dividends paid to policyholders.....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....23,642,748 tax on capital gains (losses).....	150,616,351	125,966,043
10.	Total (Lines 5 through 9).....	4,556,627,712	4,356,243,534
11.	Net cash from operations (Line 4 minus Line 10).....	608,227,826	601,675,005
CASH FROM INVESTMENTS			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds.....	1,116,801,745	1,542,123,332
12.2	Stocks.....	130,561,032	96,534,823
12.3	Mortgage loans.....		
12.4	Real estate.....	732,550	475,000
12.5	Other invested assets.....	10,309,435	5,035,041
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7	Miscellaneous proceeds.....	29,917,774	6,618,446
12.8	Total investment proceeds (Lines 12.1 to 12.7).....	1,288,322,536	1,650,786,642
13.	Cost of investments acquired (long-term only):		
13.1	Bonds.....	1,351,893,172	2,110,698,380
13.2	Stocks.....	98,040,428	140,993,785
13.3	Mortgage loans.....		
13.4	Real estate.....	45,225,625	58,079,119
13.5	Other invested assets.....	12,283,111	6,796,858
13.6	Miscellaneous applications.....	19,331,884	
13.7	Total investments acquired (Lines 13.1 to 13.6).....	1,526,774,220	2,316,568,142
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).....	(238,451,684)	(665,781,500)
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.....	17,178,301	18,328,526
16.3	Borrowed funds.....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5	Dividends to stockholders.....	425,000,000	452,000,000
16.6	Other cash provided (applied).....	33,402,514	201,691,492
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(374,419,185)	(231,979,982)
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).....	(4,643,043)	(296,086,477)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year.....	400,912,581	696,999,058
19.2	End of year (Line 18 plus Line 19.1).....	396,269,538	400,912,581

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

20.0001		
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PROGRESSIVE CASUALTY 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.....	18,392,273	7,769,856	9,395,183	16,766,946
5.	Commercial multiple peril.....				.....0
6.	Mortgage guaranty.....				.....0
8.	Ocean marine.....				.....0
9.	Inland marine.....	82,499,261	36,852,591	38,101,543	81,250,308
10.	Financial guaranty.....				.....0
11.1	Medical professional liability - occurrence.....				.....0
11.2	Medical professional liability - claims-made.....	14,700	1,410	1,168	14,942
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.....	32,958,879	15,280,555	15,318,175	32,921,259
17.2	Other liability - claims-made.....	141,189	53,182	35,605	158,765
17.3	Excess workers' compensation.....				.....0
18.1	Products liability - occurrence.....				.....0
18.2	Products liability - claims-made.....				.....0
19.1, 19.2	Private passenger auto liability.....	2,787,275,632	719,593,860	722,970,599	2,783,898,893
19.3, 19.4	Commercial auto liability.....	293,986,705	130,336,130	138,647,457	285,675,378
21.	Auto physical damage.....	1,676,395,156	460,244,972	472,590,777	1,664,049,351
22.	Aircraft (all perils).....				.....0
23.	Fidelity.....		115		115
24.	Surety.....	5,765	1,836	2,226	5,375
26.	Burglary and theft.....				.....0
27.	Boiler and machinery.....				.....0
28.	Credit.....				.....0
29.	International.....				.....0
30.	Warranty.....				.....0
31.	Reinsurance - nonproportional assumed property.....				.....0
32.	Reinsurance - nonproportional assumed liability.....				.....0
33.	Reinsurance - nonproportional assumed financial lines.....				.....0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	4,891,669,560	1,370,134,505	1,397,062,733	4,864,741,332

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 CASUALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT
PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	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.....	9,395,183				9,395,183
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	38,101,543				38,101,543
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....	1,168				1,168
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.....	15,318,175				15,318,175
17.2	Other liability - claims-made.....	9,731	25,874			35,605
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.....	722,970,599				722,970,599
19.3, 19.4	Commercial auto liability.....	138,647,457				138,647,457
21.	Auto physical damage.....	472,590,777				472,590,777
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....	2,226				2,226
26.	Burglary and theft.....					0
27.	Boiler and machinery.....					0
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	1,397,036,858	25,874	0	0	1,397,062,733
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					1,397,062,733

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 CASUALTY 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.....	.....8,507,492	.....29,028,391		.....19,142,978	.....632	.....18,392,273
5. Commercial multiple peril.....						.....0
6. Mortgage guaranty.....						.....0
8. Ocean marine.....						.....0
9. Inland marine.....	.....35,318,520	.....133,047,319		.....85,866,578		.....82,499,261
10. Financial guaranty.....						.....0
11.1 Medical professional liability - occurrence.....						.....0
11.2 Medical professional liability - claims-made.....	.....30,000			.....15,300		.....14,700
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.....	.....13,026,123	.....55,269,263		.....34,304,139	.....1,032,368	.....32,958,879
17.2 Other liability - claims-made.....	.....250,000			.....146,952	.....(38,141)	.....141,189
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.....	.....667,871,399	.....5,020,574,429		.....2,901,041,985	.....128,211	.....2,787,275,632
19.3, 19.4 Commercial auto liability.....	.....99,210,352	.....502,030,299		.....305,986,163	.....1,267,783	.....293,986,705
21. Auto physical damage.....	.....347,937,544	.....3,073,357,487		.....1,744,819,449	.....80,426	.....1,676,395,156
22. Aircraft (all perils).....						.....0
23. Fidelity.....						.....0
24. Surety.....	.....11,765			.....6,000		.....5,765
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.....	.....1,172,163,195	.....8,813,307,188	.....0	.....5,091,329,544	.....2,471,279	.....4,891,669,560

DETAILS OF WRITE-INS

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

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [] No [X]
If yes: 1. The amount of such installment premiums \$.....0.
2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis \$.....0.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
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.....	5,326,879	11,272,317	8,465,590	8,133,606	1,446,361	1,436,796	8,143,171	48.6
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.....	13,777,245	53,996,584	34,564,653	33,209,176	3,947,548	4,204,905	32,951,820	40.6
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	752	733	19	0.1
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.....	38,134	35,696	37,653	36,177	963,850	341,955	658,072	0.0
17.1	Other liability - occurrence.....	4,580,810	16,180,879	10,725,304	10,036,385	20,428,998	17,458,057	13,007,326	39.5
17.2	Other liability - claims-made.....	37,281,364	42,100	33,761,471	3,561,993	1,676,369	4,292,727	945,635	595.6
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.....	380,631,093	3,087,119,727	1,768,565,838	1,699,184,982	1,375,481,863	1,332,434,740	1,742,232,105	62.6
19.3, 19.4	Commercial auto liability.....	30,541,358	284,737,648	161,292,307	153,986,699	222,120,821	230,632,195	145,475,325	50.9
21.	Auto physical damage.....	218,198,548	1,970,199,056	1,116,096,987	1,072,300,617	6,867,097	22,964,380	1,056,203,333	63.5
22.	Aircraft (all perils).....				0			0	0.0
23.	Fidelity.....	309,165		340,093	(30,928)	21,935	108,148	(117,141)	(102,164.1)
24.	Surety.....				0	3,052	5,657	(2,604)	(48.5)
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	405,578	206,845	198,733	3,323,917	3,598,082	(75,432)	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.....	690,684,596	5,423,989,585	3,134,056,741	2,980,617,440	1,636,282,565	1,617,478,375	2,999,421,630	61.7
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

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire.....				.0				.0	
2.	Allied lines.....				.0				.0	
3.	Farmowners multiple peril.....				.0				.0	
4.	Homeowners multiple peril.....	361,969	1,336,283	866,109	832,143	381,844	871,662	639,288	1,446,361	303,011
5.	Commercial multiple peril.....				.0				.0	
6.	Mortgage guaranty.....				.0				.0	
8.	Ocean marine.....				.0				.0	
9.	Inland marine.....	520,832	3,174,781	1,884,762	1,810,851	990,793	3,369,815	2,223,911	3,947,548	742,900
10.	Financial guaranty.....				.0				.0	
11.1	Medical professional liability - occurrence.....				.0				.0	
11.2	Medical professional liability - claims-made.....				.0	1,535		783	752	644
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.....	82,741	1,884,300	1,003,191	963,850				963,850	45,693
17.1	Other liability - occurrence.....	7,508,469	21,652,051	15,638,470	13,522,050	4,028,330	11,670,816	8,792,198	20,428,998	3,727,348
17.2	Other liability - claims-made.....	19,854,474	79,384	18,764,262	1,169,596	6,307,396	268,962	6,069,584	1,676,369	280,731
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.....	293,272,569	1,867,636,763	1,102,702,097	1,058,207,235	72,189,033	575,310,206	330,224,611	1,375,481,863	280,213,519
19.3, 19.4	Commercial auto liability.....	53,016,725	324,135,375	193,031,560	184,120,540	10,622,975	67,536,310	40,159,004	222,120,821	38,896,512
21.	Auto physical damage.....	11,303,973	91,592,180	52,484,597	50,411,556	(8,581,870)	(80,284,607)	(45,322,017)	6,867,097	11,513,397
22.	Aircraft (all perils).....				.0				.0	
23.	Fidelity.....	127,500		125,050	2,450	283,494		264,009	21,935	53,658
24.	Surety.....				.0	23,043		19,991	3,052	7,677
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	1,568,868	800,123	768,745	XXX	5,214,636	2,659,464	3,323,917	
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.....	386,049,252	2,313,059,985	1,387,300,220	1,311,809,017	86,246,573	583,957,800	345,730,825	1,636,282,565	335,785,090
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 CASUALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	24,718,872			24,718,872
1.2 Reinsurance assumed.....	124,170,159			124,170,159
1.3 Reinsurance ceded.....	75,577,295			75,577,295
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	73,311,736	0	0	73,311,736
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		117,380,867		117,380,867
2.2 Reinsurance assumed, excluding contingent.....		813,065,873		813,065,873
2.3 Reinsurance ceded, excluding contingent.....		474,688,974		474,688,974
2.4 Contingent - direct.....		1,020,035		1,020,035
2.5 Contingent - reinsurance assumed.....		12,217,399		12,217,399
2.6 Contingent - reinsurance ceded.....		6,751,091		6,751,091
2.7 Policy and membership fees.....			0	0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	462,244,109	0	462,244,109
3. Allowances to manager and agents.....		2,683,885		2,683,885
4. Advertising.....		40,729,370		40,729,370
5. Boards, bureaus and associations.....	1,352,311	2,580,115		3,932,427
6. Surveys and underwriting reports.....		31,542,012		31,542,012
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	278,148,264	213,525,388	2,141,668	493,815,319
8.2 Payroll taxes.....	19,613,629	15,078,185	75,992	34,767,806
9. Employee relations and welfare.....	49,789,277	36,083,938	121,451	85,994,667
10. Insurance.....	730,892	774,281		1,505,172
11. Directors' fees.....				0
12. Travel and travel items.....	14,495,806	5,077,755	13,021	19,586,582
13. Rent and rent items.....	19,641,931	17,620,628	55,226	37,317,786
14. Equipment.....	1,188,085	5,695,762		6,883,847
15. Cost or depreciation of EDP equipment and software.....	17,101,228	32,301,454	17,426	49,420,108
16. Printing and stationery.....	1,762,511	3,896,707	5,125	5,664,342
17. Postage, telephone and telegraph, exchange and express.....	13,766,370	29,546,112	15,517	43,327,999
18. Legal and auditing.....	2,115,940	4,483,784	1,372,445	7,972,169
19. Totals (Lines 3 to 18).....	419,706,243	441,619,376	3,817,870	865,143,489
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....5,037.....		80,910,055		80,910,055
20.2 Insurance department licenses and fees.....	428,022	5,056,821		5,484,844
20.3 Gross guaranty association assessments.....		271,708		271,708
20.4 All other (excluding federal and foreign income and real estate).....	111,715	14,963,810		15,075,524
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	539,737	101,202,394	0	101,742,131
21. Real estate expenses.....			25,431,876	25,431,876
22. Real estate taxes.....			7,826,792	7,826,792
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	163,248	3,622,008	388,425	4,173,681
25. Total expenses incurred.....	493,720,964	1,008,687,887	37,464,962	(a).....1,539,873,813
26. Less unpaid expenses - current year.....	335,785,088	233,093,342	12,088,153	580,966,583
27. Add unpaid expenses - prior year.....	316,543,561	208,428,156	11,564,613	536,536,329
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).....	474,479,437	984,022,701	36,941,421	1,495,443,559

