



ANNUAL STATEMENT

For the Year Ended December 31, 2014

of the Condition and Affairs of the

PROGRESSIVE PREFERRED INSURANCE COMPANY

NAIC Group Code.....155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 37834	Employer's ID Number..... 34-1287020
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... September 24, 1979	Commenced Business..... April 15, 1980	
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 (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 (Area Code) (Telephone Number)
Internet Web Site Address	PROGRESSIVE.COM	
Statutory Statement Contact	MARY BETH ANDREANO (Name)	440-395-4460 (Area Code) (Telephone Number) (Extension)
	FINANCIAL_REPORTING@PROGRESSIVE.COM (E-Mail Address)	440-4603-5500 (Fax Number)

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

OFFICERS

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

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

DIRECTORS OR TRUSTEES

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)
DAVID JAMES SKOVE

1. (Printed Name)
PRESIDENT

(Title)

(Signature)
KATHLEEN MARY CERNY

2. (Printed Name)
ASSISTANT SECRETARY

(Title)

(Signature)
JAMES LEE KUSMER
3. (Printed Name)
ASSISTANT TREASURER
(Title)

Subscribed and sworn to before me
This 17TH day of FEBRUARY, 2015

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

Yes [X] No []

PROGRESSIVE PREFERRED INSURANCE COMPANY
ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	524,208,345		524,208,345	516,359,109
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 (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....0, Schedule E-Part 1), cash equivalents (\$....24,599,605, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	24,599,605		24,599,605	
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....			0	
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).....	548,807,950	0	548,807,950	516,359,109
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,421,119		2,421,119	3,722,468
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	10,724,750	2,265,280	8,459,470	6,622,358
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	79,771,896		79,771,896	84,530,767
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	1,547,354		1,547,354	5,134,131
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.....	17,928,338		17,928,338	18,845,235
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	17,715,042		17,715,042	16,590,506
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	568,378	108,639	459,739	651,161
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	679,484,827	2,373,919	677,110,908	652,455,735
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	679,484,827	2,373,919	677,110,908	652,455,735

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. NEW YORK STATE ASSESSMENT RECOVERABLE.....	295,089		295,089	141,572
2502. STATE TAX CREDITS.....	162,906		162,906	509,589
2503. STATE UNEARNED SURCHARGE RECOVERABLE.....	1,744		1,744	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	108,639	108,639	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	568,378	108,639	459,739	651,161

PROGRESSIVE PREFERRED INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	200,361,131	198,058,576
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	3,281,386	2,840,161
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	41,116,542	38,760,436
4. Commissions payable, contingent commissions and other similar charges.....	753,409	763,886
5. Other expenses (excluding taxes, licenses and fees).....	23,441,089	20,674,880
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	4,350,231	4,085,604
7.1 Current federal and foreign income taxes (including \$...801,360 on realized capital gains (losses)).....	7,033,818	4,021,325
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 \$....169,295,551 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).....	171,068,906	167,771,572
10. Advance premium.....	3,865,460	4,359,642
11. Dividends declared and unpaid:		
11.1 Stockholders.....	.....	.....
11.2 Policyholders.....	.....	.....
12. Ceded reinsurance premiums payable (net of ceding commissions).....	118,360	120,333
13. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19).....	.....	.....
14. Amounts withheld or retained by company for account of others.....	.....	.....
15. Remittances and items not allocated.....	.....	.....
16. Provision for reinsurance (including \$.....0 certified) (Schedule F, Part 8).....	.....	.....
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	.....	.....
18. Drafts outstanding.....	25,365,292	27,058,300
19. Payable to parent, subsidiaries and affiliates.....	.....	.....
20. Derivatives.....	.....	.....
21. Payable for securities.....	.....	.....
22. Payable for securities lending.....	.....	.....
23. Liability for amounts held under uninsured plans.....	.....	.....
24. Capital notes \$.....0 and interest thereon \$.....0.....	.....	.....
25. Aggregate write-ins for liabilities.....	478,851	212,282
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	481,234,475	468,726,997
27. Protected cell liabilities.....	.....	.....
28. Total liabilities (Lines 26 and 27).....	481,234,475	468,726,997
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,003,300	3,003,300
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.....	42,712,474	42,712,474
35. Unassigned funds (surplus).....	150,160,659	138,012,964
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).....	195,876,433	183,728,738
38. TOTALS (Page 2, Line 28, Col. 3).....	677,110,908	652,455,735

DETAILS OF WRITE-INS

2501. STATE PLAN LIABILITY.....	197,733	80,097
2502. ESCHEATABLE PROPERTY.....	162,009	13,599
2503. OTHER LIABILITIES.....	114,835	111,612
2598. Summary of remaining write-ins for Line 25 from overflow page.....	4,274	6,974
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	478,851	212,282
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 PREFERRED INSURANCE COMPANY
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	595,682,612	564,666,811
DEDUCTIONS		
2. Losses incurred (Part 2, Line 35, Column 7).....	367,276,119	354,174,981
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	60,455,628	57,612,692
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	123,512,802	120,451,707
5. Aggregate write-ins for underwriting deductions.....	.0	2,971
6. Total underwriting deductions (Lines 2 through 5).....	551,244,549	532,242,351
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	44,438,063	32,424,460
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	10,238,698	11,491,597
10. Net realized capital gains (losses) less capital gains tax of \$....4,366,106 (Exhibit of Capital Gains (Losses)).....	8,060,915	1,991,648
11. Net investment gain (loss) (Lines 9 + 10).....	18,299,613	13,483,245
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....577,852 amount charged off \$....4,526,973).....	(3,949,121)	(4,541,726)
13. Finance and service charges not included in premiums.....	10,011,043	10,869,426
14. Aggregate write-ins for miscellaneous income.....	1,050,466	573,498
15. Total other income (Lines 12 through 14).....	7,112,388	6,901,198
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	69,850,064	52,808,903
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).....	69,850,064	52,808,903
19. Federal and foreign income taxes incurred.....	20,232,302	17,416,792
20. Net income (Line 18 minus Line 19) (to Line 22).....	49,617,762	35,392,111
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	183,728,738	174,300,219
22. Net income (from Line 20).....	49,617,762	35,392,111
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....(20,503).....	(38,076)	(56)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	(937,400)	133,565
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	205,409	402,899
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(36,700,000)	(26,500,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	.0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	12,147,695	9,428,519
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	195,876,433	183,728,738

DETAILS OF WRITE-INS

0501. LOSS ON COMMUTATION.....		.2,971
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	.2,971
1401. MISCELLANEOUS INCOME.....	1,006,691	523,529
1402. SERVICE BUSINESS REVENUE.....	35,284	31,644
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	8,491	18,325
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....	1,050,466	573,498
3701.....		
3702.....		
3703.....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	.0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	.0	0

PROGRESSIVE PREFERRED INSURANCE COMPANY

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	601,745,009	576,489,232
2. Net investment income.....	13,536,495	12,755,206
3. Miscellaneous income.....	6,964,198	6,752,903
4. Total (Lines 1 through 3).....	622,245,702	595,997,341
5. Benefit and loss related payments.....	360,945,562	344,411,376
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	178,592,098	173,293,198
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$....3,569,604 tax on capital gains (losses).....	21,585,915	18,666,229
10. Total (Lines 5 through 9).....	561,123,575	536,370,803
11. Net cash from operations (Line 4 minus Line 10).....	61,122,127	59,626,538
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	631,040,452	294,248,408
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....		
12.7 Miscellaneous proceeds.....		
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	631,040,452	294,248,408
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	628,517,563	339,847,610
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	628,517,563	339,847,610
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).....	2,522,889	(45,599,202)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	36,700,000	26,500,000
16.6 Other cash provided (applied).....	(2,345,412)	2,473,331
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(39,045,412)	(24,026,669)
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).....	24,599,605	(9,999,334)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	(0)	9,999,333
19.2 End of year (Line 18 plus Line 19.1).....	24,599,605	(0)

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

20.0001
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PROGRESSIVE PREFERRED INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....				0
2. Allied lines.....				0
3. Farmowners multiple peril.....				0
4. Homeowners multiple peril.....	2,252,115	951,411	1,150,431	2,053,095
5. Commercial multiple peril.....				0
6. Mortgage guaranty.....				0
8. Ocean marine.....				0
9. Inland marine.....	10,101,950	4,512,562	4,665,495	9,949,017
10. Financial guaranty.....				0
11.1 Medical professional liability - occurrence.....				0
11.2 Medical professional liability - claims-made.....	1,800	173	143	1,830
12. Earthquake.....				0
13. Group accident and health.....				0
14. Credit accident and health (group and individual).....				0
15. Other accident and health.....				0
16. Workers' compensation.....				0
17.1 Other liability - occurrence.....	4,035,781	1,871,088	1,875,695	4,031,175
17.2 Other liability - claims-made.....	17,288	6,512	4,360	19,441
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.....	341,299,057	88,113,534	88,527,012	340,885,579
19.3, 19.4 Commercial auto liability.....	35,998,372	15,959,526	16,977,240	34,980,659
21. Auto physical damage.....	205,272,876	56,356,527	57,868,258	203,761,145
22. Aircraft (all perils).....				0
23. Fidelity.....		14		14
24. Surety.....	706	225	273	658
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.....	598,979,946	167,771,572	171,068,906	595,682,612

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 PREFERRED INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					0
2. Allied lines.....					0
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....	1,150,431				1,150,431
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....					0
9. Inland marine.....	4,665,495				4,665,495
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....	.143				.143
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.....	1,875,695				1,875,695
17.2 Other liability - claims-made.....	.1,192	.3,168			4,360
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.....	.88,527,012				.88,527,012
19.3, 19.4 Commercial auto liability.....	16,977,240				16,977,240
21. Auto physical damage.....	.57,868,258				.57,868,258
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....	.273				.273
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.....	.171,065,738	.3,168	.0	.0	.171,068,906
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					.171,068,906

