



ANNUAL STATEMENT

For the Year Ended December 31, 2015
of the Condition and Affairs of the

PROGRESSIVE AMERICAN INSURANCE COMPANY

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

Organized under the Laws of OH
Incorporated/Organized..... August 25, 1971

Statutory Home Office

Main Administrative Office

Mail Address

Primary Location of Books and Records

Internet Web Site Address

Statutory Statement Contact

NAIC Company Code..... 24252

State of Domicile or Port of Entry OH

6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US 44143-2182
(Street and Number) (City or Town, State, Country and Zip Code)

6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US..... 44143-2182 440-461-5000
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

P.O. BOX 89490..... CLEVELAND OH US 44101-6490
(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)

6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US 44143-2182 440-395-4460
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

PROGRESSIVE.COM

MARY BETH ANDREANO
(Name)

FINANCIAL_REPORTING@PROGRESSIVE.COM
(E-Mail Address)

Employer's ID Number..... 34-1094197

Country of Domicile US

Commenced Business..... April 2, 1979

440-395-4460
(Area Code) (Telephone Number) (Extension)

440-603-5500
(Fax Number)

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

OFFICERS

Name	Title	Name	Title
GEOFFREY THOMAS SOUSER #	PRESIDENT	DANE ALLEN SHRALLOW	SECRETARY
THOMAS ALFRED KING	TREASURER		

OTHER

MARY BETH ANDREANO	(VICE PRESIDENT)	KAREN BARONE BAILO	(VICE PRESIDENT)
KATHLEEN MARY CERNY	(ASST. SECRETARY)	CHRISTINA LYNN CREWS #	(ASST. SECRETARY)
SARAH ELIZABETH FRYE	(VICE PRESIDENT)	JAMES LEE KUSMER	(ASST. TREASURER)

DIRECTORS OR TRUSTEES

KAREN BARONE BAILO	RICHARD RUSSELL CRAWLEY	KATHRYN MARGARET LEMIEUX	DAVID LLOYD PRATT
GEOFFREY THOMAS SOUSER #			

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) GEOFFREY THOMAS SOUSER #	(Signature) CHRISTINA LYNN CREWS #	(Signature) THOMAS ALFRED KING
1. (Printed Name) PRESIDENT	2. (Printed Name) ASSISTANT SECRETARY	3. (Printed Name) TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me	a. Is this an original filing?	Yes [X] No []
This 16TH day of FEBRUARY, 2016	b. If no	1. State the amendment number
		2. Date filed
		3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	89,251,798		89,251,798	146,493,855
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 (\$....4,599,237, Schedule E-Part 2) and short-term investments (\$.....114,907,387, Schedule DA).....	119,506,624		119,506,624	46,961,212
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).....	208,758,422	0	208,758,422	193,455,067
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	1,084,567		1,084,567	1,112,669
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	29,817,643	4,023,893	25,793,750	24,758,128
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	143,424,115		143,424,115	135,264,398
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	4,429,044		4,429,044	3,479,478
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.....	8,174,399		8,174,399	8,131,297
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.....	35,621,241		35,621,241	46,065,873
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	141,355	54,571	86,784	3,970,186
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	431,450,786	4,078,464	427,372,322	416,237,096
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	431,450,786	4,078,464	427,372,322	416,237,096

DETAILS OF WRITE-INS

1101.			0	
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. STATE TAX CREDITS.....	86,784		86,784	99,111
2502. MISCELLANEOUS OTHER ASSETS.....	44,423	44,423	0	
2503. PREPAID EXPENSES.....	10,148	10,148	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	3,871,075
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	141,355	54,571	86,784	3,970,186

PROGRESSIVE AMERICAN INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	69,985,046	66,787,043
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	360,546	1,093,796
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	14,730,385	13,705,514
4. Commissions payable, contingent commissions and other similar charges.....	308,343	251,136
5. Other expenses (excluding taxes, licenses and fees).....	9,119,468	7,815,789
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	1,269,933	1,450,077
7.1 Current federal and foreign income taxes (including \$.....230 on realized capital gains (losses)).....	1,247,810	2,061,408
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 \$.....335,644,450 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).....	61,720,752	57,022,969
10. Advance premium.....	10,152,496	10,079,936
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	8,020,058	8,237,343
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.....	66,841,295	63,970,869
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.....	816,319	8,407,382
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	244,572,451	240,883,262
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	244,572,451	240,883,262
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	2,500,000	2,500,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	65,054,816	65,054,816
35. Unassigned funds (surplus).....	115,245,055	107,799,018
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).....	182,799,871	175,353,834
38. TOTALS (Page 2, Line 28, Col. 3).....	427,372,322	416,237,096