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	163,248	3,622,008	388,425	4,173,681
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).....	163,248	3,622,008	388,425	4,173,681

(a) Includes management fees of \$.....869,317,170 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....5,078,843	.....4,644,737
1.1 Bonds exempt from U.S. tax.....	(a).....4,833,866	.....5,405,418
1.2 Other bonds (unaffiliated).....	(a).....36,946,987	.....37,363,377
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....3,172,987	.....3,464,072
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....15,251,501	.....15,252,325
2.21 Common stocks of affiliates.....	.....185,000,000	.....185,000,000
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....72,657,279	.....72,759,312
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....787,839	.....707,577
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....1,973,676	.....1,973,676
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....325,702,978	.....326,570,494
11. Investment expenses.....		(g).....37,464,962
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).....17,657,635
15. Aggregate write-ins for deductions from investment income.....		.....0
16. Total deductions (Lines 11 through 15).....		.....55,122,597
17. Net investment income (Line 10 minus Line 16).....		.....271,447,897

DETAILS OF WRITE-INS

0901.		
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page.....	.....0	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page.....		.....0
1599. Totals (Lines 1501 thru 1503 plus 1598) (Line 15 above).....		.....0
(a) Includes \$.....9,705,044 accrual of discount less \$.....11,751,945 amortization of premium and less \$.....1,920,001 paid for accrued interest on purchases.		
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....76,625 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 \$.....69,363,159 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.		
(e) Includes \$.....617,966 accrual of discount less \$.....168,560 amortization of premium and less \$.....4,315 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 \$.....17,657,635 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.....	.....(148,419)	.....	.....(148,419)	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....934,664	.....	.....934,664	.....	.....
1.2 Other bonds (unaffiliated).....	.....5,642,194	.....	.....5,642,194	.....(1,159,890)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....686,380	.....	.....686,380	.....430,800	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....37,861,771	.....(7,460,811)	.....30,400,960	.....25,325,768	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....(46,979,687)	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....(312,634)	.....(2,483,266)	.....(2,795,900)	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	.....0	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....10,309,435	.....	.....10,309,435	.....(733,746)	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....54,973,391	.....(9,944,077)	.....45,029,314	.....(23,116,755)	.....0

DETAILS OF WRITE-INS

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

PROGRESSIVE CASUALTY 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).....	.....100,000	.....100,000	.....0
9. Receivables for securities.....			.....0
10. Securities lending reinvested collateral assets (Schedule DL).....			.....0
11. Aggregate write-ins for invested assets.....	.....0	.....0	.....0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	.....100,000	.....100,000	.....0
13. Title plants (for Title insurers only).....			.....0
14. Investment income due and accrued.....			.....0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	.....14,692,625	.....13,683,684	.....(1,008,941)
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.....	.....64,991,196	.....59,040,261	.....(5,950,935)
21. Furniture and equipment, including health care delivery assets.....	.....65,435,550	.....68,786,888	.....3,351,338
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.....	.....112,656,272	.....98,244,239	.....(14,412,033)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.....257,875,643	.....239,855,072	.....(18,020,571)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
28. TOTALS (Lines 26 and 27).....	.....257,875,643	.....239,855,072	.....(18,020,571)

DETAILS OF WRITE-INS

1101. ....			.....0
1102. ....			.....0
1103. ....			.....0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0
2501. PREPAID EXPENSES.....	.....101,047,695	.....89,050,552	.....(11,997,143)
2502. MISCELLANEOUS OTHER ASSETS.....	.....11,608,577	.....9,193,687	.....(2,414,890)
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).....	.....112,656,272	.....98,244,239	.....(14,412,033)

PROGRESSIVE CASUALTY INSURANCE COMPANY
NOTES TO FINANCIAL STATEMENTS

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PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of Progressive Casualty 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	2014	2013
Net income			
(1) Net income, state basis	OH	\$ 527,996,190	\$ 501,268,736
(2) Effect of state prescribed practices			
(3) Effect of state permitted practices			
(4) Net income, NAIC SAP basis (1-2-3=4)	OH	\$ 527,996,190	\$ 501,268,736
Surplus			
(5) Policyholders' surplus, state basis	OH	\$ 1,611,377,780	\$ 1,543,110,301
(6) Effect of state prescribed practices			
(7) Effect of state permitted practices			
(8) Policyholders' surplus, NAIC SAP basis (5-6-7=8)	OH	\$ 1,611,377,780	\$ 1,543,110,301

B. Use of Estimates

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

C. Accounting Policies

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

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

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

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

In addition, the Company uses the following accounting policies:

Investments

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

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

- The Company owns 100% of the common stock of Progressive Specialty Insurance Company (“Specialty”), an insurance affiliate domiciled in Ohio, Progressive Gulf Insurance Company (“Gulf”), an insurance affiliate domiciled in Ohio, and PC Investment Company, a non-insurance affiliate. These investments are reported on the equity basis as described in the *Purposes and Procedures Manual of the Securities Valuation Office* of the NAIC.
- The Company has no investments in joint ventures or limited liability companies. Investments in limited partnerships (see Note 6) are valued by using the Generally Accepted Accounting Principles equity method of accounting.
- 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, 2014 and December 31, 2013.
- The Company may enter into reverse repurchase commitment transactions. In these transactions, the Company loans cash to an accredited bank and receives U.S. Treasury Notes pledged as general collateral against the cash borrowed. The Company chooses to enter into these transactions as rates on general collateral are more attractive than other short-term rates available in the market. The Company’s exposure to credit risk is limited, as these internally managed transactions are typically overnight arrangements. The income generated on these transactions is calculated at the then applicable general collateral rates on the value of U.S. Treasury securities received. The Company has counterparty exposure on reverse repurchase agreements in the event of a counterparty default to the extent the general collateral security’s value is below the cash which was delivered to acquire the collateral. The short-term duration of the transactions (primarily overnight investing) reduces that default exposure. The Company did not have any open reverse repurchase commitment transactions at December 31, 2014. See Note 5.H.1.
- Realized gains and losses on sales of securities are computed based on the first-in, first-out method.
- The Company’s management routinely monitors individual securities in its investment portfolio for pricing changes that might indicate potential impairments and performs detailed reviews of securities with unrealized losses based on predetermined guidelines to determine whether a decline in the value of a security is other-than-temporary. A review for OTTI requires making certain judgments regarding the materiality of the decline, its effect on the financial statements, the probability, extent, and timing of a valuation recovery, and the Company’s ability and intent to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market-related prospects of the issuer and its industry.

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

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

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

- Company occupied real estate is reported at book/adjusted carrying value, less any related encumbrances. For property held for sale and properties held for the production of income (see Schedule A, Part 1), the Company reports at the lower of book/adjusted carrying value or fair market value, less any related encumbrances. For properties intended for a unique, highly specialized purpose, such as the Company’s data centers and service centers, the Company reports book/adjusted carrying value, less any related encumbrances.

For properties held for sale and properties held for the production of income, the Company engages the services of independent firms who issue summary reports indicating the properties’ fair market value. The valuations are completed using various methods of valuation including the cost approach, sales comparison approach, or income approach. For occupied properties, the Company uses book/adjusted carrying value to report fair market value.

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

Loss, Loss Adjustment Expense, and Premium Deficiency 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).
- The Company does anticipate investment income when evaluating the need for premium deficiency reserves. See Note 30.

Capitalization of Assets

- The Company has written capitalization policies for its various asset classes. There have been no changes to the predefined capitalization thresholds from the prior year. The 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.

Pharmaceutical Rebate Receivables

- The Company does not write medical insurance or prescription drug coverage.

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

2. Accounting Changes and Corrections of Errors

The statements of assets, liabilities and surplus, and cash flow for the year ended December 31, 2013 were revised to correctly classify \$8,548,676 of premiums and agents' balances receivable for an over settlement of the intercompany 90% quota-share reinsurance agreement with Drive New Jersey Insurance Company, an insurance affiliate domiciled in New Jersey. Previously, these items were presented as payable to affiliates, thereby understating premiums and agents' balances receivable and understating payable to affiliates and understating other cash (applied) provided and overstating premiums collected net of reinsurance on the cash flow. These revisions were not considered to be material, individually or in the aggregate, to previously issued financial statements. The revisions above resulted in differences between the December 31, 2013 audited statutory-basis financial statements and amounts reported in the statutory annual statement. These revisions had no effect on net income, surplus, or total cash flow in any period presented.

3. Business Combinations and Goodwill

Not applicable

4. Discontinued Operations

Not applicable

5. Investments

A. Mortgage Loans, Including Mezzanine Real Estate Loans

Not applicable

B. Troubled Debt Restructuring for Creditors

Not applicable

C. Reverse Mortgages

Not applicable

D. Loan-Backed Securities

1. The sources used to determine prepayment assumptions are derived from updated cash flows from widely utilized reputable industry sources. The Company's portfolio managers review the available cash flow data and prepayment assumptions and make adjustments based on current performance indicators on the underlying assets (e.g., delinquency rates, foreclosure rates, and default rates), credit support (via current levels of subordination), and historical credit ratings.
2. Intent to Sell or Inability to Hold Securities with a Recognized Other-Than-Temporary Impairment
- Not applicable
3. The Company has not recorded an other-than-temporary impairment for loan-backed and structured debt securities during the current year.
4. As of December 31, 2014, the Company had \$3,608,734 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, 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	\$ 1,273,049
2. Twelve months or longer	2,335,685
Total	\$ 3,608,734
b. Aggregate fair value of securities with unrealized losses	
1. Less than twelve months	\$ 284,993,153
2. Twelve months or longer	121,815,854
Total	\$ 406,809,007

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 1.C Investments)

F. Real Estate

1. Impairment Losses

The Company recognized impairment write-downs for its investments in real estate during the statement period. The amount of impairment recognized of \$2,483,266 (see Schedule A, Part 1, Column 12) is reflected in realized capital gains (losses) in the Company's Statement of Income. The impairment losses primarily reflect write-downs associated with various claims service centers.

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

2. Sales of Real Estate

At December 31, 2014, the Company has various property holdings classified as "Property Held for Sale" that are measured at the lower of their book/adjusted carrying value or fair market value. The properties are presently being marketed.

On January 9, 2014, the Company sold land to a third party for a reported value of \$732,550 (Schedule A, Part 3, Column 15). In accordance with SSAP 40 – Real Estate Investments, the land was classified as “Property Held for Sale,” and therefore was measured at the lower of book/adjusted carrying value or fair market value less cost to sell. The Company recorded a realized net loss on the sale of \$312,634 (Schedule A, Part 3, Column 17), which is included in realized capital gains (losses) in the Company’s Statement of Income.