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 PREFERRED 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.....	370,584	2,252,115		370,584		2,252,115
5. Commercial multiple peril.....						.0
6. Mortgage guaranty.....						.0
8. Ocean marine.....						.0
9. Inland marine.....	7,879,442	10,101,950		7,879,442		10,101,950
10. Financial guaranty.....						.0
11.1 Medical professional liability - occurrence.....						.0
11.2 Medical professional liability - claims-made.....		1,800				1,800
12. Earthquake.....						.0
13. Group accident and health.....						.0
14. Credit accident and health (group and individual).....						.0
15. Other accident and health.....						.0
16. Workers' compensation.....						.0
17.1 Other liability - occurrence.....	4,737,791	4,035,781		4,060,035	677,756	4,035,781
17.2 Other liability - claims-made.....		17,288				17,288
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.....	386,633,620	341,299,057		386,633,620		341,299,057
19.3, 19.4 Commercial auto liability.....	6,419,044	35,998,372		6,419,044		35,998,372
21. Auto physical damage.....	228,802,613	205,272,876		228,802,613		205,272,876
22. Aircraft (all perils).....						.0
23. Fidelity.....						.0
24. Surety.....		706				706
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.....	634,843,094	598,979,946	0	634,165,338	677,756	598,979,946

DETAILS OF WRITE-INS

3401. ....						.0
3402. ....						.0
3403. ....						.0
3498. Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0	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

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0			0	0.0
2. Allied lines.....				0			0	0.0
3. Farmowners multiple peril.....				0			0	0.0
4. Homeowners multiple peril.....	638,383	995,952	638,383	995,952	177,105	175,934	997,123	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.....	3,342,756	4,066,430	3,342,756	4,066,430	483,373	514,885	4,034,918	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	92	90	2	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.....		4,430		4,430	118,022	41,872	80,580	0.0
17.1 Other liability - occurrence.....	1,639,356	1,228,945	1,639,356	1,228,945	2,501,510	2,137,720	1,592,735	39.5
17.2 Other liability - claims-made.....		436,162		436,162	205,270	525,640	115,792	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.....	253,328,551	208,063,467	253,328,551	208,063,467	168,426,350	163,155,274	213,334,544	62.6
19.3, 19.4 Commercial auto liability.....	5,107,074	18,855,514	5,107,074	18,855,514	27,198,468	28,240,677	17,813,305	50.9
21. Auto physical damage.....	153,825,874	131,302,116	153,825,874	131,302,116	840,870	2,811,965	129,331,021	63.5
22. Aircraft (all perils).....				0			0	0.0
23. Fidelity.....		(3,787)		(3,787)	2,686	13,243	(14,344)	(102,164.1)
24. Surety.....				0	374	693	(319)	(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	24,335		24,335	407,010	440,581	(9,237)	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.....	417,881,994	364,973,564	417,881,994	364,973,564	200,361,132	198,058,574	367,276,122	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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0				0	
2. Allied lines.....				0				0	
3. Farmowners multiple peril.....				0				0	
4. Homeowners multiple peril.....	10,913	101,895	10,913	101,895	.37,926	.75,210	.37,926	177,105	.37,103
5. Commercial multiple peril.....				0				0	
6. Mortgage guaranty.....				0				0	
8. Ocean marine.....				0				0	
9. Inland marine.....	132,572	221,737	132,572	221,737	128,367	261,637	128,367	483,373	.90,967
10. Financial guaranty.....				0				0	
11.1 Medical professional liability - occurrence.....				0				0	
11.2 Medical professional liability - claims-made.....				0		92		92	79
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.....		118,022		118,022				118,022	5,595
17.1 Other liability - occurrence.....	2,414,247	1,655,761	2,414,247	1,655,761	1,273,872	845,749	1,273,872	2,501,510	.456,410
17.2 Other liability - claims-made.....		143,216		143,216		.62,054		205,270	.34,375
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.....	184,535,777	129,576,396	184,535,777	129,576,396	.47,172,621	.38,849,954	.47,172,621	.168,426,350	.34,311,860
19.3, 19.4 Commercial auto liability.....	5,538,456	.22,545,372	5,538,456	.22,545,372	.821,899	.4,653,096	.821,899	.27,198,468	.4,762,838
21. Auto physical damage.....	7,182,725	6,172,844	7,182,725	6,172,844	(.6,903,976)	(.5,331,974)	(.6,903,977)	.840,870	.1,409,804
22. Aircraft (all perils).....				0				0	
23. Fidelity.....		.300		.300		2,386		2,686	6,570
24. Surety.....				0		.374		.374	940
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.	.94,132		.94,132	XXX.	312,878		.407,010	
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.....	199,814,690	160,629,676	199,814,690	160,629,676	.42,530,709	.39,731,455	.42,530,708	.200,361,132	.41,116,542

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 PREFERRED INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	5,761,912			5,761,912
1.2 Reinsurance assumed.....	8,976,947			8,976,947
1.3 Reinsurance ceded.....	5,761,912			5,761,912
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	8,976,947	0	0	8,976,947
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		64,131,061		64,131,061
2.2 Reinsurance assumed, excluding contingent.....		55,807,073		55,807,073
2.3 Reinsurance ceded, excluding contingent.....		64,131,061		64,131,061
2.4 Contingent - direct.....		1,157,055		1,157,055
2.5 Contingent - reinsurance assumed.....		794,246		794,246
2.6 Contingent - reinsurance ceded.....		1,157,055		1,157,055
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	56,601,319	0	56,601,319
3. Allowances to manager and agents.....		328,639		328,639
4. Advertising.....		4,987,270		4,987,270
5. Boards, bureaus and associations.....	165,589	315,932		481,522
6. Surveys and underwriting reports.....		3,862,287		3,862,287
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	34,058,971	26,145,966	318,989	60,523,926
8.2 Payroll taxes.....	2,401,669	1,846,308	11,580	4,259,558
9. Employee relations and welfare.....	6,096,646	4,418,441	18,178	10,533,266
10. Insurance.....	89,497	94,810		184,307
11. Directors' fees.....				0
12. Travel and travel items.....	1,774,997	621,766	1,960	2,398,723
13. Rent and rent items.....	2,405,134	2,157,628	8,285	4,571,047
14. Equipment.....	145,480	697,440		842,920
15. Cost or depreciation of EDP equipment and software.....	2,094,028	3,955,280	2,566	6,051,874
16. Printing and stationery.....	215,818	477,148	785	693,750
17. Postage, telephone and telegraph, exchange and express.....	1,685,678	3,617,891	2,303	5,305,872
18. Legal and auditing.....	259,095	549,035	14,986	823,116
19. Totals (Lines 3 to 18).....	51,392,601	54,075,842	379,633	105,848,076
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....617.....		9,907,354		9,907,354
20.2 Insurance department licenses and fees.....	52,411	619,203		671,613
20.3 Gross guaranty association assessments.....		33,270		33,270
20.4 All other (excluding federal and foreign income and real estate).....	13,679	1,832,303		1,845,983
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	66,090	12,392,130	0	12,458,220
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	19,990	443,511	57,418	520,919
25. Total expenses incurred.....	60,455,628	123,512,802	437,051	(a) 184,405,481
26. Less unpaid expenses - current year.....	41,116,541	28,542,042	2,687	69,661,270
27. Add unpaid expenses - prior year.....	38,760,436	25,521,815	2,554	64,284,805
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).....	58,099,523	120,492,575	436,918	179,029,015

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	19,990	443,511	57,418	520,919
2402.	0	0	0	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).....	19,990	443,511	57,418	520,919

(a) Includes management fees of \$....106,368,995 to affiliates and \$.....0 to non-affiliates.

PROGRESSIVE PREFERRED INSURANCE COMPANY
EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....2,434,344	.....2,052,250
1.1 Bonds exempt from U.S. tax.....	(a).....2,508,983	.....1,969,105
1.2 Other bonds (unaffiliated).....	(a).....7,025,951	.....6,646,575
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....7,820	.....7,820
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....11,977,098	.....10,675,750
11. Investment expenses.....	(g).....437,051	.....
12. Investment taxes, licenses and fees, excluding federal income taxes.....	(g).....	.....
13. Interest expense.....	(h).....	.....
14. Depreciation on real estate and other invested assets.....	(i).....0	.....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....
16. Total deductions (Lines 11 through 15).....	.....437,051	.....
17. Net investment income (Line 10 minus Line 16).....	.....10,238,699	.....

DETAILS OF WRITE-INS

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

(a) Includes \$....996,665 accrual of discount less \$....2,992,980 amortization of premium and less \$....585,763 paid for accrued interest on purchases.
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
 (e) Includes \$....7,805 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	4,146,742	.....	4,146,742	.....	.....
1.1 Bonds exempt from U.S. tax.....	2,139,201	.....	2,139,201	.....	.....
1.2 Other bonds (unaffiliated).....	6,141,078	.....	6,141,078	.....(58,579)	.....
1.3 Bonds of affiliates.....	.....	.....	0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	0	.....	.....
3. Mortgage loans.....	.....	.....	0	.....	.....
4. Real estate.....	.....	.....	0	.....	.....
5. Contract loans.....	.....	.....	0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....	.....	0	.....	.....
7. Derivative instruments.....	.....	.....	0	.....	.....
8. Other invested assets.....	.....	.....	0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	12,427,021	0	12,427,021	.....(58,579)	.....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 PREFERRED 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).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,265,280	2,456,549	191,269
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other than invested assets.....	108,639	122,777	14,138
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	2,373,919	2,579,326	205,407
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	2,373,919	2,579,326	205,407

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.....	72,197	101,031	28,834
2502. MISCELLANEOUS OTHER ASSETS.....	36,442	21,746	(14,696)
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).....	108,639	122,777	14,138