DETAILS OF WRITE-INS		
2501. STATE PLAN LIABILITY.....	640,975	490,425
2502. ESCHEATABLE PROPERTY.....	101,537	133,520
2503. OTHER LIABILITIES.....	73,807	97,076
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	7,686,361
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	816,319	8,407,382
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 AMERICAN INSURANCE COMPANY
STATEMENT OF INCOME

			1	2
			Current Year	Prior Year
UNDERWRITING INCOME				
1.	Premiums earned (Part 1, Line 35, Column 4).....	DEDUCTIONS	201,435,245	198,560,871
2.	Losses incurred (Part 2, Line 35, Column 7).....		123,420,531	122,425,373
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....		20,898,672	20,151,876
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....		42,347,823	41,170,934
5.	Aggregate write-ins for underwriting deductions.....		0	0
6.	Total underwriting deductions (Lines 2 through 5).....		186,667,026	183,748,183
7.	Net income of protected cells.....			
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....		14,768,219	14,812,688
INVESTMENT INCOME				
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....		1,463,337	1,974,070
10.	Net realized capital gains (losses) less capital gains tax of \$.....326,602 (Exhibit of Capital Gains (Losses)).....		613,487	(137,322)
11.	Net investment gain (loss) (Lines 9 + 10).....		2,076,824	1,836,748
OTHER INCOME				
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....504,692 amount charged off \$.....8,690,204).....		(8,185,512)	(8,767,772)
13.	Finance and service charges not included in premiums.....		9,273,309	10,156,317
14.	Aggregate write-ins for miscellaneous income.....		220,102	361,602
15.	Total other income (Lines 12 through 14).....		1,307,899	1,750,147
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....		18,152,942	18,399,583
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).....		18,152,942	18,399,583
19.	Federal and foreign income taxes incurred.....		6,067,528	6,228,606
20.	Net income (Line 18 minus Line 19) (to Line 22).....		12,085,414	12,170,977
CAPITAL AND SURPLUS ACCOUNT				
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....		175,353,834	158,450,440
22.	Net income (from Line 20).....		12,085,414	12,170,977
23.	Net transfers (to) from Protected Cell accounts.....			
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....0.....			
25.	Change in net unrealized foreign exchange capital gain (loss).....			
26.	Change in net deferred income tax.....		43,102	(74,739)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....		317,521	7,156
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.....			4,800,000
33.2	Transferred to capital (Stock Dividend).....			
33.3.	Transferred from capital.....			
34.	Net remittances from or (to) Home Office.....			
35.	Dividends to stockholders.....		(5,000,000)	
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....			
37.	Aggregate write-ins for gains and losses in surplus.....		0	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....		7,446,037	16,903,394
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....		182,799,871	175,353,834
DETAILS OF WRITE-INS				
0501.	.....		
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	0
1401.	MISCELLANEOUS INCOME.....		185,058	335,564
1402.	INTEREST INCOME ON INTERCOMPANY BALANCES.....		30,799	14,277
1403.	SERVICE BUSINESS REVENUE.....		4,245	11,761
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).....		220,102	361,602
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

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	196,938,873	187,944,508
2. Net investment income.....	2,557,994	2,867,840
3. Miscellaneous income.....	1,463,918	2,113,496
4. Total (Lines 1 through 3).....	200,960,785	192,925,844
5. Benefit and loss related payments.....	121,905,344	117,187,806
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	61,040,759	59,530,699
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....446,205 tax on capital gains (losses).....	7,207,728	5,133,696
10. Total (Lines 5 through 9).....	190,153,831	181,852,201
11. Net cash from operations (Line 4 minus Line 10).....	10,806,954	11,073,643
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	241,218,464	179,910,336
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).....	241,218,464	179,910,336
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	184,102,998	152,246,476
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).....	184,102,998	152,246,476
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).....	57,115,466	27,663,860
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.....		4,800,000
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	5,000,000	
16.6 Other cash provided (applied).....	9,622,992	3,423,709
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	4,622,992	8,223,709
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).....	72,545,412	46,961,212
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	46,961,212	(0)
19.2 End of year (Line 18 plus Line 19.1).....	119,506,624	46,961,212
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		