3. Effect on Operations of Changes in Plans to Sell Investments in Real Estate

Not applicable

4. Retail Land Sales

Not applicable

5. Real Estate Investments with Participating Mortgage Loan Features

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	Admitted Restricted to Total Admitted Assets
Subject to reverse repurchase agreements	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 200,000,000	\$ (200,000,000)	\$ --	0.00%	0.00%
On deposit with state	4,808,333	--	--	--	4,808,333	4,978,657	(170,324)	4,808,333	0.08%	0.08%
Pledged as collateral not captured in other categories	63,789,417	--	--	--	63,789,417	62,534,815	1,254,602	63,789,417	1.01%	1.05%
Total restricted assets	\$ 68,597,750	\$ --	\$ --	\$ --	\$ 68,597,750	\$ 267,513,472	\$ (198,915,722)	\$ 68,597,750	1.09%	1.13%

(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) is as follows:

	Gross Restricted								Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
		G/A Supporting Protected Cell Account	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity	Total (1 plus 3)	Total From Prior Year	Increase (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Collateral Agreement	Total General Account (G/A)	Activity (a)		(b)						
Trust agreements	\$ 63,789,417	\$ --	\$ --	\$ --	\$ 63,789,417	\$ 62,534,815	\$ 1,254,602	\$ 63,789,417	1.01%	1.05%
Total restricted assets	\$ 63,789,417	\$ --	\$ --	\$ --	\$ 63,789,417	\$ 62,534,815	\$ 1,254,602	\$ 63,789,417	1.01%	1.05%

(a) Subset of column 1

(b) Subset of column 3

3. Detail of Other Restricted Assets

Not applicable

I. Working Capital Finance Investments

Not applicable

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

Not applicable

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

6. Joint Ventures, Partnerships and Limited Liability Companies
- A. Detail for Those Greater than 10% of Admitted Assets

At December 31, 2014, there were no investments in joint ventures, partnerships, and limited liability companies (“LLC’s”) greater than 10% of the Company’s admitted assets.

B. Write-Downs for Impairment of Joint Ventures, Partnerships, and LLC’s

Not applicable
7. Investment Income
- A. Accrued Investment Income

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

B. Amounts Nonadmitted

Not applicable
8. Derivative Instruments
- Not applicable
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, 2014			December 31, 2013			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary Income	Capital Gain (Loss)	(Col 1+2) Total	Ordinary Income	Capital Gain (Loss)	(Col 4+5) Total	(Col 1-4) Ordinary Income	(Col 2-5) Capital Gain (Loss)	(Col 7+8) Total
(a) Gross deferred tax assets	\$ 255,332,596	\$ 22,662,539	\$ 277,995,135	\$ 256,518,001	\$ 26,369,216	\$ 282,887,217	\$ (1,185,405)	\$ (3,706,677)	\$ (4,892,082)
(b) Statutory valuation allowance adjustment	--	--	--	--	--	--	--	--	--
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 255,332,596	\$ 22,662,539	\$ 277,995,135	\$ 256,518,001	\$ 26,369,216	\$ 282,887,217	\$ (1,185,405)	\$ (3,706,677)	\$ (4,892,082)
(d) Deferred tax assets nonadmitted	--	--	--	--	--	--	--	--	--
(e) Subtotal (net deferred tax asset) (1c-1d)	\$ 255,332,596	\$ 22,662,539	\$ 277,995,135	\$ 256,518,001	\$ 26,369,216	\$ 282,887,217	\$ (1,185,405)	\$ (3,706,677)	\$ (4,892,082)
(f) Deferred tax liabilities	61,723,929	170,370,646	232,094,575	61,202,362	163,053,000	224,255,362	521,567	7,317,646	7,839,213
(g) Net admitted deferred tax assets (net deferred tax liability) 1e-1f)	\$ 193,608,667	\$ (147,708,107)	\$ 45,900,560	\$ 195,315,639	\$ (136,683,784)	\$ 58,631,855	\$ (1,706,972)	\$ (11,024,323)	\$ (12,731,295)

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

Description	December 31, 2014			December 31, 2013			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary Income	Capital Gain (Loss)	(Col 1+2) Total	Ordinary Income	Capital Gain (Loss)	(Col 4+5) Total	(Col 1-4) Ordinary Income	(Col 2-5) Capital Gain (Loss)	(Col 7+8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 227,523,858	\$ --	\$ 227,523,858	\$ 225,418,757	\$ --	\$ 225,418,757	\$ 2,105,101	\$ --	\$ 2,105,101
(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)	16,152,669	--	16,152,669	17,890,905	--	17,890,905	(1,738,236)	--	(1,738,236)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	16,152,669	--	16,152,669	17,890,905	--	17,890,905	(1,738,236)	--	(1,738,236)
2. Adjusted gross deferred tax assets allowed per limitation threshold			233,131,991			219,832,300			13,299,690
(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	11,656,069	22,662,539	34,318,608	13,208,339	26,369,216	39,577,555	(1,552,270)	(3,706,677)	(5,258,947)
(d) Deferred tax assets admitted as result of application of SSAP No. 101.									
Total (2(a)+2(b)+2(c))	\$ 255,332,596	\$ 22,662,539	\$ 277,995,135	\$ 256,518,001	\$ 26,369,216	\$ 282,887,217	\$ (1,185,405)	\$ (3,706,677)	\$ (4,892,082)

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

Description	2014	2013
(a) Ratio percentage used to determine recovery period and threshold limitation amount	543%	536%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 1,554,213,271	\$ 1,465,548,669

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

Description	December 31, 2014		December 31, 2013		Change	
	(1) Ordinary Income	(2) Capital Gain (Loss)	(3) Ordinary Income	(4) Capital Gain (Loss)	(5) (Col 1-3) Ordinary Income	(6) (Col 2-4) Capital Gain (Loss)
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
1. Adjusted gross DTAs	\$ 255,332,596	\$ 22,662,539	\$ 256,518,001	\$ 26,369,216	\$ (1,185,405)	\$ (3,706,677)
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	\$ 255,332,596	\$ 22,662,539	\$ 256,518,001	\$ 26,369,216	\$ (1,185,405)	\$ (3,706,677)
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 ___ No <u>X</u>						

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, 2014	(2) December 31, 2013	(3) (Col 1-2) Change
(a) Federal	\$ 144,915,154	\$ 114,035,482	\$ 30,879,672
(b) Foreign	--	--	--
(c) Subtotal	\$ 144,915,154	\$ 114,035,482	\$ 30,879,672
(d) Federal income tax on net capital gains	13,268,507	20,997,265	(7,728,758)
(e) Utilization of capital loss carry-forwards	--	--	--
(f) Other	--	--	--
(g) Federal and foreign income taxes incurred	\$ 158,183,661	\$ 135,032,747	\$ 23,150,914

2. Deferred Tax Assets:

Description	(1) December 31, 2014	(2) December 31, 2013	(3) (Col 1-2) Change
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 19,504,923	\$ 23,547,747	\$ (4,042,824)
(2) Unearned premium reserve	98,806,438	96,946,631	1,859,807
(3) Policyholder reserves	--	--	--
(4) Investments	--	--	--
(5) Deferred acquisition costs	--	--	--
(6) Policyholder dividends accrual	--	--	--
(7) Fixed assets	49,934,518	50,124,109	(189,591)
(8) Compensation and benefits accrual	38,666,282	42,523,611	(3,857,329)
(9) Pension accrual	--	--	--
(10) Receivables - nonadmitted	5,142,419	4,789,289	353,130
(11) Net operating loss carry-forward	--	--	--
(12) Tax credit carry-forward	--	--	--
(13) Other - non admitted assets	39,429,696	34,385,483	5,044,213
(14) Other - bad debt reserve	2,737,622	2,776,300	(38,678)
(15) Other (including items <5% of total ordinary tax assets)	1,110,698	1,424,831	(314,133)
(99) Subtotal	\$ 255,332,596	\$ 256,518,001	\$ (1,185,405)
(b) Statutory valuation allowance adjustment	--	--	--
(c) Nonadmitted	--	--	--
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 255,332,596	\$ 256,518,001	\$ (1,185,405)
(e) Capital			
(1) Investments	22,662,539	26,369,216	(3,706,677)
(2) Net capital loss carry-forward	--	--	--
(3) Real estate	--	--	--
(4) Other (including items <5% of total capital tax assets)	--	--	--
(99) Subtotal	\$ 22,662,539	\$ 26,369,216	\$ (3,706,677)
(f) Statutory valuation allowance adjustment	--	--	--
(g) Nonadmitted	--	--	--
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 22,662,539	\$ 26,369,216	\$ (3,706,677)
(i) Admitted deferred tax assets (2d+2h)	\$ 277,995,135	\$ 282,887,217	\$ (4,892,082)

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities:

Description	(1) December 31, 2014	(2) December 31, 2013	(3) (Col 1-2) Change
(a) Ordinary			
(1) Investments	\$ 351,595	\$ 162,302	\$ 189,293
(2) Fixed Assets	53,964,168	51,885,959	2,078,209
(3) Deferred and uncollected premium	--	--	--
(4) Policyholder reserves	--	--	--
(5) Other liabilities- prepaid expenses	5,341,128	6,851,930	(1,510,802)
(6) Other liabilities - salvage and subrogation	1,238,161	1,503,368	(265,207)
(7) Other (including items <5% of total ordinary tax liabilities)	828,877	798,803	30,074
(99) Subtotal	61,723,929	61,202,362	521,567
(b) Capital			
(1) Investments	170,370,646	163,053,000	7,317,646
(2) Real estate	--	--	--
(3) Other (including items <5% of total capital tax liabilities)	--	--	--
(99) Subtotal	170,370,646	163,053,000	7,317,646
(c) Deferred tax liabilities (3a99+3b99)	\$ 232,094,575	\$ 224,255,362	\$ 7,839,213

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

Description	(1) December 31, 2014	(2) December 31, 2013	(3) (Col 1-2) Change
Net deferred tax asset (liability) (2i-3c)	\$ 45,900,560	\$ 58,631,855	\$ (12,731,295)

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, 2014	December 31, 2013	Change
Total deferred tax assets	\$ 277,995,135	\$ 282,887,217	\$ (4,892,082)
Total deferred tax liabilities	232,094,575	224,255,362	7,839,213
Net deferred tax asset (liability)	\$ 45,900,560	\$ 58,631,855	\$ (12,731,295)
Tax effect of unrealized gains (losses)			(9,038,590)
Change in net deferred income tax			\$ (3,692,705)

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	\$ 240,162,948	35%
Exempt interest income	(1,606,131)	0%
Dividends received deduction	(3,549,968)	-1%
Impact of nonadmitted assets	(6,307,201)	-1%
Intercompany dividend exclusion	(64,750,000)	-9%
Other	(2,073,282)	0%
Total	\$ 161,876,366	24%
Federal and foreign income taxes incurred	\$ 158,183,661	
Change in net deferred income tax	3,692,705	
Total statutory income taxes	\$ 161,876,366	

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:	\$ 151,280,810
First preceding tax year:	\$ 133,413,398

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.

PROGRESSIVE CASUALTY INSURANCE COMPANY

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.
- G.

Federal or Foreign Income Tax Loss Contingencies

The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.
10.

Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A.

Nature of Relationships

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

B.

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

On December 19, 2014, the Company received dividends of \$150,000,000 and \$35,000,000 from its subsidiaries Specialty and Gulf, respectively, and on December 19, 2013, the Company received dividends of \$180,000,000 and \$45,000,000 from its subsidiaries Specialty and Gulf, respectively.

All significant 2014 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

The Company terminated its agreement for Periodic Settlement of Guarantee Association Amounts with Drive New Jersey Insurance Company, an insurance affiliate domiciled in New Jersey, effective March 31, 2014.

D.