NOTES TO FINANCIAL STATEMENTS

<u>Note #</u>	<u>Description</u>	<u>Page #</u>
1	Summary of Significant Accounting Policies	14.1
2	Accounting Changes and Corrections of Errors	14.2
3	Business Combinations and Goodwill	14.2
4	Discontinued Operations	14.2
5	Investments	14.2
6	Joint Ventures, Partnerships and Limited Liability Companies	14.3
7	Investment Income	14.3
8	Derivative Instruments	14.4
9	Income Taxes	14.4
10	Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties	14.7
11	Debt	14.7
12	Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans	14.7
13	Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations	14.7
14	Liabilities, Contingencies and Assessments	14.8
15	Leases	14.9
16	Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk	14.9
17	Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities	14.9
18	Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans	14.9
19	Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators	14.9
20	Fair Value Measurements	14.9
21	Other Items	14.10
22	Events Subsequent	14.11
23	Reinsurance	14.11
24	Retrospectively Rated Contracts and Contracts Subject to Redetermination	14.12
25	Changes in Incurred Losses and Loss Adjustment Expenses	14.12
26	Intercompany Pooling Arrangements	14.12
27	Structured Settlements	14.12
28	Health Care Receivables	14.12
29	Participating Accident and Health Policies	14.12
30	Premium Deficiency Reserves	14.13
31	High Deductibles	14.13
32	Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses	14.13
33	Asbestos and Environmental Reserves	14.13
34	Subscriber Savings Accounts	14.14
35	Multiple Peril Crop Insurance	14.14
36	Financial Guaranty Insurance	14.14

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of Progressive Preferred 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	\$ 49,617,762	\$ 35,392,111
(2) Effect of state prescribed practices			
(3) Effect of state permitted practices			
(4) Net income, NAIC SAP basis (1-2-3-4)	OH	\$ 49,617,762	\$ 35,392,111
Surplus			
(5) Policyholders' surplus, state basis	OH	\$ 195,876,433	\$ 183,728,738
(6) Effect of state prescribed practices			
(7) Effect of state permitted practices			
(8) Policyholders' surplus, NAIC SAP basis (5-6-7-8)	OH	\$ 195,876,433	\$ 183,728,738

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.

C. Accounting Policies

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

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

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

In addition, the Company uses the following accounting policies:

Investments

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

NOTES TO FINANCIAL STATEMENTS

- The Company may enter into repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. The Company did not have any open repurchase agreements at December 31, 2014 and December 31, 2013.
- 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 other-than-temporary impairment ("OTTI") requires making certain judgments regarding the materiality of the decline, its effect on the financial statements, the probability, extent, and timing of a valuation recovery, and the Company's ability and intent to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market-related prospects of the issuer and its industry.

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

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

Loss, 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

- 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. There have been no changes to the written policy or predefined capitalization threshold from the prior year.

Pharmaceutical Rebate Receivables

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

2. Accounting Changes and Corrections of Errors

Not applicable

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 recognized any other-than-temporary impairment for loan-backed and structured debt securities during the current year.

NOTES TO FINANCIAL STATEMENTS

4. As of December 31, 2014, the Company had \$513,582 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	\$ 434,718
2. Twelve months or longer	78,864
Total	<u>\$ 513,582</u>
b. Aggregate fair value of securities with unrealized losses	
1. Less than twelve months	\$ 96,539,666
2. Twelve months or longer	6,985,861
Total	<u>\$ 103,525,527</u>

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

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)									
Protected Cell Account 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									
On deposit with state	\$ 5,105,730	\$ --	\$ --	\$ --	\$ 5,105,730	\$ 5,067,460	\$ 38,270	\$ 5,105,730	0.75%
Total restricted assets	\$ 5,105,730	\$ --	\$ --	\$ --	\$ 5,105,730	\$ 5,067,460	\$ 38,270	\$ 5,105,730	0.75%

(a) Subset of column 1

(b) Subset of column 3

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

Not applicable

3. Detail of Other Restricted Assets

Not applicable

I. Working Capital Finance Investments

Not applicable

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

Not applicable

6. Joint Ventures, Partnerships and Limited Liability Companies

Not applicable

7. Investment Income

A. Accrued Investment Income

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

PROGRESSIVE PREFERRED INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

B.	Amounts Nonadmitted																																																																																																	
	Not applicable																																																																																																	
8.	Derivative Instruments																																																																																																	
	Not applicable																																																																																																	
9.	Income Taxes																																																																																																	
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(The lesser of 2(b)1 and 2(b)2 below)</td><td style="text-align: right;">871,249</td><td style="text-align: right;">--</td><td style="text-align: right;">871,249</td><td style="text-align: right;">1,139,299</td><td style="text-align: right;">--</td><td style="text-align: right;">1,139,299</td><td style="text-align: right;">(268,050)</td><td style="text-align: right;">--</td><td style="text-align: right;">(268,050)</td></tr> <tr> <td>1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date</td><td style="text-align: right;">871,249</td><td style="text-align: right;">--</td><td style="text-align: right;">871,249</td><td style="text-align: right;">1,139,299</td><td style="text-align: right;">--</td><td style="text-align: right;">1,139,299</td><td style="text-align: right;">(268,050)</td><td style="text-align: right;">--</td><td style="text-align: right;">(268,050)</td></tr> <tr> <td>2. 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Description	December 31, 2014			December 31, 2013			Change																																																																																											
	(1) Ordinary Income	(2) Capital Gain (Loss)	(3) (Col 1+2) Total	(4) Ordinary Income	(5) Capital Gain (Loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Income	(8) (Col 2-5) Capital Gain (Loss)	(9) (Col 7+8) Total																																																																																									
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 19,505,654	\$ --	\$ 19,505,654	\$ 20,120,426	\$ --	\$ 20,120,426	\$ (614,772)	\$ --	\$ (614,772)																																																																																									
(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)	871,249	--	871,249	1,139,299	--	1,139,299	(268,050)	--	(268,050)																																																																																									
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	871,249	--	871,249	1,139,299	--	1,139,299	(268,050)	--	(268,050)																																																																																									
2. Adjusted gross deferred tax assets allowed per limitation threshold	26,692,214	--	26,692,214	--	24,732,525	--	1,959,689	--	1,959,689																																																																																									
(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	712,545	54,648	767,193	866,209	167,921	1,034,130	(153,664)	(113,273)	(266,937)																																																																																									
(d) Deferred tax assets admitted as result of application of SSAP No. 101.	Total (2(a)+2(b)+2(c))	\$ 21,089,448	\$ 54,648	\$ 21,144,096	\$ 22,125,934	\$ 167,921	\$ 22,293,855	\$ (1,036,486)	\$ (113,273)																																																																																									

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	842%	800%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 177,948,095	\$ 164,883,503

NOTES TO FINANCIAL STATEMENTS

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	\$ 21,089,448	\$ 54,648	\$ 22,125,934	\$ 167,921	\$ (1,036,486)	\$ (113,273)
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	\$ 21,089,448	\$ 54,648	\$ 22,125,934	\$ 167,921	\$ (1,036,486)	\$ (113,273)
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 <u> </u> 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	\$ 20,232,302	\$ 17,416,792	\$ 2,815,510
(b) Foreign	--	--	--
(c) Subtotal	\$ 20,232,302	\$ 17,416,792	\$ 2,815,510
(d) Federal income tax on net capital gains	4,366,106	1,246,807	3,119,299
(e) Utilization of capital loss carry-forwards	--	--	--
(f) Other	--	--	--
(g) Federal and foreign income taxes incurred	\$ 24,598,408	\$ 18,663,599	\$ 5,934,809

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	\$ 2,388,358	\$ 2,883,398	\$ (495,040)
(2) Unearned premium reserve	12,098,748	11,871,016	227,732
(3) Policyholder reserves	--	--	--
(4) Investments	--	--	--
(5) Deferred acquisition costs	--	--	--
(6) Policyholder dividends accrual	--	--	--
(7) Fixed assets	524,713	659,340	(134,627)
(8) Compensation and benefits accrual	4,734,647	5,206,973	(472,326)
(9) Pension accrual	--	--	--
(10) Receivables - nonadmitted	792,848	859,792	(66,944)
(11) Net operating loss carry-forward	--	--	--
(12) Tax credit carry-forward	--	--	--
(13) Other - non admitted assets	38,023	42,972	(4,949)
(14) Other - bad debt reserve	380,394	432,261	(51,867)
(15) Other (including items <5% of total ordinary tax assets)	131,717	170,182	(38,465)
(99) Subtotal	\$ 21,089,448	\$ 22,125,934	\$ (1,036,486)
(b) Statutory valuation allowance adjustment	--	--	--
(c) Nonadmitted	--	--	--
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 21,089,448	\$ 22,125,934	\$ (1,036,486)
(e) Capital			
(1) Investments	54,648	167,921	(113,273)
(2) Net capital loss carry-forward	--	--	--
(3) Real estate	--	--	--
(4) Other (including items <5% of total capital tax assets)	--	--	--
(99) Subtotal	\$ 54,648	\$ 167,921	\$ (113,273)
(f) Statutory valuation allowance adjustment	--	--	--
(g) Nonadmitted	--	--	--
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 54,648	\$ 167,921	\$ (113,273)
(i) Admitted deferred tax assets (2d+2h)	\$ 21,144,096	\$ 22,293,855	\$ (1,149,759)

PROGRESSIVE PREFERRED 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	\$ --	\$ --	\$ --
(2) Fixed Assets	1,836,137	1,922,351	(86,214)
(3) Deferred and uncollected premium	--	--	--
(4) Policyholder reserves	--	--	--
(5) Other liabilities- prepaid expenses	654,016	839,012	(184,996)
(6) Other liabilities - salvage and subrogation	151,612	184,086	(32,474)
(7) Other (including items <5% of total ordinary tax liabilities)	96,305	93,869	2,436
(99) Subtotal	2,738,070	3,039,318	(301,248)
(b) Capital			
(1) Investments	477,688	409,302	68,386
(2) Real estate	--	--	--
(3) Other (including items <5% of total capital tax liabilities)	--	--	--
(99) Subtotal	477,688	409,302	68,386
(c) Deferred tax liabilities (3a99+3b99)	\$ 3,215,758	\$ 3,448,620	\$ (232,862)

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)	\$ 17,928,338	\$ 18,845,235	\$ (916,897)

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	\$ 21,144,096	\$ 22,293,855	\$ (1,149,759)
Total deferred tax liabilities	3,215,758	3,448,620	(232,862)
Net deferred tax asset (liability)	\$ 17,928,338	\$ 18,845,235	\$ (916,897)
Tax effect of unrealized gains (losses)			20,503
Change in net deferred income tax			\$ (937,400)

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	\$ 25,975,660	35%
Exempt interest income	(585,284)	-1%
Impact of nonadmitted assets	71,893	0%
Other	73,539	0%
Total	\$ 25,535,808	34%
Federal and foreign income taxes incurred	\$ 24,598,408	
Change in net deferred income tax	937,400	
Total statutory income taxes	\$ 25,535,808	

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:	\$ 23,830,111
First preceding tax year:	\$ 18,423,228

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

- The Company's Federal income tax return is consolidated with The Progressive Corporation ("TPC"), a publicly traded holding company incorporated in Ohio, and all of its wholly-owned United States subsidiaries (the "Group") as detailed in Schedule Y, Part 1.
- The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and the Company. The allocation is based upon separate tax return calculations with current credit for net losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled quarterly.