PROGRESSIVE AMERICAN 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.....	.....839,059	.....383,477	.....438,138	.....784,398
5.	Commercial multiple peril.....				.....0
6.	Mortgage guaranty.....				.....0
8.	Ocean marine.....				.....0
9.	Inland marine.....	.....3,630,769	.....1,555,165	.....1,716,616	.....3,469,318
10.	Financial guaranty.....				.....0
11.1	Medical professional liability - occurrence.....				.....0
11.2	Medical professional liability - claims-made.....	.....600	.....48	.....49	.....598
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.....	.....1,346,144	.....625,232	.....638,028	.....1,333,348
17.2	Other liability - claims-made.....	.....(3,202)	.....1,453	.....908	.....(2,657)
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.....	.....115,298,428	.....29,509,004	.....30,917,026	.....113,890,406
19.3, 19.4	Commercial auto liability.....	.....14,246,755	.....5,659,080	.....7,098,590	.....12,807,245
21.	Auto physical damage.....	.....70,774,218	.....19,289,419	.....20,911,290	.....69,152,347
22.	Aircraft (all perils).....				.....0
23.	Fidelity.....				.....0
24.	Surety.....	.....258	.....91	.....106	.....243
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.....	.....206,133,028	.....57,022,969	.....61,720,752	.....201,435,245

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

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....					0
2.	Allied lines.....					0
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....	438,138				438,138
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	1,716,616				1,716,616
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....	49				49
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.....	638,028				638,028
17.2	Other liability - claims-made.....	411	497			908
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.....	30,917,026				30,917,026
19.3, 19.4	Commercial auto liability.....	7,098,590				7,098,590
21.	Auto physical damage.....	20,911,290				20,911,290
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....	106				106
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.....	61,720,255	497	0	0	61,720,752
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					61,720,752

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

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

PROGRESSIVE AMERICAN 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.....		.....839,059				.....839,059
5. Commercial multiple peril.....						.....0
6. Mortgage guaranty.....						.....0
8. Ocean marine.....						.....0
9. Inland marine.....	.....31,686,253	.....3,630,769		.....31,686,253		.....3,630,769
10. Financial guaranty.....						.....0
11.1 Medical professional liability - occurrence.....						.....0
11.2 Medical professional liability - claims-made.....		.....600				.....600
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.....	.....12,767,997	.....1,346,144		.....10,700,254	.....2,067,743	.....1,346,144
17.2 Other liability - claims-made.....		.....(3,202)				.....(3,202)
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.....	.....895,007,491	.....115,298,428		.....895,013,199	.....(5,708)	.....115,298,428
19.3, 19.4 Commercial auto liability.....	.....1,238,851	.....14,246,755		.....1,238,851		.....14,246,755
21. Auto physical damage.....	.....312,033,607	.....70,774,218		.....312,033,607		.....70,774,218
22. Aircraft (all perils).....						.....0
23. Fidelity.....						.....0
24. Surety.....		.....258				.....258
26. Burglary and theft.....						.....0
27. Boiler and machinery.....						.....0
28. Credit.....						.....0
29. International.....						.....0
30. Warranty.....						.....0
31. Reinsurance - nonproportional assumed property.....	.....XXX					.....0
32. Reinsurance - nonproportional assumed liability.....	.....XXX					.....0
33. Reinsurance - nonproportional assumed financial lines.....	.....XXX					.....0
34. Aggregate write-ins for other lines of business.....	.....0	.....0	.....0	.....0	.....0	.....0
35. TOTALS.....	.....1,252,734,199	.....206,133,028	.....0	.....1,250,672,164	.....2,062,035	.....206,133,028