Amounts Due to or from Related Parties

The Company reported a \$461,342,612 and \$414,589,118 payable to parent, subsidiaries, and affiliates at December 31, 2014 and 2013, 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 \$44,863,775 and \$37,296,465 current Federal income tax payable at December 31, 2014 and 2013, 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

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

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

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

The Company participates in an aggregate stop loss reinsurance agreement with National Continental Insurance Company ("National Continental"), an insurance affiliate domiciled in New York, for general liability business written by National Continental on or before November 25, 1985 (see Note 33).

The Company participates in an aggregate stop loss reinsurance agreement with Progressive Max Insurance Company ("Max"), an insurance affiliate domiciled in Ohio, for business assumed by Max from various reinsurance pools from 1965 to 1975 which underwrote general liability insurance (see Note 33).

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 DIH.

H.

Amount Deducted for Investment in Upstream Company

Not applicable

I.

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

Not applicable

J.

Write-Downs for Impairment of Investments in Affiliates

Not applicable

K.

Investment in Foreign Insurance Subsidiary

Not applicable

L.

Investment in Downstream Non-Insurance Holding Company

Not applicable

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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 12.G.
- E. Defined Contribution Plans
- TPC sponsors a defined contribution savings plan. See Note 12.G.
- F. Multiemployer Plans
- Not applicable
- 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 115 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 has expired, and no new awards may be made under this plan; however, equity-based awards granted to key members of management prior to the plan’s expiration remain outstanding. 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 12.G.
- I. Impact of Medicare Modernization Act on Postretirement Benefits
- TPC is responsible for postretirement benefits. See Note 12.G.

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 \$18,587,514 and \$17,963,722 in 2014 and 2013, respectively.

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

1. Outstanding Shares
- The Company has 5,000 shares of \$1,666.67 par value common stock authorized and 1,800 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding.
2. Dividend Rate of Preferred Stock
- Not applicable
- 3,4,5,6. Dividends
- The maximum amount of dividends the Company can pay to DIH in 2015 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 \$527,996,190 in 2015 without prior approval from the Ohio DOI, provided the dividend payment is not made within 12 months of the previous payment.
- Within the limitations described above, there are no additional restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

The Company paid dividends to DIH as follows:

Date Paid	Amount Paid	Dividend Type
December 19, 2014	\$ 175,000,000	Ordinary
September 24, 2014	\$ 250,000,000	Ordinary
December 19, 2013	\$ 181,700,000	Ordinary
December 19, 2013	\$ 45,300,000	Extraordinary
September 24, 2013	\$ 225,000,000	Ordinary

The extraordinary cash dividend was approved by the Ohio DOI.

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

7. Mutual Surplus Advances
- Not applicable
8. Company Stock Held for Special Purposes
- Not applicable
9. Changes in Special Surplus Funds
- Not applicable
10. Changes in Unassigned Funds (Surplus)

As of December 31, 2014, 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)	\$ 1,171,024,386
Nonadmitted assets	(257,875,643)
Provision for reinsurance	--
Total	\$ 913,148,743

The unrealized gain is gross of the applicable deferred tax liability of \$150,596,437.

11. Surplus Notes
- Not applicable
- 12,13. Quasi Reorganizations
- Not applicable
14. Liabilities, Contingencies and Assessments
- 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, 2014 and 2013, the Company's estimated liability for state guaranty fund and other assessments was \$4,211,513 and \$3,369,360, respectively. The Company did not recognize any premium tax benefit associated with its various assessments.

As of December 31, 2014 and 2013, the Company's estimated liability for various surcharges was \$1,461,049 and \$1,299,434, 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 2014 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 2014	\$ 1,227,352

The table below indicates the number of claims where amounts were paid to settle claims ECO or bad faith claims resulting from lawsuits during 2014.

(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. Joint and Several Liabilities
- Not applicable
- G. 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 various management agreements and a 100% pooling reinsurance agreement for which it is allocated litigation expenses (see Note 26).

PROGRESSIVE CASUALTY INSURANCE COMPANY

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The following is a discussion of potentially significant pending cases at December 31, 2014. 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, 2014, there was one putative class action lawsuit challenging the Company’s use of certain automated database vendors or software to assist in the adjustment of bodily injury claims. Plaintiffs allege that these databases or software systematically undervalue the claims.

As of December 31, 2014, there were three putative statewide class action lawsuits and nine cases consolidated into multi-district proceedings 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, 2014, there was a putative class action lawsuit alleging that the Company charged insureds for illusory underinsured and uninsured motorist coverage on multiple vehicle policies.

As of December 31, 2014, there was a lawsuit alleging that the Company negligently designed, manufactured and deceptively advertised a usage based device claiming that it damages a vehicle’s battery to the point that the battery is non-functional or diminished in value. An agreement to settle on an individual basis was reached in 2014 and as of December 31, 2014, the settlement was still being administered.

15. Leases

A. Lessee Leasing Arrangements

1. The Company leases office facilities and equipment under various non-cancelable operating leases that expire through March 31, 2024. The Company is allocated a percentage of the Group’s total rental expense based on the 100% pooling reinsurance agreement (see Note 26). In 2014 and 2013, the Company was allocated \$15,328,715 and \$15,719,419, respectively, of rental expense. Future minimum rental payments on leases held by the Company are as follows:

Year	Amount
2015	\$ 46,131,817
2016	43,690,604
2017	37,201,343
2018	27,111,696
2019	16,399,037
Thereafter	4,422,622
Total	<u>\$ 174,957,119</u>

Certain rental commitments have renewal options extending through August 31, 2040. Some of these renewals are subject to adjustments in future periods.

During 2014, the Company incurred \$376,319 in fees as a result of the early termination of various property leases associated with claims handling. This expense is reflected in loss adjustment expenses incurred (see Page 4, Line 3), on the Company’s Statement of Income. No liability was recorded as a result of the early terminations.

2. As of December 31, 2014, the Company has non-cancellable sublease agreements whereby the Company subleases space to outside parties. The minimum rental payments to be received are as follows:

Year	Amount
2015	\$ 47,452
2016	35,589
Total	<u>\$ 83,041</u>

3. In August 2005, the Company sold real estate located in Austin, Texas to a third party as part of a 15-year sale-leaseback agreement. In accordance with SSAP 22 – Leases, a liability was established to record the deferred gain on the sale, which is amortized on a monthly basis over the term of the lease. As the deferred gain is amortized, the liability is reduced. At December 31, 2014, the liability remaining is \$689,066.

B. Lessor Leasing Arrangements

The Company does lease some of its owned properties to outside parties, however, these leases are not a significant part of the Company’s business activities.

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

Not applicable

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

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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, 2014:

Asset Description	Level 1	Level 2	Level 3	Total
a. Assets on balance sheet at fair value				
Bonds Industrial & Miscellaneous	\$ --	\$ 97,040,245	\$ --	\$ 97,040,245
Common stock Industrial & Miscellaneous	839,499,048	--	--	839,499,048
Preferred stock Industrial & Miscellaneous	--	81,070,800	--	81,070,800
Total assets at fair value	\$ 839,499,048	\$ 178,111,045	\$ --	\$ 1,017,610,093
b. Liabilities on balance sheet at fair value				
Derivative liabilities	\$ --	\$ --	\$ --	\$ --
Total liabilities at fair value	\$ --	\$ --	\$ --	\$ --

The Company is the sole-majority-limited partner in the Makaira Indica, LP (limited partnership). The partnership invests in exchange-traded common stocks.

2. Rollforward 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

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, 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	\$ 2,174,369,803	\$ 2,151,560,524	\$ 404,349,973	\$ 1,770,019,830	\$ --	\$ --
Cash equivalents	228,994,854	228,994,854	228,994,854	--	--	--
Short-term investments	89,077,147	89,076,323	89,077,147	--	--	--
Common stock	839,499,048	839,499,048	839,499,048	--	--	--
Preferred stock	96,019,400	94,378,700	--	96,019,400	--	--
Total	\$ 3,427,960,252	\$ 3,403,509,449	\$ 1,561,921,022	\$ 1,866,039,230	\$ --	\$ --

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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.

The Company maintains and funds a trust account at PNC Bank, National Association for the benefit of Progressive County Mutual Insurance Company ("County Mutual"), an insurance affiliate domiciled in Texas, related to the 100% reinsurance agreement. Under the terms of the agreement, County Mutual cedes 100% of its underwriting business to the Company. The trust account was established to satisfy a request by A.M. Best Company, Inc. to maintain County Mutual's A+ A.M. Best rating. All funds in the trust account are reported as the Company's assets (see Schedule E, Part 3), the Company pays all costs and fees of the trust and is entitled to all income on the trust's assets. County Mutual has the right to withdraw funds from the trust only in the event of a material default by the Company under the terms of the 100% reinsurance agreement. The trust agreement can be terminated upon proper notice by either the Company or County Mutual with all remaining assets in the trust account being retained by the Company.

The minimum trust balance is calculated annually based on a percentage of County Mutual's total reinsurance recoverable from its annual statement Schedule F, Part 3, and its agents balances and uncollected premiums as reported in its annual statement. As of December 31, 2014, the Company had on deposit \$51,832,000 (fair market value) of U.S. Treasury Notes in the trust account and \$4,500,481 in a money market fund to cover any market price fluctuations on the Treasury Notes. Although adequate for the 2014 requirement, due to County Mutual's business growth, the Company will fund the trust account to meet the 2015 minimum trust balance requirement of \$58,162,601 during the first quarter of 2015.

2.

The Company maintains and funds a trust account at PNC Bank, National Association for the benefit of Aetna Life Insurance Company ("Aetna"), a Connecticut based insurer that administers certain employee benefit plans maintained for most TPC employees. All funds in the trust account are reported as the Company's assets (see Schedule E, Part 3), the Company pays all costs and fees of the trust and is entitled to all income on the trust's assets. Aetna has the right to withdraw funds from the trust only in the event that the Company fails to otherwise provide funds to pay benefits due under the applicable employee benefit plans. The trust agreement can be terminated upon proper notice by either the Company or Aetna with all remaining assets in the trust account being retained by the Company.

The minimum trust balance is calculated annually and may be revised each year, with mutual agreement of the Company and Aetna. As of December 31, 2014, the Company had on deposit \$8,256,880 (fair market value) of U.S. Treasury Notes in the trust account and \$720,239 in a money market fund to cover any market price fluctuations on the Treasury Notes, which combined, were adequate to meet the minimum trust balance requirement of \$7,425,000.

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, 2014 are as follows:

Description of state transferable ("T") and non-transferable ("NT") tax credits	State	Carrying Value	Unused Amount
Digital Media Production Tax Credit (T)	CT	\$ 1,044,300	\$ 1,180,000
Digital Media Production Tax Credit (T)	CT	--	105,423
Total		\$ 1,044,300	\$ 1,285,423

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	\$ 1,044,300	\$ --
Non-transferable	\$ --	\$ --

F.

Subprime Mortgage Related Risk Exposure

1.

Exposure to Subprime Mortgage Related Risk

The following subprime 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 1.C). Additionally, securities that were determined to have an indirect subprime exposure were also reviewed as part of the OTTI process.

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

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

For the Company’s investment in Specialty, Gulf, and PC Investment Company (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 2014, 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, 2014, 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	\$ 370,617,312	\$ 370,617,312	\$ 377,419,514	\$ --
(b) Commercial mortgage-backed securities	--	--	--	--
(c) Collateralized debt obligations	--	--	--	--
(d) Structured securities	--	--	--	--
(e) Equity investment in SCAs*	25,043,769	25,041,118	26,151,006	--
(f) Other assets	--	--	--	--
(g) Total	\$ 395,661,081	\$ 395,658,430	\$ 403,570,520	\$ --

* The Company’s subsidiary, Progressive Specialty Insurance Company, has indirect investments in subprime mortgages, which comprise 3.0% of their invested assets.