NOTES TO FINANCIAL STATEMENTS**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

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

Not applicable

D. Amounts Due to or from Related Parties

The Company reported a \$17,715,042 and \$16,590,506 receivable from 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 \$7,033,818 and \$4,021,325 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 does not have employees or facilities. Management, operations and claims services are provided under a management agreement with Progressive Casualty Insurance Company ("Casualty"), an insurance affiliate domiciled in Ohio. Under the terms of the agreement, the Company is provided underwriting and loss adjustment services for business produced in exchange for a management fee based on the Company's use of services.

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

All intercompany agreements are approved by the participating insurance companies' states of domicile when established.

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by DIH.

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Write-Downs for Impairments of Investments in Affiliates

Not applicable

K. Investment in Foreign Insurance Subsidiary

Not applicable

L. Investment in Downstream Non-Insurance Holding Company

Not applicable

11. Debt

Not applicable

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

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

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

The Company has 750 shares of \$4,700 par value common stock authorized and 639 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 \$49,617,762 in 2015 without prior approval from the Ohio DOI, provided the dividend payment is not made within 12 months of the previous payment.

NOTES TO FINANCIAL STATEMENTS

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 10, 2014	\$ 35,300,000	Ordinary
December 10, 2014	\$ 1,400,000	Extraordinary
December 10, 2013	\$ 22,650,000	Ordinary
December 10, 2013	\$ 3,850,000	Extraordinary

The extraordinary cash dividends were approved by the Ohio DOI.

7. Mutual Surplus Advances
Not applicable
8. Company Stock Held for Special Purposes
Not applicable
9. Changes in Special Surplus Funds
Not applicable
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)	\$ (65,203)
Nonadmitted assets	(2,373,919)
Provision for reinsurance	--
Total	\$ (2,439,122)

The unrealized loss is gross of the applicable deferred tax asset of \$22,821.

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 \$371,425 and \$383,886, 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 \$316,380 and \$326,241, 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	\$ 30,000

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

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

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

- E. Product Warranties
Not applicable

NOTES TO FINANCIAL STATEMENTS

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

The following is a discussion of potentially significant pending cases at December 31, 2014. 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 were two putative statewide class action lawsuit and six 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.

15. Leases

Not applicable

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

Not applicable

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

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfers and Servicing of Financial Assets

Not applicable

C. Wash Sales

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

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

Not applicable

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

Not applicable

20. Fair Value Measurements

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

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

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

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

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

See Note 1, Investment Policies section for further information regarding methods used to determine fair market value.

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

The Company's management evaluated whether the market was distressed or inactive in determining the fair value of the Company's securities and reviewed certain market level inputs to evaluate whether sufficient activity, volume, and new issuances existed to create an active market. Based on this evaluation, management concluded that there was sufficient activity in determining the fair market value of the Company's securities.

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	\$ --	\$ 4,896,488	\$ --	\$ 4,896,488
Total assets at fair value	\$ --	\$ 4,896,488	\$ --	\$ 4,896,488
b. Liabilities on balance sheet at fair value				
Derivative liabilities	\$ --	\$ --	\$ --	\$ --
Total liabilities at fair value	\$ --	\$ --	\$ --	\$ --

NOTES TO FINANCIAL STATEMENTS

2. Roll forward of Level 3 Items
Not applicable

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

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values
See Note 20.A.1 above.

5. Derivative Fair Values
Not applicable

B. Other Fair Value Disclosures
Not applicable

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	\$ 526,779,387	\$ 524,208,345	\$ 116,420,289	\$ 410,359,098	\$ --	\$ --
Cash equivalents	24,599,605	24,599,605	24,599,605	--	--	--
Total	\$ 551,378,992	\$ 548,807,950	\$ 141,019,894	\$ 410,359,098	\$ --	\$ --

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
Not applicable

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
Venture Capital Tax Credit (NT)	CO	\$ 90,582	\$ 228,082
Low Income Housing Tax Credit (NT)	GA	72,324	135,000
Low Income Housing Tax Credit (NT)	GA	--	8,429
Total		\$ 162,906	\$ 371,511

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

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

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

Type	Total Admitted	Total Nonadmitted
Transferable	\$ --	\$ --
Non-transferable	\$ 162,906	\$ --

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.

NOTES TO FINANCIAL STATEMENTS

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.

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	\$ 43,540,634	\$ 43,540,634	\$ 43,687,436	\$ --
(b) Commercial mortgage-backed securities	--	--	--	--
(c) Collateralized debt obligations	--	--	--	--
(d) Structured securities	--	--	--	--
(e) Equity investment in SCAs	--	--	--	--
(f) Other assets	--	--	--	--
(g) Total	\$ 43,540,634	\$ 43,540,634	\$ 43,687,436	\$ --

4. Mortgage or Financial Guaranty Subprime Exposure

Not applicable

22. Events Subsequent

The Company was not impacted by any subsequent events. Subsequent events have been considered through February 13, 2015 for the statutory statement that was available for issuance by March 1, 2015.

23. Reinsurance

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

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

Reinsurer	NAIC Code	Federal ID#	Amount
Progressive Casualty Insurance Company	24260	34-6513736	\$ 454,637
Total			\$ 454,637

B. Reinsurance Recoverable in Dispute

Not applicable

C. Reinsurance Assumed and Ceded (all amounts in 000's)

1. The table below summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2014.

	Assumed		Ceded		Net	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
(a) Affiliates	\$ 171,069	\$ --	\$ 168,964	\$ --	\$ 2,105	\$ --
(b) All Other	--	--	332	91	(332)	(91)
(c) Totals	\$ 171,069	\$ --	\$ 169,296	\$ 91	\$ 1,773	\$ (91)
(d) Direct Unearned Premium Reserve is \$169,296						

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

NOTES TO FINANCIAL STATEMENTS

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 \$71,207 in 2014, which is less than 1% of the total prior year net unpaid losses and LAE of \$236,819,012. 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 Casualty, the Agency Pool manager and an Agency Pool participant. The combined premiums, losses, and expenses are then retroceded to each Agency Pool member based on pre-determined pooling percentages.

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

The pooling percentages for each Agency Pool participant as of December 31, 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.

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

NOTES TO FINANCIAL STATEMENTS

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

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

	December 31,				
	2010	2011	2012	2013	2014
Direct					
Beginning reserves	\$ 12,300	\$ 12,300	\$ 12,300	\$ 12,300	\$ 12,300
Losses and DCC incurred	--	--	--	--	(11,640)
Calendar year payments for losses and DCC	--	--	--	--	--
Ending reserves	\$ 12,300	\$ 12,300	\$ 12,300	\$ 12,300	\$ 660
Assumed Reinsurance					
Beginning reserves	\$ 276,257	\$ 286,398	\$ 194,475	\$ 196,888	\$ 130,720
Losses and DCC incurred	24,789	(46,704)	8,809	(39,288)	119,413
Calendar year payments for losses and DCC	14,648	45,219	6,396	26,880	19,701
Ending reserves	\$ 286,398	\$ 194,475	\$ 196,888	\$ 130,720	\$ 230,432
Net of Ceded Reinsurance					
Beginning reserves	\$ 288,557	\$ 298,698	\$ 206,775	\$ 209,188	\$ 143,020
Losses and DCC incurred	24,789	(46,704)	8,809	(39,288)	107,773
Calendar year payments for losses and DCC	14,648	45,219	6,396	26,880	19,701
Ending reserves	\$ 298,698	\$ 206,775	\$ 209,188	\$ 143,020	\$ 231,092

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

Direct	\$	--
Assumed		59,529
Net	\$	59,529

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

Direct	\$	600
Assumed		25,661
Net	\$	26,261

NOTES TO FINANCIAL STATEMENTS

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

	December 31,				
	2010	2011	2012	2013	2014
Direct					
Beginning reserves	\$ 3,066	\$ 3,066	\$ 3,066	\$ 3,066	\$ 3,066
Losses and DCC incurred	--	--	--	--	(3,066)
Calendar year payments for losses and DCC	--	--	--	--	--
Ending reserves	\$ 3,066	\$ 3,066	\$ 3,066	\$ 3,066	\$ --
Assumed Reinsurance					
Beginning reserves	\$ 201,143	\$ 177,192	\$ 211,655	\$ 306,281	\$ 484,862
Losses and DCC incurred	(20,314)	34,184	94,259	181,982	425,707
Calendar year payments for losses and DCC	3,637	(279)	(367)	3,401	319,983
Ending reserves	\$ 177,192	\$ 211,655	\$ 306,281	\$ 484,862	\$ 590,586
Net of Ceded Reinsurance					
Beginning reserves	\$ 204,209	\$ 180,258	\$ 214,721	\$ 309,347	\$ 487,928
Losses and DCC incurred	(20,314)	34,184	94,259	181,982	422,641
Calendar year payments for losses and DCC	3,637	(279)	(367)	3,401	319,983
Ending reserves	\$ 180,258	\$ 214,721	\$ 309,347	\$ 487,928	\$ 590,586