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
		1	2	3	4				
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Recovered	Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire.....				0			0	0.0
2.	Allied lines.....				0			0	0.0
3.	Farmowners multiple peril.....				0			0	0.0
4.	Homeowners multiple peril.....		306,778		306,778	74,450	59,035	322,193	41.1
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.....	9,440,800	1,396,614	9,440,800	1,396,614	166,648	161,123	1,402,139	40.4
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	30	31	(1)	(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.....		882		882	38,459	39,341	0	0.0
17.1	Other liability - occurrence.....	3,588,953	389,298	3,588,953	389,298	819,465	833,836	374,928	28.1
17.2	Other liability - claims-made.....	278,539	75,256	278,539	75,256	24,166	68,423	30,999	(1,166.5)
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.....	522,602,267	67,817,417	522,602,267	67,817,417	58,733,788	56,142,117	70,409,088	61.8
19.3, 19.4	Commercial auto liability.....	433,999	5,921,283	433,999	5,921,283	9,630,005	9,066,156	6,485,132	50.6
21.	Auto physical damage.....	199,919,178	44,314,373	199,919,178	44,314,373	360,446	280,290	44,394,530	64.2
22.	Aircraft (all perils).....				0			0	0.0
23.	Fidelity.....		(4,133)		(4,133)	390	895	(4,638)	0.0
24.	Surety.....				0	62	125	(63)	(26.0)
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	4,760		4,760	137,137	135,670	6,227	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.....	736,263,736	120,222,529	736,263,736	120,222,529	69,985,047	66,787,042	123,420,534	61.3
DETAILS OF WRITE-INS									
3401.	.....				0			0	0.0
3402.	.....				0			0	0.0
3403.	.....				0			0	0.0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire.....				.0				.0	
2.	Allied lines.....				.0				.0	
3.	Farmowners multiple peril.....				.0				.0	
4.	Homeowners multiple peril.....		47,030		47,030		27,420		74,450	17,335
5.	Commercial multiple peril.....				.0				.0	
6.	Mortgage guaranty.....				.0				.0	
8.	Ocean marine.....				.0				.0	
9.	Inland marine.....	334,891	85,853	334,891	85,853	748,237	80,794	748,236	166,648	33,555
10.	Financial guaranty.....				.0				.0	
11.1	Medical professional liability - occurrence.....				.0				.0	
11.2	Medical professional liability - claims-made.....				.0		30		30	26
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.....		38,459		38,459				38,459	1,969
17.1	Other liability - occurrence.....	4,739,650	539,689	4,739,650	539,689	4,625,340	279,777	4,625,340	819,465	128,637
17.2	Other liability - claims-made.....	9,507	9,245	9,507	9,245	4,661	14,921	4,661	24,166	4,428
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.....	281,790,267	45,770,933	281,790,267	45,770,933	133,979,975	12,962,856	133,979,976	58,733,788	12,326,027
19.3, 19.4	Commercial auto liability.....	377,541	8,070,325	377,541	8,070,325	141,037	1,559,678	141,036	9,630,005	1,645,438
21.	Auto physical damage.....	11,793,629	2,336,966	11,793,629	2,336,966	(14,991,181)	(1,976,520)	(14,991,181)	360,446	571,959
22.	Aircraft (all perils).....				.0				.0	
23.	Fidelity.....		25		25		365		390	874
24.	Surety.....				.0		62		62	134
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	30,719		30,719	XXX	106,418		137,137	
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.....	299,045,485	56,929,245	299,045,485	56,929,245	124,508,069	13,055,801	124,508,068	69,985,047	14,730,384
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 AMERICAN INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	24,194,136			24,194,136
1.2 Reinsurance assumed.....	3,352,962			3,352,962
1.3 Reinsurance ceded.....	24,194,136			24,194,136
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	3,352,962	0	0	3,352,962
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		129,793,129		129,793,129
2.2 Reinsurance assumed, excluding contingent.....		19,099,774		19,099,774
2.3 Reinsurance ceded, excluding contingent.....		129,793,129		129,793,129
2.4 Contingent - direct.....		2,000,615		2,000,615
2.5 Contingent - reinsurance assumed.....		334,339		334,339
2.6 Contingent - reinsurance ceded.....		2,000,615		2,000,615
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	19,434,113	0	19,434,113
3. Allowances to manager and agents.....		109,393		109,393
4. Advertising.....	2,546	2,140,292		2,142,837
5. Boards, bureaus and associations.....	55,772	97,954		153,726
6. Surveys and underwriting reports.....		1,325,691		1,325,691
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	11,791,853	8,788,706	135,194	20,715,753
8.2 Payroll taxes.....	825,284	605,873	4,167	1,435,324
9. Employee relations and welfare.....	2,040,291	1,401,143	5,379	3,446,814
10. Insurance.....	36,554	28,412		64,966
11. Directors' fees.....				0
12. Travel and travel items.....	532,051	217,241	747	750,040
13. Rent and rent items.....	742,879	813,109	3,033	1,559,021
14. Equipment.....	59,807	209,298		269,104
15. Cost or depreciation of EDP equipment and software.....	706,080	1,224,877	1,955	1,932,912
16. Printing and stationery.....	70,487	166,127	312	236,927
17. Postage, telephone and telegraph, exchange and express.....	538,581	1,215,824	820	1,755,226
18. Legal and auditing.....	111,037	159,210	14,595	284,842
19. Totals (Lines 3 to 18).....	17,513,221	18,503,151	166,203	36,182,575
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....1,393.....		3,379,558		3,379,558
20.2 Insurance department licenses and fees.....	22,571	192,910		215,481
20.3 Gross guaranty association assessments.....		3,790		3,790
20.4 All other (excluding federal and foreign income and real estate).....	4,103	653,006		657,109
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	26,674	4,229,265	0	4,255,938
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	5,815	181,295	29,496	216,606
25. Total expenses incurred.....	20,898,672	42,347,823	195,699	(a).....63,442,194
26. Less unpaid expenses - current year.....	14,730,385	10,694,879	2,865	25,428,129
27. Add unpaid expenses - prior year.....	13,705,514	9,514,014	2,988	23,222,516
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).....	19,873,801	41,166,958	195,822	61,236,581