4. Mortgage or Financial Guaranty Subprime Exposure

Not applicable

G. Agents’ Balances Certification, Florida Statute 625.012 (5):

At December 31, 2014 and 2013, the Company reported net admitted premiums and agents’ balances in course of collection of \$110,650,500 and \$116,328,887, 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

Subsequent events have been considered through February 13, 2015 for the statutory statement that was available for issuance by March 1, 2015.

The Canadian Branch of the Company is in run-off with 5 open life-time accident benefit claims (approximately \$2,290,000 gross and \$716,000 net reserves as of December 31, 2014). The Office of the Superintendent of Financial Institutions (“OSFI”) requires the Branch to maintain a chief agent presence in Canada until the Branch discharges all insurance liabilities under normal settlement or by way of assumption reinsurance to another Canadian licensed insurer. The Company has entered into an assumption reinsurance agreement with Omega General Insurance Company of Canada to assist with the Canadian Branch’s wind down. The Canadian Branch has applied for approval of the assumption reinsurance agreement with OSFI and is awaiting approval. Upon approval of the assumption reinsurance agreement, the Company will begin a wind down of the Canadian Branch. In addition to the assumption reinsurance transaction, the Company will enter a stop loss reinsurance agreement with Omega General to assume any adverse development in excess of 10% of the net liabilities being transferred (Omega General assumes the first 10% of such adverse development). The Company receives 100% of any redundancy in the assumed reserves.

23. Reinsurance

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

At December 31, 2014, the Company had the following unsecured reinsurance recoverable balances which exceeded 3% of policyholders’ surplus:

Reinsurer	NAIC Code	Federal ID #	Amount
Progressive American Insurance Company	24252	34-1094197	\$ 138,610
Progressive Bayside Insurance Company	17350	31-1192845	69,305
Progressive Classic Insurance Company	42994	39-1453002	207,914
Progressive Gulf Insurance Company	42412	34-1374634	138,610
Progressive Michigan Insurance Company	10187	34-1787734	277,218
Progressive Mountain Insurance Company	35190	93-0935623	69,305
Progressive Northern Insurance Company	38628	34-1318335	831,656
Progressive Northwestern Insurance Company	42919	91-1187829	831,656
Progressive Preferred Insurance Company	37834	34-1287020	415,828
Progressive Southeastern Insurance Company	38784	59-1951700	69,305
Progressive Specialty Insurance Company	32786	34-1172685	485,133
Total			\$ 3,534,540

B. Reinsurance Recoverable in Dispute

Not applicable

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

- 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, 2014.

	Assumed		Ceded		Net	
	Unearned	Commission	Unearned	Commission	Unearned	Commission
	Premiums	Equity	Premiums	Equity	Premiums	Equity
(a) Affiliates	\$ 2,504,109	\$ --	\$ 1,454,085	\$ --	\$ 1,050,024	\$ --
(b) All Other	--	--	1,054	158	(1,054)	(158)
(c) Totals	\$ 2,504,109	\$ --	\$ 1,455,139	\$ 158	\$ 1,048,970	\$ (158)
(d) Direct Unearned Premium Reserve is \$348,092						

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

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

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

Not applicable

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 decreased by \$581,525 in 2014, which is less than 1% of the total prior year net unpaid losses and LAE of \$1,934,021,931. The favorable development is primarily due to passenger auto liability originally anticipated severity for accident years 2011 and prior decreasing by less than 1%, partially offset by originally anticipated severity for accident years 2012 and 2013 increasing by less than 1%. The LAE reserves developed unfavorably primarily due to unfavorable adjusting and other expense reserve development.

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 the Company, 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, 2014 and 2013 were as follows:

Company	NAIC Code	2014 Pool %	2013 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%

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.

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

At December 31, 2014, 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)	\$ 63,226,910	\$ 34,861,435
Progressive Northern Insurance Company	7,343,826	11,452,028
Progressive Northwestern Insurance Company	3,018,535	14,354,272
Progressive Specialty Insurance Company	7,111,274	3,828,289
Progressive Preferred Insurance Company	1,547,354	7,367,063
Progressive Michigan Insurance Company	3,553,607	6,140,282
Progressive Classic Insurance Company	2,686,264	3,685,327
Progressive American Insurance Company	3,416,942	8,935,790
Progressive Gulf Insurance Company	--	3,395,759
Progressive Bayside Insurance Company	--	1,447,169
Progressive Mountain Insurance Company	3,933,577	1,656,930
Progressive Southeastern Insurance Company	2,241,542	962,107
Progressive Hawaii Insurance Corp.	--	1,894
National Continental Insurance Company	8,514	--
Total	\$ 98,088,345	\$ 98,088,345

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 31, 2014
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 the Company's participation in various reinsurance pools from 1968 to 1975, which underwrote general liability insurance, the Company's aggregate stop loss reinsurance agreement with Max for various reinsurance pools from 1965 to 1975, Progressive American Insurance Company's, an insurance affiliate domiciled in Ohio and Agency Pool member, exposure from a limited number of general liability policies issued from 1972 to 1975, and the Company's aggregate stop loss reinsurance agreement with National Continental for general liability business written on or before November 25, 1985.

The Company records case and DCC reserves based on financial information received from the various external reinsurance pool managers. IBNR reserves are established based on previous experience.

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

	December 31,				
	2010	2011	2012	2013	2014
Direct					
Beginning reserves	\$ 100,449	\$ 100,449	\$ 100,449	\$ 100,449	\$ 100,449
Losses and DCC incurred	--	--	--	--	(95,058)
Calendar year payments for losses and DCC	--	--	--	--	--
Ending reserves	\$ 100,449	\$ 100,449	\$ 100,449	\$ 100,449	\$ 5,391
Assumed Reinsurance					
Beginning reserves	\$ 2,256,083	\$ 2,338,907	\$ 1,588,205	\$ 1,607,906	\$ 1,067,530
Losses and DCC incurred	202,450	(381,411)	71,937	(320,854)	975,207
Calendar year payments for losses and DCC	119,626	369,291	52,236	219,522	160,892
Ending reserves	\$ 2,338,907	\$ 1,588,205	\$ 1,607,906	\$ 1,067,530	\$ 1,881,845
Net of Ceded Reinsurance					
Beginning reserves	\$ 2,356,532	\$ 2,439,356	\$ 1,688,654	\$ 1,708,355	\$ 1,167,979
Losses and DCC incurred	202,450	(381,411)	71,937	(320,854)	880,149
Calendar year payments for losses and DCC	119,626	369,291	52,236	219,522	160,892
Ending reserves	\$ 2,439,356	\$ 1,688,654	\$ 1,708,355	\$ 1,167,979	\$ 1,887,236

PROGRESSIVE CASUALTY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

Direct	\$ --
Assumed	486,156
Net	\$ 486,156

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

Direct	\$ 4,900
Assumed	209,565
Net	\$ 214,465

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

	December 31,				
	2010	2011	2012	2013	2014
Direct					
Beginning reserves	\$ 25,042	\$ 25,042	\$ 25,042	\$ 25,042	\$ 25,042
Losses and DCC incurred	--	--	--	--	(25,042)
Calendar year payments for losses and DCC	--	--	--	--	--
Ending reserves	\$ 25,042	\$ 25,042	\$ 25,042	\$ 25,042	\$ --
Assumed Reinsurance					
Beginning reserves	\$ 1,642,656	\$ 1,447,057	\$ 1,728,507	\$ 2,501,294	\$ 3,959,702
Losses and DCC incurred	(165,894)	279,169	769,785	1,486,185	3,476,609
Calendar year payments for losses and DCC	29,705	(2,281)	(3,002)	27,777	2,613,194
Ending reserves	\$ 1,447,057	\$ 1,728,507	\$ 2,501,294	\$ 3,959,702	\$ 4,823,117
Net of Ceded Reinsurance					
Beginning reserves	\$ 1,667,698	\$ 1,472,099	\$ 1,753,549	\$ 2,526,336	\$ 3,984,744
Losses and DCC incurred	(165,894)	279,169	769,785	1,486,185	3,451,567
Calendar year payments for losses and DCC	29,705	(2,281)	(3,002)	27,777	2,613,194
Ending reserves	\$ 1,472,099	\$ 1,753,549	\$ 2,526,336	\$ 3,984,744	\$ 4,823,117

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

Direct	\$ --
Assumed	1,125,831
Net	\$ 1,125,831

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

Direct	\$ --
Assumed	972,267
Net	\$ 972,267

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Insurance

Not applicable

PROGRESSIVE CASUALTY INSURANCE COMPANY
GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

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

1.3

State regulating? OHIO

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2012

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 [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

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

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes [] No [X]

4.12

renewals?

Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

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

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

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,

7.21

State the percentage of foreign control

.....%

7.22

State the nationality(ies) of the foreign person(s) or entity(ies); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(ies) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]

8.2

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

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]

8.4

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

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PRICEWATERHOUSECOOPERS, LLP 200 PUBLIC SQUARE, 18TH FLOOR CLEVELAND, OH 44114-2301

10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]

10.2

If the response to 10.1 is yes, provide information related to this exemption:

10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

10.4

If the response to 10.3 is yes, provide information related to this exemption:

PROGRESSIVE CASUALTY 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
10.6	If the answer to 10.5 is no or n/a, please explain.			

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

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
	AVALONBAY COMMUNITIES INC, BOSTON PROPERTIES INC, EQUITY RESIDENTIAL, ESSEX PROPERTY TRUST INC, FEDERAL REALTY INVS TRUST, GENERAL GROWTH PROPERTIES, HCP INC, HEALTH CARE REIT INC, HOST HOTELS & RESORTS INC, KIMCO REALTY CORP, LIBERTY PROPERTY TRUST, MACERICH CO/THE, PLUM CREEK TIMBER CO INC, RAYONIER INC, REGENCY CENTERS CORP, SL GREEN REALTY CORP, SIMON PROPERTY GROUP INC, VENTAS INC, AMERICAN CAPITAL AGENCY CORP, APARTMENT INVT & MGMT CO -A, CORPORATE OFFICE PROPERTIES, CBRE GROUP INC, ROUSE PROPERTIES INC, AMERICAN TOWER CORP, CORRECTIONS CORP OF AMERICA EQUITY COMMONWEALTH

12.12 Number of parcels involved0

12.13	Total book/adjusted carrying value	\$.....27,461,997
-------	------------------------------------	-------------------

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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
------	--	---	-----------------------------

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? Yes [X]

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]

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]

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 []

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers \$.....

20.12 To stockholders not officers \$.....

20.13 Trustees, supreme or grand (Fraternal only) \$.....

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 \$.....

20.22 To stockholders not officers \$.....

20.23 Trustees, supreme or grand (Fraternal only) \$.....

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 []

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 CASUALTY 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 [☒]

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

.....

22.22

Amount paid as expenses

.....

22.23

Other amounts paid

.....

23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [☐] No [☒]

23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount.

.....

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?

Yes [☒] 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 [☒]

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 [☒]

24.08

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

Yes [☐] No [☐] N/A [☒]

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 [☒]

24.10

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

24.101

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

.....

24.102

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

.....

24.103

Total payable for securities lending reported on the liability page.

.....