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

Direct	\$ --
Assumed	137,857
Net	\$ 137,857

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

Direct	\$ --
Assumed	119,053
Net	\$ 119,053

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Insurance

Not applicable

PROGRESSIVE PREFERRED INSURANCE COMPANY

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

<p>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? <input checked="" type="checkbox"/> Yes [X] <input type="checkbox"/> No []</p> <p>If yes, complete Schedule Y, Parts 1, 1A and 2.</p> <p>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? <input checked="" type="checkbox"/> Yes [X] <input type="checkbox"/> No [] <input type="checkbox"/> N/A []</p> <p>1.3 State regulating? <u>OHIO</u></p> <p>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? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>2.2 If yes, date of change: _____ <u>12/31/2012</u></p> <p>3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ <u>12/31/2012</u></p> <p>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. _____ <u>12/31/2012</u></p> <p>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). _____ <u>08/06/2013</u></p> <p>3.4 By what department or departments? <u>OHIO</u></p> <p>3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? <input type="checkbox"/> Yes [] <input type="checkbox"/> No [] <input type="checkbox"/> N/A [X]</p> <p>3.6 Have all of the recommendations within the latest financial examination report been complied with? <input checked="" type="checkbox"/> Yes [X] <input type="checkbox"/> No [] <input type="checkbox"/> N/A []</p> <p>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:</p> <p>4.11 sales of new business? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>4.12 renewals? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>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:</p> <p>4.21 sales of new business? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>4.22 renewals? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>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.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">1 Name of Entity</td> <td style="width: 25%;">2 NAIC Co. Code</td> <td style="width: 25%;">3 State of Domicile</td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table> <p>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? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>6.2 If yes, give full information:</p> <p>7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>7.2 If yes,</p> <p>7.21 State the percentage of foreign control _____ %</p> <p>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)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">1 Nationality</td> <td style="width: 25%;">2 Type of Entity</td> <td style="width: 25%;"> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> </tr> </table> <p>8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>8.2 If response to 8.1 is yes, please identify the name of the bank holding company.</p> <p>8.3 Is the company affiliated with one or more banks, thrifts or securities firms? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>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.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 16.6%;">1 Affiliate Name</td> <td style="width: 16.6%;">2 Location (City, State)</td> <td style="width: 16.6%;">3 FRB</td> <td style="width: 16.6%;">4 OCC</td> <td style="width: 16.6%;">5 FDIC</td> <td style="width: 16.6%;">6 SEC</td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table> <p>9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? <u>PRICEWATERHOUSECOOPERS, LLP 200 PUBLIC SQUARE, 18TH FLOOR CLEVELAND, OH 44114-2301</u></p> <p>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? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>10.2 If the response to 10.1 is yes, provide information related to this exemption:</p> <p>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? <input type="checkbox"/> Yes [] <input checked="" type="checkbox"/> No [X]</p> <p>10.4 If the response to 10.3 is yes, provide information related to this exemption:</p>	1 Name of Entity	2 NAIC Co. Code	3 State of Domicile				1 Nationality	2 Type of Entity					1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC							
1 Name of Entity	2 NAIC Co. Code	3 State of Domicile																							
1 Nationality	2 Type of Entity																								
1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC																				

PROGRESSIVE PREFERRED INSURANCE COMPANY

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES - GENERAL

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the answer to 10.5 is no or n/a, please explain.

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

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved
 12.13 Total book/adjusted carrying value

12.2 If yes, provide explanation.

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

N/A

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
 c. Compliance with applicable governmental laws, rules and regulations;
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
 e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]
 14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]
 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]
 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

PART 1 - COMMON INTERROGATORIES - BOARD OF DIRECTORS

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

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

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

20.11 To directors or other officers	\$.....	0
20.12 To stockholders not officers	\$.....	0
20.13 Trustees, supreme or grand (Fraternal only)	\$.....	0

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$.....	0
20.22 To stockholders not officers	\$.....	0
20.23 Trustees, supreme or grand (Fraternal only)	\$.....	0

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

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

21.21 Rented from others	\$.....	
21.22 Borrowed from others	\$.....	
21.23 Leased from others	\$.....	
21.24 Other	\$.....	

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

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]

22.2 If answer is yes:

- 22.21 Amount paid as losses or risk adjustment
- 22.22 Amount paid as expenses
- 22.23 Other amounts paid

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount. \$.....0

PART 1 - COMMON INTERROGATORIES - INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)? Yes [X] No []

24.02 If no, give full and complete information relating thereto.

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided). N/A

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

24.06 If answer to 24.04 is no, report amount of collateral for other programs.

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]

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

- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.
- 24.103 Total payable for securities lending reported on the liability page.

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03) Yes [X] No []

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

- 25.21 Subject to repurchase agreements \$.....0
- 25.22 Subject to reverse repurchase agreements \$.....0
- 25.23 Subject to dollar repurchase agreements \$.....0
- 25.24 Subject to reverse dollar repurchase agreements \$.....0
- 25.25 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 \$.....5,105,730
- 25.29 On deposit with other regulatory bodies \$.....0
- 25.30 Pledged as collateral - excluding collateral pledged to an FHLB \$.....0
- 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 [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]

If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

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

28. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

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

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

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

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

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

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

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

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

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

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D-Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

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

29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29,299. 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 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	.....548,807,948	.....551,378,995	.....2,571,047
30.2 Preferred stocks.....			0
30.3 Totals.....	.....548,807,948	.....551,378,995	.....2,571,047

30.4 Describe the sources or methods utilized in determining the fair values:

THE FAIR MARKET VALUES REPORTED ARE DERIVED FROM INDEPENDENT AND OBSERVABLE MARKET INPUT EVALUATIONS PROVIDED BY WIDELY UTILIZED REPUTABLE PRICING SERVICES, INDEPENDENT BROKER/DEALER BID LISTS, INDEPENDENT BROKER/DEALER QUOTATIONS, INDEPENDENT BROKER/DEALER PRICING SERVICES, OR ACTIVE MARKET CLOSING QUOTATIONS FROM A REGULATED EXCHANGE. IN VERY RARE CASES, IF NONE OF THE AFOREMENTIONED PRIMARY SOURCES ARE AVAILABLE, MATRIX PRICING USING THE REPORTING ENTITY'S OWN MARKET BASED ASSUMPTIONS MAY BE UTILIZED. THE APPROVED METHODS FOR COMPUTATION OF FAIR MARKET VALUE ARE PRESCRIBED IN PART FIVE OF THE SECURITIES VALUATION OFFICE PURPOSES AND PROCEDURES MANUAL.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D.

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

Yes [X] No []

32.2 If no, list exceptions:

PART 1 - COMMON INTERROGATORIES - OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$.....43,232

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
INDEPENDENT STATISTICAL SVCS	43,232

34.1 Amount of payments for legal expenses, if any?

\$.....0

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

1 Name	2 Amount Paid
	0

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

\$.....0

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

1 Name	2 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.

\$.....0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

.....

1.62 Total incurred claims

.....

1.63 Number of covered lives

.....

All years prior to most current three years:

1.64 Total premium earned

.....

1.65 Total incurred claims

.....

1.66 Number of covered lives

.....

1.7 Group policies:

Most current three years:

1.71 Total premium earned

.....

1.72 Total incurred claims

.....

1.73 Number of covered lives

.....

All years prior to most current three years:

1.74 Total premium earned

.....

1.75 Total incurred claims

.....

1.76 Number of covered lives

.....

2. Health test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator.....		
\$.....595,682,612	.....564,666,811	
2.3 Premium Ratio (2.1/2.2).....	0.0	0.0
2.4 Reserve Numerator.....		
\$.....415,827,965	.....407,430,745	
2.6 Reserve Ratio (2.4/2.5).....	0.0	0.0

3.1 Does the reporting entity issue both participating and non-participating policies?

Yes [] No [X]

3.2 If yes, state the amount of calendar year premiums written on:

3.21 Participating policies

.....

3.22 Non-participating policies

.....

4. FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:

4.1 Does the reporting entity issue assessable policies?

Yes [] No []

4.2 Does the reporting entity issue non-assessable policies?

Yes [] No []

4.3 If assessable policies are issued, what is the extent of the contingent liability of the policyholders?

.....%

4.4 Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.

.....

5. FOR RECIPROCAL EXCHANGES ONLY:

5.1 Does the exchange appoint local agents?

Yes [] No []

5.2 If yes, is the commission paid:

5.21 Out of Attorney's-in-fact compensation

Yes [] No [] N/A []

5.22 As a direct expense of the exchange

Yes [] No [] N/A []

5.3 What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?

.....

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?

Yes [] No []

5.5 If yes, give full information:

.....

6.1 What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?

THE COMPANY DOES NOT WRITE WORKERS' COMPENSATION INSURANCE.

6.2 Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:

THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE ESTIMATE OF THE PML WAS MADE EXCLUSIVELY BY PROGRESSIVE EMPLOYEES. THE COMPANY'S NET COMPREHENSIVE EXPOSURE IN THE CATASTROPHE PRONE STATES OF FLORIDA, LOUISIANA, TEXAS, MISSISSIPPI, ALABAMA, NEW YORK, 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 noncancelable by the reporting entity during the contract term;
- (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
- (c) Aggregate stop loss reinsurance coverage;
- (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
- (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
- (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?

Yes [] No [X]

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

- (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
- (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract?

Yes [] No [X]

9.3 If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:

- (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;
- (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and
- (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.