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	5,815	181,295	29,496	216,606
2402.				0
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 thru 2403 plus 2498) (Line 24 above).....	5,815	181,295	29,496	216,606

(a) Includes management fees of \$.....36,399,181 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds.....	(a).....934,969	.....812,726
1.1	Bonds exempt from U.S. tax.....	(a).....773,815	.....754,544
1.2	Other bonds (unaffiliated).....	(a).....	.....
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).....(21,646)	.....91,765
7.	Derivative instruments.....	(f).....	.....
8.	Other invested assets.....	.....	.....
9.	Aggregate write-ins for investment income.....	.....0	.....0
10.	Total gross investment income.....	.....1,687,138	.....1,659,035
11.	Investment expenses.....		(g).....195,699
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
15.	Aggregate write-ins for deductions from investment income.....		.....0
16.	Total deductions (Lines 11 through 15).....		.....195,699
17.	Net investment income (Line 10 minus Line 16).....		.....1,463,336

DETAILS OF WRITE-INS

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

- (a) Includes \$.....31,172 accrual of discount less \$.....1,097,850 amortization of premium and less \$.....328,884 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 \$.....8,502 accrual of discount less \$.....173,605 amortization of premium and less \$.....78,319 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	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. government bonds.....940,089	.....	.....940,089	.....	.....
1.1	Bonds exempt from U.S. tax.....	.....	.....0	.....	.....
1.2	Other bonds (unaffiliated).....	.....	.....0	.....	.....
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).....940,089	.....0	.....940,089	.....0	.....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
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0

PROGRESSIVE AMERICAN 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.....	.....4,023,893	.....4,325,821	.....301,928
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			.....0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			.....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.....	.....54,571	.....70,164	.....15,593
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	.....4,078,464	.....4,395,985	.....317,521
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.....0
28. TOTALS (Lines 26 and 27).....	.....4,078,464	.....4,395,985	.....317,521

DETAILS OF WRITE-INS

1101. ....			.....0
1102. ....			.....0
1103. ....			.....0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	.....0	.....0	.....0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	.....0	.....0	.....0
2501. MISCELLANEOUS OTHER ASSETS.....	.....44,423	.....52,752	.....8,329
2502. PREPAID EXPENSES.....	.....10,148	.....17,412	.....7,264
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).....	.....54,571	.....70,164	.....15,593

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The accompanying statutory-basis financial statements of Progressive American 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	2015	2014
Net income			
(1) Net income, state basis	OH	\$ 12,085,414	\$ 12,170,977
(2) Effect of state prescribed practices			
(3) Effect of state permitted practices			
(4) Net income, NAIC SAP basis (1-2-3=4)	OH	\$ 12,085,414	\$ 12,170,977
Surplus			
(5) Policyholders' surplus, state basis	OH	\$ 182,799,871	\$ 175,353,834
(6) Effect of state prescribed practices			
(7) Effect of state permitted practices			
(8) Policyholders' surplus, NAIC SAP basis (5-6-7=8)	OH	\$ 182,799,871	\$ 175,353,834

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.

PROGRESSIVE AMERICAN INSURANCE COMPANY

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- 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, 2015 and December 31, 2014.
- 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.

D. Going Concern

Management continuously monitors the Company's financial results and compliance with regulatory requirements and found no reason to expect the Company to not continue as a going concern.

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

The Company does not own any loan-backed or structured debt securities.