25.1

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

Yes [☒] No [☐]

25.2

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

25.21

Subject to repurchase agreements

\$.....0

25.22

Subject to reverse repurchase agreements

\$.....0

25.23

Subject to dollar repurchase agreements

\$.....0

25.24

Subject to reverse dollar repurchase agreements

\$.....0

25.25

Placed under option agreements

\$.....0

25.26

Letter stock or securities restricted as to sale - excluding FHLB Capital Stock

\$.....0

25.27

FHLB Capital Stock

\$.....0

25.28

On deposit with states

\$.....4,808,333

25.29

On deposit with other regulatory bodies

\$.....0

25.30

Pledged as collateral - excluding collateral pledged to an FHLB

\$.....63,789,417

25.31

Pledged as collateral to FHLB - including assets backing funding agreements

\$.....0

25.32

Other

\$.....0

25.3

For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1

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

Yes [☐] No [☒]

26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [☐] No [☐] N/A [☒]

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 [☒]

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 [☒] 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
RBC INVESTOR SERVICES	P.O. BOX 7500-STATION A, TORONTO, ON M5W 1P9

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 [☒]

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
105466	BECK, MACK & OLIVER LLC	360 MADISON AVE, NEW YORK, NY 10017
153729	MAKAIRA PARTNERS LLP	4747 EXECUTIVE DR., SAN DIEGO, CA 92121

PROGRESSIVE CASUALTY INSURANCE COMPANY

PART 1 - COMMON INTERROGATORIES - INVESTMENT

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 [☒]

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.....	2,469,631,691	2,492,441,809	22,810,118
30.2 Preferred stocks.....	94,378,700	96,019,400	1,640,700
30.3 Totals.....	2,564,010,391	2,588,461,209	24,450,818

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 [☐]

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.

THE COMPANY'S FAIR MARKET VALUATION PROCESS, REGARDLESS OF WHAT PRICING SOURCE IS USED, ANALYZES AND COMPARES INDEPENDENT VENDOR QUOTATIONS/SPREADS, INDEPENDENT BROKER/DEALER BID LISTS, INDEPENDENT BROKER/DEALER QUOTES, INDEPENDENT BROKER/DEALER PRICING SERVICES, INPUTS FROM THE PORTFOLIO MANAGEMENT TEAM, DISCUSSIONS WITH EXTERNAL AUDITORS, AND SECURITY SPECIFIC PARAMETERS TO ENSURE THAT THE VALUATION PROCESS REFLECTS THE MOST ACCURATE FAIR VALUE AT THE REPORTING DATE.

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

Yes [☒] 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?

\$.....5,036,783

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	1,745,073

34.1 Amount of payments for legal expenses, if any?

\$.....18,450,190

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
	0

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

\$.....926,140

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
	0

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.

\$.....0

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.

\$.....0

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	2
	Current Year	Prior Year
2.1	Premium Numerator.....	.....
2.2	Premium Denominator.....	.....
2.3	Premium Ratio (2.1/2.2).....	.....
2.4	Reserve Numerator.....	.....
2.5	Reserve Denominator.....	.....
2.6	Reserve Ratio (2.4/2.5).....	.....

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?

WORKERS' COMPENSATION RISKS WERE COVERED UNDER TREATY REINSURANCE CONTRACTS.

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, 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 7% OF THE SURPLUS.

6.3

What provision has this reporting entity made (such as a catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?

THE COMPANY'S ESTIMATED PML IS 7% OF THE SURPLUS. THE COMPANY CARRIES NO EXTERNAL CATASTROPHE REINSURANCE TO COVER ITS LIMITED CATASTROPHE EXPOSURE. THE COMPANY PARTICIPATES IN A POOLING ARRANGEMENT, WHICH SPREADS THE UNDERWRITING RISK INCLUDING THE CATASTROPHE EXPOSURE AMONG ALL PARTIES TO THE POOLING AGREEMENT.

6.4

Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?

Yes []

No [X]

6.5

If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss:

NONE

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

7.1

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes [☐]

No [☒ X]

7.2

If yes, indicate the number of reinsurance contracts containing such provisions.

7.3

If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?

Yes [☐]

No [☐]

8.1

Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?

Yes [☐]

No [☒ X]

8.2

If yes, give full information:

9.1

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:
(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

Yes [☐]

No [☒ X]

9.2

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where:
(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?

Yes [☐]

No [☒ X]

9.3

If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:
(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:
(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes [☐]

No [☒ X]

9.5

If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or
(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]

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
12.12 Unpaid underwriting expenses (including loss adjustment expenses)

\$.....0

\$.....0

\$.....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 [☒ X]

No [☐]

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

\$.....137,021

\$.....0

16.1

GENERAL INTERROGATORIES

PART 2 - PROPERTY AND CASUALTY INTERROGATORIES

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$.....4,900,000

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 [☒]

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 [☐]

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 [☐]

15.2

If yes, give full information:

16.1

Does the reporting entity write any warranty business?

Yes [☐] No [☐]

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 [☐]

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 [☒]

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 [☐]

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 2014	2 2013	3 2012	4 2011	5 2010
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).....	...6,358,261,865	...6,082,311,103	...5,807,577,020	...5,430,309,495	...5,172,297,803
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	...3,589,660,870	...3,396,026,641	...3,243,616,483	...3,021,813,129	...3,002,398,862
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	...37,535,883	...30,367,550	...28,113,172	...26,843,316	...26,900,472
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	...11,765	...7,439	...(304,871)	...1,451,403	...9,451,116
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	...9,985,470,383	...9,508,712,733	...9,079,001,804	...8,480,417,343	...8,211,048,253
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).....	...3,114,377,105	...2,978,918,603	...2,844,830,270	...2,657,289,299	...2,520,914,489
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	...1,758,894,417	...1,663,974,545	...1,589,346,389	...1,480,654,321	...1,471,150,281
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	...18,392,273	...14,865,572	...13,758,975	...13,135,394	...13,161,025
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	...5,765	...2,025	...4,133	...8,615	...3,553
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	...4,891,669,560	...4,657,760,746	...4,447,939,767	...4,151,087,629	...4,005,229,348
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	...362,910,840	...264,799,762	...143,218,359	...236,694,923	...271,696,455
14. Net investment gain (loss) (Line 11).....	...303,208,701	...350,915,418	...346,343,156	...423,131,197	...121,210,892
15. Total other income (Line 15).....	...6,791,803	...(410,962)	...2,295,544	...3,931,789	...3,943,459
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	...144,915,154	...114,035,482	...85,136,375	...106,953,866	...117,361,728
18. Net income (Line 20).....	...527,996,190	...501,268,736	...406,720,684	...556,804,043	...279,489,078
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	...6,061,656,758	...5,780,982,266	...5,332,134,450	...5,129,933,944	...4,800,526,915
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	...110,650,500	...116,328,887	...108,262,440	...103,071,962	...89,959,218
20.2 Deferred and not yet due (Line 15.2).....	...640,854,583	...597,611,470	...566,073,172	...546,361,594	...488,263,781
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	...4,450,278,978	...4,237,871,965	...3,883,660,271	...3,770,062,886	...3,467,065,235
22. Losses (Page 3, Line 1).....	...1,636,282,568	...1,617,478,370	...1,520,032,504	...1,399,143,962	...1,368,180,514
23. Loss adjustment expenses (Page 3, Line 3).....	...335,785,088	...316,543,561	...303,479,486	...295,101,205	...298,481,916
24. Unearned premiums (Page 3, Line 9).....	...1,397,062,734	...1,370,134,504	...1,323,819,379	...1,240,175,199	...1,184,343,982
25. Capital paid up (Page 3, Lines 30 & 31).....	...3,000,000	...3,000,000	...3,000,000	...3,000,000	...3,000,000
26. Surplus as regards policyholders (Page 3, Line 37).....	...1,611,377,780	...1,543,110,301	...1,448,474,179	...1,359,871,058	...1,333,461,680
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	...608,227,826	...601,675,005	...648,947,131	...697,826,421	...285,459,659
Risk-Based Capital Analysis					
28. Total adjusted capital.....	...1,611,377,780	...1,543,110,301	...1,448,474,179	...1,359,871,058	...1,333,461,680
29. Authorized control level risk-based capital.....	...286,262,548	...273,475,211	...240,623,822	...218,124,012	...211,453,248
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).....	...41.3	...38.7	...30.5	...30.7	...22.6
31. Stocks (Lines 2.1 & 2.2).....	...37.0	...39.4	...40.1	...43.1	...51.6
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....	...10.9	...11.0	...11.4	...11.3	...12.2
34. Cash, cash equivalents and short-term investments (Line 5).....	...7.6	...8.1	...15.7	...14.3	...13.6
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....	...2.8	...2.7	...2.2		
38. Receivable for securities (Line 9).....	...0.4	...0.0	...0.1	...0.5	...0.0
39. Securities lending reinvested collateral assets (Line 10).....					
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).....	...990,418,484	...1,037,398,171	...1,131,710,967	...1,237,612,031	...1,504,434,204
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.....	...144,076,303	...132,526,936	...99,539,620	...102,480	...102,480
48. Total of above lines 42 to 47.....	...1,134,494,787	...1,169,925,107	...1,231,250,587	...1,237,714,511	...1,504,536,684
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).....	...70.4	...75.8	...85.0	...91.0	...112.8

PROGRESSIVE CASUALTY INSURANCE COMPANY
FIVE-YEAR HISTORICAL DATA
(Continued)

	1	2	3	4	5
	2014	2013	2012	2011	2010
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	.....(31,468,782)	.....24,819,308	.....(61,355,669)	.....(260,341,386)	.....195,289,249
52. Dividends to stockholders (Line 35).....	.....(425,000,000)	.....(452,000,000)	.....(298,000,000)	.....(303,000,000)	.....(503,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	.....68,267,479	.....94,636,122	.....88,603,121	.....26,409,378	.....(28,222,693)
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).....	....3,841,188,809	....3,576,871,673	....3,436,951,085	....3,165,978,787	....3,071,926,280
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	....2,256,171,433	....2,138,176,415	....2,087,349,510	....1,915,059,732	....1,733,678,200
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....16,599,196	.....13,349,355	.....21,150,223	.....16,306,135	.....13,606,811
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....309,165	.....2,796,544	.....6,515,194	.....5,134,030	.....1,287,600
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....405,578	.....635,084	.....348,385	.....840,859	.....531,574
59. Total (Line 35).....	....6,114,674,181	....5,731,829,071	....5,552,314,397	....5,103,319,543	....4,821,030,465
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	....1,866,806,236	....1,739,808,728	....1,672,094,774	....1,544,271,940	....1,497,130,281
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	....1,105,509,793	....1,047,690,002	....1,022,791,126	.....938,350,585	.....849,492,981
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....8,133,606	.....6,541,184	.....10,363,609	.....7,990,006	.....6,667,337
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....(30,928)	.....632,045	.....1,013,157	.....725,925	.....256,564
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....198,733	.....311,191	.....170,709	.....412,021	.....260,471
65. Total (Line 35).....	....2,980,617,440	....2,794,983,150	....2,706,433,375	....2,491,750,477	....2,353,807,634
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).....	.....61.7	.....62.7	.....64.8	.....61.6	.....59.5
68. Loss expenses incurred (Line 3).....	.....10.1	.....10.2	.....10.3	.....10.4	.....10.8
69. Other underwriting expenses incurred (Line 4).....	.....20.7	.....21.3	.....21.6	.....22.3	.....22.8
70. Net underwriting gain (loss) (Line 8).....	.....7.5	.....5.7	.....3.3	.....5.8	.....6.8
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0).....	.....20.5	.....21.1	.....21.1	.....21.9	.....22.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	.....71.8	.....72.9	.....75.1	.....72.0	.....70.3
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).....	.....303.6	.....301.8	.....307.1	.....305.3	.....300.4
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11).....	.....(9,460)	.....21,325	.....15,561	.....(28,575)	.....(63,672)
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).....	.....(0.6)	.....1.5	.....1.1	.....(2.1)	.....(4.7)
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).....	.....15,038	.....29,003	.....(43,742)	.....(93,548)	.....(56,801)
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).....	.....1.0	.....2.1	.....(3.3)	.....(6.9)	.....(4.7)