9.4 Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

- (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
- (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP? Yes [] No [X]

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

9.6 The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:

- (a) The entity does not utilize reinsurance; or Yes [] No [X]
- (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or Yes [] No [X]
- (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement. Yes [] No [X]

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

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

11.2 If yes, give full information:

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

12.11 Unpaid losses	\$.....0
12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$.....0
	\$.....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:

12.3 If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses? Yes [] No [X] N/A []

12.4 If yes, provide the range of interest rates charged under such notes during the period covered by this statement:

12.41 From%
12.42 To%

12.5 Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies? Yes [] No [X]

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

12.61 Letters of credit	.....
12.62 Collateral and other funds	.....

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

13.1 Largest net aggregate amount insured in any one risk (excluding workers' compensation): \$.....600,000

13.2 Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision? Yes [] No [X]

13.3 State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.1

14.1 Is the company a cedant in a multiple cedant reinsurance contract? Yes [] No [X]

14.2 If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3 If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts? Yes [] No []

14.4 If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements? Yes [] No []

14.5 If the answer to 14.4 is no, please explain:

15.1 Has the reporting entity guaranteed any financed premium accounts? Yes [] No [X]

15.2 If yes, give full information:

16.1 Does the reporting entity write any warranty business? Yes [] No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

	1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11 Home.....
16.12 Products.....
16.13 Automobile.....
16.14 Other*.....

* Disclose type of coverage:

17.1 Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that it excludes from Schedule F-Part 5? Yes [] No [X]

Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5.

Provide the following information for this exemption:

17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
.....

17.12 Unfunded portion of Interrogatory 17.11
.....

17.13 Paid losses and loss adjustment expenses portion of Interrogatory 17.11
.....

17.14 Case reserves portion of Interrogatory 17.11
.....

17.15 Incurred but not reported portion of Interrogatory 17.11
.....

17.16 Unearned premium portion of Interrogatory 17.11
.....

17.17 Contingent commission portion of Interrogatory 17.11
.....

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

17.18 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5
.....

17.19 Unfunded portion of Interrogatory 17.18
.....

17.20 Paid losses and loss adjustment expenses portion of Interrogatory 17.18
.....

17.21 Case reserves portion of Interrogatory 17.18
.....

17.22 Incurred but not reported portion of Interrogatory 17.18
.....

17.23 Unearned premium portion of Interrogatory 17.18
.....

17.24 Contingent commission portion of Interrogatory 17.18
.....

18.1 Do you act as a custodian for health savings account? Yes [] No [X]

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

18.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

18.4 If yes, please provide the balance of the funds administered as of the reporting date.

PROGRESSIVE PREFERRED INSURANCE COMPANY
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).....	779,142,754	772,857,762	769,723,533	753,441,372	760,418,888
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	452,056,882	443,366,578	437,134,163	417,522,820	423,035,876
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,622,699	4,507,569	3,872,074	3,176,920	2,848,609
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	706	248	506	1,055	435
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	1,233,823,040	1,220,732,158	1,210,730,276	1,174,142,166	1,186,303,808
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).....	381,352,299	364,765,542	348,346,564	325,382,362	308,683,407
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	215,374,827	203,751,985	194,613,844	181,304,611	180,140,851
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,252,115	1,820,274	1,684,772	1,608,416	1,611,554
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	706	248	506	1,055	435
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	598,979,946	570,338,050	544,645,686	508,296,443	490,436,247
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	44,438,063	32,424,460	17,536,942	28,983,052	33,268,953
14. Net investment gain (loss) (Line 11).....	18,299,613	13,483,245	11,678,928	13,516,859	10,328,650
15. Total other income (Line 15).....	7,112,388	6,901,198	7,094,109	7,514,475	7,420,836
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	20,232,302	17,416,792	13,614,330	15,552,260	17,026,871
18. Net income (Line 20).....	49,617,762	35,392,111	22,695,649	34,462,126	33,991,568
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	677,110,908	652,455,735	620,710,187	582,318,596	574,093,308
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	8,459,470	6,622,358	6,563,216	9,837,169	6,148,092
20.2 Deferred and not yet due (Line 15.2).....	79,771,896	84,530,767	90,138,801	88,044,033	91,636,268
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	481,234,475	468,726,997	446,409,968	418,292,754	413,340,395
22. Losses (Page 3, Line 1).....	200,361,131	198,058,576	186,126,429	171,323,751	167,532,308
23. Loss adjustment expenses (Page 3, Line 3).....	41,116,542	38,760,436	37,160,753	36,134,842	36,548,806
24. Unearned premiums (Page 3, Line 9).....	171,068,906	167,771,572	162,100,332	151,858,188	145,021,712
25. Capital paid up (Page 3, Lines 30 & 31).....	3,003,300	3,003,300	3,003,300	3,003,300	3,003,300
26. Surplus as regards policyholders (Page 3, Line 37).....	195,876,433	183,728,738	174,300,219	164,025,842	160,752,913
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	61,122,127	59,626,538	51,480,757	38,816,459	53,229,053
Risk-Based Capital Analysis					
28. Total adjusted capital.....	195,876,433	183,728,738	174,300,219	164,025,842	160,752,913
29. Authorized control level risk-based capital.....	21,134,063	20,604,699	18,678,583	17,322,316	16,696,686
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).....	95.5	100.0	97.9	91.9	100.0
31. Stocks (Lines 2.1 & 2.2).....					
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	4.5		2.1	8.1	
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					
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).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2014	2 2013	3 2012	4 2011	5 2010
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	.....(38,076)	.....(56)	.....2,403	.....(1,783)	.....9,772
52. Dividends to stockholders (Line 35).....	.....(36,700,000)	.....(26,500,000)	.....(14,500,000)	.....(32,000,000)	.....(32,500,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	.....12,147,695	.....9,428,519	.....10,274,377	.....3,272,929	.....2,424,503
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).....	.....488,663,500	.....472,765,582	.....466,962,616	.....462,958,187	.....462,739,322
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....292,537,176	.....282,659,971	.....280,929,876	.....274,364,561	.....271,442,684
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....1,634,335	.....1,727,985	.....1,950,410	.....1,868,988	.....1,387,278
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....(3,787)	.....77,393	.....124,060	.....88,889	.....31,416
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....24,335	.....38,105	.....20,903	.....50,452	.....31,894
59. Total (Line 35).....	.....782,855,558	.....757,269,036	.....749,987,865	.....739,331,077	.....735,632,594
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).....	.....228,588,519	.....213,037,804	.....204,746,299	.....189,094,523	.....183,322,075
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	.....135,368,546	.....128,288,572	.....125,239,730	.....114,900,071	.....104,019,549
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	.....995,952	.....800,961	.....1,269,013	.....978,368	.....816,409
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....(3,787)	.....77,393	.....124,060	.....88,889	.....31,416
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....24,335	.....38,105	.....20,903	.....50,452	.....31,894
65. Total (Line 35).....	.....364,973,564	.....342,242,835	.....331,400,005	.....305,112,303	.....288,221,343
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).....	.....19.4	.....19.9	.....19.9	.....20.5	.....21.1
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).....	.....305.8	.....310.4	.....312.5	.....309.9	.....305.1
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).....	.....(1,158)	.....2,611	.....1,905	.....(3,499)	.....(7,797)
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	.....1.2	.....(2.2)	.....(4.9)
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).....	.....1,841	.....3,551	.....(5,356)	.....(11,455)	.....(6,955)
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).....	.....1.1	.....2.2	.....(3.3)	.....(7.2)	.....(4.2)

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.....	.....955	.....463	.....30	.....2	.....59	.....	.....63	.....580	....XXX.....
2. 2005.....	....605,556	.....10,404	....595,152	....340,109	....8,218	....11,182	....294	....65,252	....499	....27,218	....407,533	....XXX.....
3. 2006.....	....572,315	.....9,251	....563,064	....320,135	....8,555	....9,643	....340	....60,352	....338	....27,094	....380,897	....XXX.....
4. 2007.....	....520,098	.....7,669	....512,429	....303,420	....4,309	....8,121	....73	....53,994	....59	....28,217	....361,093	....XXX.....
5. 2008.....	....495,623	.....6,243	....489,381	....300,591	....3,822	....7,976	....223	....51,841	....90	....26,032	....356,272	....XXX.....
6. 2009.....	....496,483	.....6,605	....489,878	....290,488	....4,824	....7,931	....340	....45,106	....81	....24,485	....338,280	....XXX.....
7. 2010.....	....493,424	.....7,432	....485,991	....297,398	....5,162	....8,062	....275	....44,600	....13	....26,223	....344,610	....XXX.....
8. 2011.....	....508,264	.....6,804	....501,460	....310,573	....3,141	....6,743	....46	....43,989	....0	....28,875	....358,118	....XXX.....
9. 2012.....	....539,954	.....5,551	....534,403	....328,511	....2,544	....5,262	....15	....44,725	....	....32,138	....375,938	....XXX.....
10. 2013.....	....570,261	.....5,594	....564,667	....308,489	....1,740	....2,974	....3	....43,908	....	....31,294	....353,629	....XXX.....
11. 2014.....	....601,535	.....5,852	....595,683	....249,159	....1,033	....767	....0	....37,156	....	....21,925	....286,049	....XXX.....
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....3,049,828	....43,810	....68,691	....1,611	....490,981	....1,080	....273,564	....3,562,999	....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded			
1. Prior.....	....8,792	....7,778	....521	....	....161	....17	....60	....	....123	....	....	....1,863	....XXX.....
2. 2005.....	....3,491	....3,352	....8	....	....27	....	....	....	....55	....	....	....229	....XXX.....
3. 2006.....	....3,114	....2,922	....90	....81	....39	....0	....	....	....60	....	....	....300	....XXX.....
4. 2007.....	....3,366	....3,109	....367	....354	....50	....0	....12	....10	....75	....	....	....397	....XXX.....
5. 2008.....	....4,413	....3,702	....349	....333	....106	....1	....29	....24	....107	....	....	....944	....XXX.....
6. 2009.....	....3,710	....2,381	....436	....418	....216	....2	....41	....34	....152	....	....	....1,720	....XXX.....
7. 2010.....	....6,044	....3,258	....186	....154	....431	....2	....67	....56	....253	....	....	....3,509	....XXX.....
8. 2011.....	....8,612	....2,369	....2,847	....678	....1,029	....2	....625	....46	....733	....	....	....1,224	....10,750
9. 2012.....	....20,562	....3,548	....2,937	....176	....2,869	....2	....766	....20	....1,609	....	....	....1,274	....24,998
10. 2013.....	....41,124	....3,895	....8,124	....299	....4,752	....6	....1,316	....7	....3,906	....	....	....2,557	....55,014
11. 2014.....	....94,535	....817	....30,035	....3,676	....6,551	....4	....2,604	....6	....12,532	....	....	....13,549	....141,754
12. Totals.....	....197,760	....37,131	....45,902	....6,170	....16,230	....35	....5,519	....203	....19,606	....0	....	....18,604	....241,478