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.....	.....7,802	.....3,778	.....242	.....17	.....485	.....	.....512	.....4,733	.....XXX.....
2. 2005.....	.....4,945,375	.....84,966	.....4,860,409	..2,777,559	.....67,117	.....91,324	.....2,404	.....532,892	.....4,072	.....222,283	.....3,328,182	.....XXX.....
3. 2006.....	.....4,673,904	.....75,547	.....4,598,356	..2,614,437	.....69,862	.....78,747	.....2,773	.....492,875	.....2,762	.....221,264	.....3,110,662	.....XXX.....
4. 2007.....	.....4,247,466	.....62,633	.....4,184,833	..2,477,927	.....35,194	.....66,322	.....594	.....440,949	.....483	.....230,439	.....2,948,927	.....XXX.....
5. 2008.....	.....4,047,592	.....50,982	.....3,996,610	..2,454,825	.....31,212	.....65,138	.....1,825	.....423,367	.....735	.....212,594	.....2,909,559	.....XXX.....
6. 2009.....	.....4,054,609	.....53,940	.....4,000,669	..2,372,317	.....39,392	.....64,771	.....2,781	.....368,366	.....664	.....199,959	.....2,762,617	.....XXX.....
7. 2010.....	.....4,029,626	.....60,698	.....3,968,928	..2,428,749	.....42,153	.....65,837	.....2,243	.....364,233	.....105	.....214,154	.....2,814,317	.....XXX.....
8. 2011.....	.....4,150,819	.....55,563	.....4,095,256	..2,536,344	.....25,655	.....55,070	.....377	.....359,247	.....0	.....235,815	.....2,924,629	.....XXX.....
9. 2012.....	.....4,409,628	.....45,333	.....4,364,295	..2,682,839	.....20,777	.....42,969	.....119	.....365,251	.....	.....262,459	.....3,070,163	.....XXX.....
10. 2013.....	.....4,657,131	.....45,685	.....4,611,446	..2,519,330	.....14,210	.....24,292	.....23	.....358,580	.....	.....255,567	.....2,887,968	.....XXX.....
11. 2014.....	.....4,912,534	.....47,793	.....4,864,741	..2,034,798	.....8,433	.....6,266	.....1	.....303,437	.....	.....179,055	.....2,336,067	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	24,906,927	.....357,783	.....560,978	.....13,157	..4,009,681	.....8,820	..2,234,102	..29,097,825	.....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					
1. Prior.....	.....71,803	.....63,519	.....4,258	.....	.....1,315	.....139	.....490	.....	.....1,003	.....	.....	.....15,211	.....XXX.....
2. 2005.....	.....28,508	.....27,372	.....67	.....	.....217	.....	.....	.....	.....450	.....	.....	.....1,871	.....XXX.....
3. 2006.....	.....25,430	.....23,865	.....739	.....662	.....316	.....1	.....	.....	.....493	.....	.....	.....2,451	.....XXX.....
4. 2007.....	.....27,486	.....25,389	.....3,001	.....2,888	.....411	.....2	.....94	.....81	.....614	.....	.....	.....3,246	.....XXX.....
5. 2008.....	.....36,036	.....30,237	.....2,853	.....2,721	.....868	.....6	.....233	.....194	.....878	.....	.....	.....7,712	.....XXX.....
6. 2009.....	.....30,295	.....19,447	.....3,561	.....3,417	.....1,765	.....14	.....337	.....279	.....1,243	.....	.....	.....14,043	.....XXX.....
7. 2010.....	.....49,356	.....26,605	.....1,515	.....1,258	.....3,518	.....18	.....543	.....459	.....2,063	.....	.....	.....28,656	.....XXX.....
8. 2011.....	.....70,328	.....19,344	.....23,247	.....5,540	.....8,402	.....15	.....5,101	.....378	.....5,989	.....	.....10,000	.....87,791	.....XXX.....
9. 2012.....	.....167,919	.....28,972	.....23,989	.....1,439	.....23,432	.....18	.....6,257	.....160	.....13,142	.....	.....10,407	.....204,150	.....XXX.....
10. 2013.....	.....335,843	.....31,813	.....66,345	.....2,441	.....38,805	.....47	.....10,748	.....57	.....31,898	.....	.....20,881	.....449,281	.....XXX.....
11. 2014.....	.....772,037	.....6,672	.....245,289	.....30,024	.....53,499	.....30	.....21,264	.....49	.....102,343	.....	.....110,649	.....1,157,657	.....XXX.....
12. Totals...	...1,615,043	.....303,234	.....374,864	.....50,390	.....132,548	.....289	.....45,068	.....1,656	.....160,114	.....0	.....151,937	.....1,972,068	.....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.....	.....12,542	.....2,668
2. 2005..	.....3,431,017	.....100,964	.....3,330,053	.....69.4	.....118.8	.....68.5	.....	.....	.....49.00	.....1,203	.....668
3. 2006..	.....3,213,038	.....99,924	.....3,113,113	.....68.7	.....132.3	.....67.7	.....	.....	.....49.00	.....1,642	.....809
4. 2007..	.....3,016,804	.....64,631	.....2,952,173	.....71.0	.....103.2	.....70.5	.....	.....	.....49.00	.....2,209	.....1,036
5. 2008..	.....2,984,200	.....66,930	.....2,917,270	.....73.7	.....131.3	.....73.0	.....	.....	.....49.00	.....5,932	.....1,780
6. 2009..	.....2,842,654	.....65,994	.....2,776,660	.....70.1	.....122.3	.....69.4	.....	.....	.....49.00	.....10,992	.....3,051
7. 2010..	.....2,915,815	.....72,841	.....2,842,973	.....72.4	.....120.0	.....71.6	.....	.....	.....49.00	.....23,009	.....5,647
8. 2011..	.....3,063,728	.....51,308	.....3,012,420	.....73.8	.....92.3	.....73.6	.....	.....	.....49.00	.....68,692	.....19,099
9. 2012..	.....3,325,798	.....51,485	.....3,274,312	.....75.4	.....113.6	.....75.0	.....	.....	.....49.00	.....161,498	.....42,652
10. 2013..	.....3,385,841	.....48,591	.....3,337,249	.....72.7	.....106.4	.....72.4	.....	.....	.....49.00	.....367,934	.....81,348
11. 2014..	.....3,538,932	.....45,207	.....3,493,725	.....72.0	.....94.6	.....71.8	.....	.....	.....49.00	.....980,630	.....177,027
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....1,636,283	.....335,785

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	One Year	Two Year
1. Prior.....	.....748,625	.....716,820	.....720,800	.....706,099	.....703,060	.....705,132	.....702,682	.....704,075	.....705,048	.....713,825	.....8,777	.....9,750
2. 2005.....	.....2,835,055	.....2,802,454	.....2,818,700	.....2,819,641	.....2,801,349	.....2,797,072	.....2,798,703	.....2,799,582	.....2,802,377	.....2,800,783	.....(1,594)	.....1,200
3. 2006.....	.....XXX	.....2,623,957	.....2,632,856	.....2,653,568	.....2,641,157	.....2,624,125	.....2,623,366	.....2,622,206	.....2,622,407	.....2,622,507	.....100	.....301
4. 2007.....	.....XXX	.....XXX	.....2,535,936	.....2,538,699	.....2,543,584	.....2,531,674	.....2,510,679	.....2,510,769	.....2,512,209	.....2,511,094	.....(1,115)	.....325
5. 2008.....	.....XXX	.....XXX	.....XXX	.....2,511,520	.....2,510,573	.....2,514,723	.....2,501,044	.....2,489,314	.....2,494,087	.....2,493,760	.....(327)	.....4,447
6. 2009.....	.....XXX	.....XXX	.....XXX	.....XXX	.....2,455,789	.....2,419,114	.....2,425,489	.....2,414,726	.....2,404,989	.....2,407,716	.....2,726	.....(7,010)
7. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,481,929	.....2,483,230	.....2,489,356	.....2,492,993	.....2,476,782	.....(16,212)	.....(12,574)
8. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,607,181	.....2,637,909	.....2,647,267	.....2,647,184	.....(83)	.....9,275
9. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,886,596	.....2,894,479	.....2,895,920	.....1,441	.....9,324
10. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,949,945	.....2,946,772	.....(3,173)	.....XXX
11. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....3,087,945	.....XXX	.....XXX
12. Totals.....											.....(9,460)	.....15,038

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
1. Prior.....	.....000	.....356,248	.....543,402	.....634,820	.....665,211	.....681,962	.....689,407	.....693,882	.....695,369	.....699,617	.....XXX	.....XXX
2. 2005.....	.....1,880,254	.....2,365,994	.....2,588,264	.....2,715,077	.....2,766,861	.....2,785,725	.....2,791,638	.....2,796,316	.....2,798,849	.....2,799,362	.....XXX	.....XXX
3. 2006.....	.....XXX	.....1,783,665	.....2,249,177	.....2,446,687	.....2,551,808	.....2,592,567	.....2,609,470	.....2,615,921	.....2,618,951	.....2,620,549	.....XXX	.....XXX
4. 2007.....	.....XXX	.....XXX	.....1,728,295	.....2,179,896	.....2,361,127	.....2,448,330	.....2,485,065	.....2,499,030	.....2,506,068	.....2,508,462	.....XXX	.....XXX
5. 2008.....	.....XXX	.....XXX	.....XXX	.....1,690,370	.....2,165,936	.....2,332,850	.....2,419,745	.....2,462,052	.....2,480,235	.....2,486,926	.....XXX	.....XXX
6. 2009.....	.....XXX	.....XXX	.....XXX	.....XXX	.....1,614,598	.....2,066,765	.....2,242,489	.....2,332,553	.....2,376,456	.....2,394,916	.....XXX	.....XXX
7. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,633,717	.....2,109,819	.....2,306,342	.....2,405,140	.....2,450,189	.....XXX	.....XXX
8. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,749,792	.....2,259,774	.....2,465,012	.....2,565,382	.....XXX	.....XXX
9. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,907,914	.....2,485,306	.....2,704,912	.....XXX	.....XXX
10. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....1,908,589	.....2,529,388	.....XXX	.....XXX
11. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....2,032,630	.....XXX	.....XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
1. Prior.....	.....116,968	.....41,151	.....15,439	.....4,754	.....5,172	.....4,923	.....3,626	.....3,648	.....2,986	.....4,748
2. 2005.....	.....222,516	.....69,147	.....30,980	.....14,781	.....441	.....387	.....308	.....140	.....50	.....67
3. 2006.....	.....XXX	.....205,653	.....64,158	.....32,094	.....15,343	.....598	.....373	.....273	.....64	.....77
4. 2007.....	.....XXX	.....XXX	.....205,150	.....60,462	.....30,004	.....17,023	.....539	.....303	.....917	.....126
5. 2008.....	.....XXX	.....XXX	.....XXX	.....221,366	.....62,269	.....33,453	.....16,262	.....507	.....1,024	.....172
6. 2009.....	.....XXX	.....XXX	.....XXX	.....XXX	.....203,669	.....64,107	.....35,332	.....19,882	.....799	.....201
7. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....187,149	.....63,996	.....29,183	.....21,045	.....342
8. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....190,376	.....62,716	.....28,109	.....22,431
9. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....233,324	.....67,562	.....28,646
10. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....250,623	.....74,595
11. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....236,480