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount			
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid		
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....	....	....	....XXX.....	....1,536	....327
2. 2005.....	....420,125	....12,363	....407,762	....69.4	....118.8	....68.5	....	....	....	....6.00	....147	....82
3. 2006.....	....393,433	....12,236	....381,198	....68.7	....132.3	....67.7	....	....	....	....6.00	....201	....99
4. 2007.....	....369,405	....7,914	....361,491	....71.0	....103.2	....70.5	....	....	....	....6.00	....271	....127
5. 2008.....	....365,412	....8,195	....357,217	....73.7	....131.3	....73.0	....	....	....	....6.00	....726	....218
6. 2009.....	....348,080	....8,081	....339,999	....70.1	....122.3	....69.4	....	....	....	....6.00	....1,346	....374
7. 2010.....	....357,039	....8,919	....348,119	....72.4	....120.0	....71.6	....	....	....	....6.00	....2,817	....692
8. 2011.....	....375,150	....6,283	....368,868	....73.8	....92.3	....73.6	....	....	....	....6.00	....8,411	....2,339
9. 2012.....	....407,241	....6,304	....400,936	....75.4	....113.6	....75.0	....	....	....	....6.00	....19,775	....5,223
10. 2013.....	....414,593	....5,950	....408,643	....72.7	....106.4	....72.4	....	....	....	....6.00	....45,053	....9,961
11. 2014.....	....433,339	....5,536	....427,803	....72.0	....94.6	....71.8	....	....	....	....6.00	....120,077	....21,677
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....200,361	....41,117	....

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 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014	11 One Year	12 Two Year
1. Prior.....	91,668	87,774	88,261	86,461	86,089	86,343	86,043	86,213	86,332	87,407	1,075	1,194
2. 2005.....	347,150	343,158	345,147	345,262	343,022	342,499	342,698	342,806	343,148	342,953	(195)	147
3. 2006.....	XXX.....	321,301	322,391	324,927	323,407	321,321	321,228	321,086	321,111	321,123	12	37
4. 2007.....	XXX.....	XXX.....	310,523	310,861	311,459	310,001	307,430	307,441	307,617	307,481	(137)	40
5. 2008.....	XXX.....	XXX.....	XXX.....	307,533	307,417	307,925	306,250	304,814	305,398	305,358	(40)	544
6. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	300,709	296,218	296,999	295,681	294,488	294,822	334	(858)
7. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	303,910	304,069	304,819	305,264	303,279	(1,985)	(1,540)
8. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	319,247	323,009	324,155	324,145	(10)	1,136	
9. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	353,461	354,426	354,602	176	1,142	
10. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	361,218	360,829	(389)	XXX.....	
11. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	378,116	XXX.....	XXX.....	
										12. Totals.....	(1,158)	1,841

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014		
1. Prior.....	000.....	43,622	66,539	77,733	81,454	83,506	84,417	84,965	85,147	85,667	XXX.....	XXX.....
2. 2005.....	230,235	289,713	316,930	332,458	338,799	341,109	341,833	342,406	342,716	342,779	XXX.....	XXX.....
3. 2006.....	XXX.....	218,408	275,409	299,594	312,466	317,457	319,527	320,317	320,688	320,884	XXX.....	XXX.....
4. 2007.....	XXX.....	XXX.....	211,628	266,926	289,118	299,795	304,294	306,004	306,865	307,159	XXX.....	XXX.....
5. 2008.....	XXX.....	XXX.....	XXX.....	206,984	265,217	285,655	296,295	301,476	303,702	304,522	XXX.....	XXX.....
6. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	197,706	253,073	274,590	285,619	290,995	293,255	XXX.....	XXX.....
7. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	200,047	258,345	282,409	294,507	300,023	XXX.....	XXX.....
8. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	214,260	276,707	301,838	314,128	XXX.....	XXX.....	
9. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	233,622	304,323	331,214	XXX.....	XXX.....	
10. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	233,705	309,721	XXX.....	XXX.....	
11. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	248,894	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 2005	2 2006	3 2007	4 2008	5 2009	6 2010	7 2011	8 2012	9 2013	10 2014
1. Prior.....	14,323	5,039	1,890	582	633	603	444	447	366	581
2. 2005.....	27,247	8,467	3,793	1,810	54	47	38	17	6	8
3. 2006.....	XXX.....	25,182	7,856	3,930	1,879	73	46	33	8	9
4. 2007.....	XXX.....	XXX.....	25,120	7,404	3,674	2,085	66	37	112	15
5. 2008.....	XXX.....	XXX.....	XXX.....	27,106	7,625	4,096	1,991	62	125	21
6. 2009.....	XXX.....	XXX.....	XXX.....	XXX.....	24,939	7,850	4,326	2,434	98	25
7. 2010.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	22,916	7,836	3,573	2,577	42
8. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	23,311	7,680	3,442	2,747	
9. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	28,570	8,273	3,508	
10. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	30,689	9,134	
11. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	28,957	

PROGRESSIVE PREFERRED INSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....	AL ..N.								
2. Alaska.....	AK ..L.								
3. Arizona.....	AZ ..L.	129,390,755	132,120,475		81,300,753	79,489,257	41,909,235	2,297,137	
4. Arkansas.....	AR ..N.								
5. California.....	CA ..N.								
6. Colorado.....	CO ..L.	140,200,039	143,174,513		105,418,654	110,461,618	63,734,252	1,883,007	
7. Connecticut.....	CT ..N.								
8. Delaware.....	DE ..L.								
9. District of Columbia.....	DC ..L.								
10. Florida.....	FL ..N.								
11. Georgia.....	GA ..L.	5,970,016	6,338,554		3,794,316	2,296,430	4,748,773	52,792	
12. Hawaii.....	HI ..L.								
13. Idaho.....	ID ..L.								
14. Illinois.....	IL ..N.								
15. Indiana.....	IN ..L.								
16. Iowa.....	IA ..L.								
17. Kansas.....	KS ..N.								
18. Kentucky.....	KY ..L.								
19. Louisiana.....	LA ..N.								
20. Maine.....	ME ..L.								
21. Maryland.....	MD ..L.								
22. Massachusetts.....	MA ..N.								
23. Michigan.....	MI ..L.								
24. Minnesota.....	MN ..L.	241,138,203	236,681,104		142,631,962	142,163,528	79,100,094	3,649,447	
25. Mississippi.....	MS ..L.								
26. Missouri.....	MO ..L.	23,305,578	26,136,662		18,566,624	16,080,623	11,276,999	412,631	
27. Montana.....	MT ..L.								
28. Nebraska.....	NE ..L.								
29. Nevada.....	NV ..L.	5,019,848	5,321,528		3,498,860	3,020,219	1,604,220	83,308	
30. New Hampshire.....	NH ..N.								
31. New Jersey.....	NJ ..L.								
32. New Mexico.....	NM ..L.	2,057,303	2,107,778		1,444,009	1,267,234	.853,965	.28,631	
33. New York.....	NY ..L.	(22,534)	43,879		6,867,768	(3,383,084)	7,288,834	(416)	
34. North Carolina.....	NC ..L.								
35. North Dakota.....	ND ..N.								
36. Ohio.....	OH ..L.	28,207,562	29,478,506		18,426,333	16,800,479	8,771,682	.693,952	
37. Oklahoma.....	OK ..L.								
38. Oregon.....	OR ..L.	477,489	.504,615		152,741	153,359	45,536	.10,530	
39. Pennsylvania.....	PA ..L.	58,917,228	59,313,092		35,774,555	36,303,446	22,932,498	.897,999	
40. Rhode Island.....	RI ..L.								
41. South Carolina.....	SC ..L.								
42. South Dakota.....	SD ..L.								
43. Tennessee.....	TN ..L.								
44. Texas.....	TX ..L.								
45. Utah.....	UT ..L.				399	.399			
46. Vermont.....	VT ..N.								
47. Virginia.....	VA ..L.				2,077	.2,077			
48. Washington.....	WA ..L.	181,605	188,462		2,939	27,470	79,310	2,025	
49. West Virginia.....	WV ..L.								
50. Wisconsin.....	WI ..N.								
51. Wyoming.....	WY ..N.								
52. American Samoa.....	AS ..N.								
53. Guam.....	GU ..N.								
54. Puerto Rico.....	PR ..N.								
55. US Virgin Islands.....	VI ..N.								
56. Northern Mariana Islands.....	MP ..N.								
57. Canada.....	CAN ..N.								
58. Aggregate Other Alien.....	OT XXX	.0	.0	.0	.0	.0	.0	.0	0
59. Totals.....	(a) ..37	634,843,092	641,409,168	0	.417,881,990	.404,683,055	.242,345,398	.10,011,043	0

DETAILS OF WRITE-INS

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

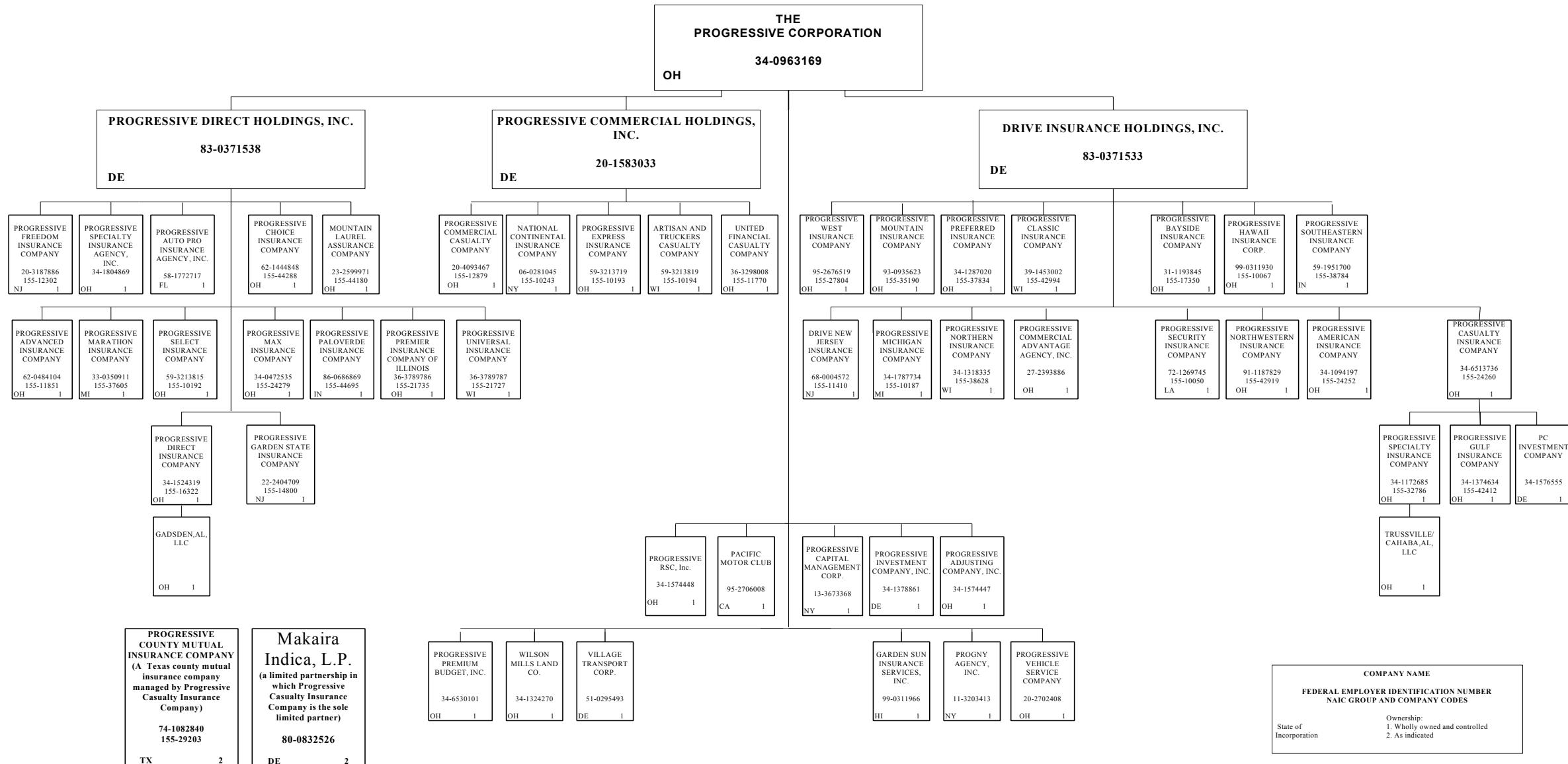
(a) Insert the number of "L" responses except for Canada and Other Alien.

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

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

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

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

SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**PART 1 – ORGANIZATIONAL CHART****AS OF 12/31/14**

2014 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	58
Cash Flow	5	Schedule P-Part 2H-Section 1-Other Liability-Occurrence	58
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	58
Exhibit of Net Investment Income	12	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	59
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2J-Auto Physical Damage	59
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2K-Fidelity, Surety	59
Five-Year Historical Data	17	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	59
General Interrogatories	15	Schedule P-Part 2M-International	59
Jurat Page	1	Schedule P-Part 2N-Reinsurance - Nonproportional Assumed Property	60
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2O-Reinsurance - Nonproportional Assumed Liability	60
Notes To Financial Statements	14	Schedule P-Part 2P-Reinsurance - Nonproportional Assumed Financial Lines	60
Overflow Page For Write-ins	100	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	61
Schedule A-Part 1	E01	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	61
Schedule A-Part 2	E02	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	61
Schedule A-Part 3	E03	Schedule P-Part 2T-Warranty	61
Schedule A-Verification Between Years	SI02	Schedule P-Part 3A-Homeowners/Farmowners	62
Schedule B-Part 1	E04	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	62
Schedule B-Part 2	E05	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	62
Schedule B-Part 3	E06	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	62
Schedule B-Verification Between Years	SI02	Schedule P-Part 3E-Commercial Multiple Peril	62
Schedule BA-Part 1	E07	Schedule P-Part 3F-Section 1-Medical Professional Liability-Occurrence	63
Schedule BA-Part 2	E08	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	63
Schedule BA-Part 3	E09	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	63
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	63
Schedule D-Part 1	E10	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	63
Schedule D-Part 1A-Section 1	E10	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	64
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3J-Auto Physical Damage	64
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3K-Fidelity/Surety	64
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	64
Schedule D-Part 3	E13	Schedule P-Part 3M-International	64
Schedule D-Part 4	E14	Schedule P-Part 3N-Reinsurance - Nonproportional Assumed Property	65
Schedule D-Part 5	E15	Schedule P-Part 3O-Reinsurance - Nonproportional Assumed Liability	65
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3P-Reinsurance - Nonproportional Assumed Financial Lines	65
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	66
Schedule D-Summary By Country	SI04	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	66
Schedule D-Verification Between Years	SI03	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	66
Schedule DA-Part 1	E17	Schedule P-Part 3T-Warranty	66
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4A-Homeowners/Farmowners	67
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	67
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	67
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	67
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4E-Commercial Multiple Peril	67
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	68
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	68
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	68
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	68
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	68
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	69
Schedule DB-Verification	SI14	Schedule P-Part 4J-Auto Physical Damage	69
Schedule DL-Part 1	E24	Schedule P-Part 4K-Fidelity/Surety	69
Schedule DL-Part 2	E25	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	69
Schedule E-Part 1-Cash	E26	Schedule P-Part 4M-International	69
Schedule E-Part 2-Cash Equivalents	E27	Schedule P-Part 4N-Reinsurance - Nonproportional Assumed Property	70
Schedule E-Part 3-Special Deposits	E28	Schedule P-Part 4O-Reinsurance - Nonproportional Assumed Liability	70
Schedule E-Verification Between Years	SI15	Schedule P-Part 4P-Reinsurance - Nonproportional Assumed Financial Lines	70
Schedule F-Part 1	20	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	71
Schedule F-Part 2	21	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	71
Schedule F-Part 3	22	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	71
Schedule F-Part 4	23	Schedule P-Part 4T-Warranty	71
Schedule F-Part 5	24	Schedule P-Part 5A-Homeowners/Farmowners	72
Schedule F-Part 6-Section 1	25	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	73
Schedule F-Part 6-Section 2	26	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	74
Schedule F-Part 7	27	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	75
Schedule F-Part 8	28	Schedule P-Part 5E-Commercial Multiple Peril	76
Schedule F-Part 9	29	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	78
Schedule H-Accident and Health Exhibit-Part 1	30	Schedule P-Part 5F-Medical Professional Liability-Occurrence	77
Schedule H-Part 2, Part 3 and Part 4	31	Schedule P-Part 5H-Other Liability-Claims-Made	80
Schedule H-Part 5-Health Claims	32	Schedule P-Part 5H-Other Liability-Occurrence	79
Schedule P-Part 1-Summary	33	Schedule P-Part 5R-Products Liability-Claims-Made	82
Schedule P-Part 1A-Homeowners/Farmowners	35	Schedule P-Part 5R-Products Liability-Occurrence	81
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	36	Schedule P-Part 5T-Warranty	83
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	37	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	84
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	38	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	84
Schedule P-Part 1E-Commercial Multiple Peril	39	Schedule P-Part 6E-Commercial Multiple Peril	85
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	40	Schedule P-Part 6H-Other Liability-Claims-Made	86
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	41	Schedule P-Part 6H-Other Liability-Occurrence	85
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	42	Schedule P-Part 6M-International	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	43	Schedule P-Part 6N-Reinsurance - Nonproportional Assumed Property	87
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	44	Schedule P-Part 6O-Reinsurance - Nonproportional Assumed Liability	87
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45	Schedule P-Part 6R-Products Liability-Claims-Made	88
Schedule P-Part 1J-Auto Physical Damage	46	Schedule P-Part 6R-Products Liability-Occurrence	88
Schedule P-Part 1K-Fidelity/Surety	47	Schedule P-Part 7A-Primary Loss Sensitive Contracts	89
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	48	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	91
Schedule P-Part 1M-International	49	Schedule P-Interrogatories	93
Schedule P-Part 1N-Reinsurance - Nonproportional Assumed Property	50	Schedule T-Exhibit of Premiums Written	94
Schedule P-Part 1O-Reinsurance - Nonproportional Assumed Liability	51	Schedule T-Part 2-Interstate Compact	95
Schedule P-Part 1P-Reinsurance - Nonproportional Assumed Financial Lines	52	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	53	Schedule Y-Detail of Insurance Holding Company System	97
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	54	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	98
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	55	Statement of Income	4
Schedule P-Part 1T-Warranty	56	Summary Investment Schedule	SI01
Schedule P-Part 2, Part 3 and Part 4 - Summary	34	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P-Part 2A-Homeowners/Farmowners	57	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	57	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	57	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	57	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2E-Commercial Multiple Peril	57	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	58	Underwriting and Investment Exhibit Part 3	11
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	58		