PROGRESSIVE CASUALTY INSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

		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	6	7	8	9
			2 Direct Premiums Written	3 Direct Premiums Earned		Direct Losses Paid (Deducting Salvage)	Direct Losses Incurred	Direct Losses Unpaid	Finance and Service Charges not Included in Premiums	Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
States, Etc.										
1.	Alabama.....AL	...L.....				.....128,036	.....(469,365)	.....293,755		
2.	Alaska.....AK	...L.....	.....124,171	.....129,272		.....47,438	.....(39,773)	.....81,066	.....1,156	
3.	Arizona.....AZ	...L.....	.....21,121,934	.....21,731,748		.....12,929,044	.....10,620,400	.....3,798,378	.....315,542	
4.	Arkansas.....AR	...L.....	.....1,847,921	.....1,980,162		.....731,353	.....861,425	.....1,009,818	.....36,989	
5.	California.....CA	...L.....	.....30,422,727	.....30,654,662		.....23,423,965	.....16,822,498	.....7,537,045	.....504,437	
6.	Colorado.....CO	...L.....	.....8,146,777	.....8,448,496		.....6,893,346	.....5,841,353	.....3,064,883	.....108,922	
7.	Connecticut.....CT	...L.....	.....117,716,523	.....118,718,328		.....74,988,644	.....73,430,818	.....62,455,591	.....2,075,165	
8.	Delaware.....DE	...L.....		.....1,224			.....(525,240)	.....111,740		
9.	District of Columbia.....DC	...L.....	.....7,185,235	.....7,130,811		.....3,681,102	.....3,847,430	.....2,358,667	.....107,524	
10.	Florida.....FL	...L.....	.....1,834	.....3,658		.....10,185,262	.....10,303,460	.....2,984,242		
11.	Georgia.....GA	...L.....				.....1,938	.....(582,877)	.....271,962		
12.	Hawaii.....HI	...L.....	.....20,093,524	.....19,860,116		.....9,873,496	.....10,713,541	.....6,471,059	.....218,733	
13.	Idaho.....ID	...L.....				.....(1,800)	.....(57,516)	.....123,566		
14.	Illinois.....IL	...L.....	.....45,315	.....647,661		.....2,611,951	.....901,364	.....1,014,317	.....3,593	
15.	Indiana.....IN	...L.....	.....(567)	.....29,180		.....(4,310)	.....(459,534)	.....233,903	.....(45)	
16.	Iowa.....IA	...L.....	.....145,212	.....141,436		.....1,571,160	.....1,248,913	.....2,207,059		
17.	Kansas.....KS	...L.....	.....164,037	.....160,490		.....79,960	.....(19,074)	.....106,994		
18.	Kentucky.....KY	...L.....	.....83,751,498	.....83,507,036		.....48,175,248	.....46,200,945	.....25,870,776	.....1,430,650	
19.	Louisiana.....LA	...L.....	.....9,931	.....58,503		.....(12,547)	.....(406,440)	.....229,993		
20.	Maine.....ME	...L.....	.....1,270,923	.....1,316,096		.....611,090	.....182,579	.....510,059	.....22,401	
21.	Maryland.....MD	...L.....	.....26,530,481	.....26,131,262		.....13,127,882	.....13,189,590	.....16,542,727	.....172,955	
22.	Massachusetts.....MA	...L.....	.....10,776,030	.....9,182,654		.....4,294,866	.....2,979,863	.....4,674,713	.....121,324	
23.	Michigan.....MI	...L.....				.....3,228,304	.....1,264,047	.....448,382		
24.	Minnesota.....MN	...L.....	.....4,268,094	.....4,760,341		.....2,381,930	.....828,144	.....1,287,746	.....65,908	
25.	Mississippi.....MS	...L.....				.....293,611	.....(731,545)	.....455,121		
26.	Missouri.....MO	...L.....	.....135,640,817	.....130,096,770		.....73,697,231	.....80,612,782	.....42,305,126	.....3,068,907	
27.	Montana.....MT	...L.....	.....349,653	.....376,721		.....194,789	.....60,681	.....90,578	.....2,697	
28.	Nebraska.....NE	...L.....	.....24,846	.....31,812		.....15,957	.....(132,276)	.....91,059		
29.	Nevada.....NV	...L.....	.....1,417,740	.....1,462,763		.....4,380,537	.....5,541,879	.....8,457,942	.....23,089	
30.	New Hampshire.....NH	...L.....	.....77,407	.....80,081		.....61,132	.....(229,321)	.....199,602	.....1,014	
31.	New Jersey.....NJ	...L.....		.....9,633		.....431,624	.....(985,571)	.....706,148		
32.	New Mexico.....NM	...L.....	.....405,354	.....420,259		.....383,322	.....64,546	.....480,547	.....6,876	
33.	New York.....NY	...L.....	.....445,718,152	.....427,133,915		.....225,353,742	.....263,247,887	.....154,241,508	.....6,576,136	
34.	North Carolina.....NC	...L.....		.....1,432		.....(3,602)	.....(214,719)	.....69,942		
35.	North Dakota.....ND	...L.....					.....(21,311)	.....7,801		
36.	Ohio.....OH	...L.....	.....24,260,884	.....28,930,520		.....19,465,397	.....18,161,147	.....10,002,353	.....583,463	
37.	Oklahoma.....OK	...L.....				.....(461)	.....(175,223)	.....87,265		
38.	Oregon.....OR	...L.....	.....(628)	.....44,402		.....(12,354)	.....(469,152)	.....392,928		
39.	Pennsylvania.....PA	...L.....	.....11,698,772	.....12,368,664		.....6,686,836	.....3,909,834	.....5,747,141	.....238,114	
40.	Rhode Island.....RI	...L.....	.....62,101,281	.....60,769,120		.....40,092,576	.....40,407,395	.....28,912,673	.....781,108	
41.	South Carolina.....SC	...L.....				.....(3,628)	.....(195,305)	.....63,099		
42.	South Dakota.....SD	...L.....					.....(42,432)	.....13,699		
43.	Tennessee.....TN	...L.....		.....16,739		.....72,523	.....2,863	.....277,684		
44.	Texas.....TX	...L.....	.....21,543,569	.....22,231,611		.....7,643,111	.....6,203,737	.....3,399,968	.....200,742	
45.	Utah.....UT	...L.....	.....356,073	.....379,035		.....194,669	.....156,059	.....93,660	.....4,961	
46.	Vermont.....VT	...L.....	.....1,679,786	.....1,742,823		.....1,626,389	.....123,124	.....960,341	.....29,245	
47.	Virginia.....VA	...L.....	.....1,818,912	.....1,992,283		.....1,474,227	.....6,262,205	.....8,704,997	.....24,804	
48.	Washington.....WA	...L.....	.....131,151,712	.....133,053,753		.....88,731,637	.....86,587,494	.....60,522,588	.....2,284,878	
49.	West Virginia.....WV	...L.....				.....283,558	.....(248,603)	.....153,091		
50.	Wisconsin.....WI	...L.....	.....297,266	.....315,781		.....351,676	.....269,962	.....232,480	.....4,668	
51.	Wyoming.....WY	...L.....				.....(7,707)	.....(230,175)	.....56,110		
52.	American Samoa.....AS	...N.....								
53.	Guam.....GU	...N.....					.....(13,897)	.....3,196		
54.	Puerto Rico.....PR	...N.....					.....(3,109)	.....588		
55.	US Virgin Islands.....VI	...E.....					.....(15,008)	.....9,040		
56.	Northern Mariana Islands...MP	...N.....								
57.	Canada.....CAN	...L.....				.....330,446	.....432,440	.....1,869,109		
58.	Aggregate Other Alien.....OT	XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
59.	Totals.....	(a) ...51	.....1,172,163,196	.....1,156,051,253	.....0	.....690,684,596	.....705,012,939	.....472,295,825	.....19,015,956	.....0

DETAILS OF WRITE-INS

58001.	XXX								
58002.	XXX								
58003.	XXX								
58998. Summary of remaining write-ins for Line 58 from overflow page	XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0
58999. Totals (Lines 58001 thru 58003+ Line 58998) (Line 58 above)	XXX	.....0	.....0	.....0	.....0	.....0	.....0	.....0	.....0

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

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

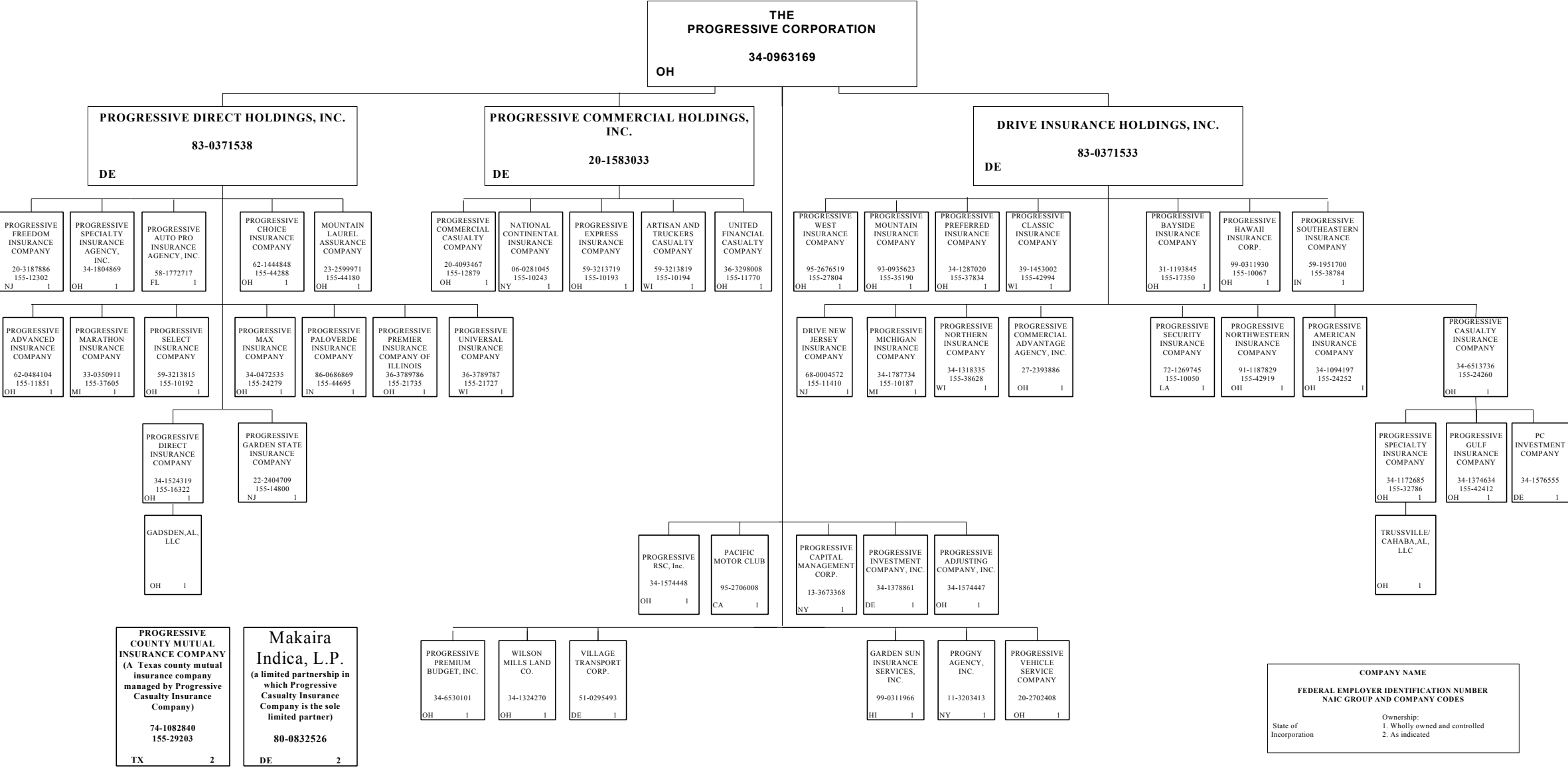
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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

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

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

PART 1 – ORGANIZATIONAL CHART



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