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable (see Note 1.C Investments)

F. Real Estate

Not applicable

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

G. Low Income Housing Tax Credits

Not applicable

H. Restricted Assets

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

	Gross Restricted								Percentage	
	Current Year					6	7	8	9	10
	1	2	3	4	5					
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	0%	0%
b. Collateral held under security lending agreements	--	--	--	--	--	--	--	--	0%	0%
c. Subject to repurchase agreements	--	--	--	--	--	--	--	--	0%	0%
d. Subject to reverse repurchase agreements	--	--	--	--	--	--	--	--	0%	0%
e. Subject to dollar repurchase agreements	--	--	--	--	--	--	--	--	0%	0%
f. Subject to dollar reverse repurchase agreements	--	--	--	--	--	--	--	--	0%	0%
g. Placed under option contracts	--	--	--	--	--	--	--	--	0%	0%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock	--	--	--	--	--	--	--	--	0%	0%
i. FHLB capital	--	--	--	--	--	--	--	--	0%	0%
j. On deposit with states	6,219,461	--	--	--	6,219,461	6,234,912	(15,451)	6,219,461	1.44%	1.46%
k. On deposit with other regulatory bodies	--	--	--	--	--	--	--	--	0%	0%
l. Pledged as collateral to FHLB (including assets backing funding agreements)	--	--	--	--	--	--	--	--	0%	0%
m. Pledged as collateral not captured in other categories	--	--	--	--	--	--	--	--	0%	0%
n. Other restricted assets	--	--	--	--	--	--	--	--	0%	0%
o. Total Restricted Assets	\$ 6,219,461	\$ --	\$ --	\$ --	\$ 6,219,461	\$ 6,234,912	\$ (15,451)	\$ 6,219,461	1.44%	1.46%

(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.

B. Amounts Nonadmitted

Not applicable

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

8. Derivative Instruments

Not applicable

9. Income Taxes

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

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

Description	December 31, 2015			December 31, 2014			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary Income	Capital Gain (Loss)	(Col 1+2) Total	Ordinary Income	Capital Gain (Loss)	(Col 4+5) Total	(Col 1-4) Ordinary Income	(Col 2-5) Capital Gain (Loss)	(Col 7+8) Total
(a) Gross deferred tax assets	\$ 9,385,268	\$ 23	\$ 9,385,291	\$ 9,092,496	\$ 27	\$ 9,092,523	\$ 292,772	\$ (4)	\$ 292,768
(b) Statutory valuation allowance adjustment	--	--	--	--	--	--	--	--	--
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 9,385,268	\$ 23	\$ 9,385,291	\$ 9,092,496	\$ 27	\$ 9,092,523	\$ 292,772	\$ (4)	\$ 292,768
(d) Deferred tax assets nonadmitted	--	--	--	--	--	--	--	--	--
(e) Subtotal (net deferred tax asset) (1c-1d)	\$ 9,385,268	\$ 23	\$ 9,385,291	\$ 9,092,496	\$ 27	\$ 9,092,523	\$ 292,772	\$ (4)	\$ 292,768
(f) Deferred tax liabilities	1,189,643	21,249	1,210,892	912,690	48,536	961,226	276,953	(27,287)	249,666
(g) Net admitted deferred tax assets (net deferred tax liability) (1e-1f)	\$ 8,195,625	\$ (21,226)	\$ 8,174,399	\$ 8,179,806	\$ (48,509)	\$ 8,131,297	\$ 15,819	\$ 27,283	\$ 43,102

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

Description	December 31, 2015			December 31, 2014			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Ordinary Income	Capital Gain (Loss)	(Col 1+2) Total	Ordinary Income	Capital Gain (Loss)	(Col 4+5) Total	(Col 1-4) Ordinary Income	(Col 2-5) Capital Gain (Loss)	(Col 7+8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 8,903,564	\$ --	\$ 8,903,564	\$ 8,564,565	\$ --	\$ 8,564,565	\$ 338,999	\$ --	\$ 338,999
(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)	264,337	--	264,337	290,416	--	290,416	(26,079)	--	(26,079)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	264,337	--	264,337	290,416	--	290,416	(26,079)	--	(26,079)
2. Adjusted gross deferred tax assets allowed per limitation threshold			26,193,821			25,083,381			1,110,440
(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	217,367	23	217,390	237,515	27	237,542	(20,148)	(4)	(20,152)
(d) Deferred tax assets admitted as result of application of SSAP No. 101									
Total (2(a)+2(b)+2(c))	\$ 9,385,268	\$ 23	\$ 9,385,291	\$ 9,092,496	\$ 27	\$ 9,092,523	\$ 292,772	\$ (4)	\$ 292,768

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

Description	2015	2014
(a) Ratio percentage used to determine recovery period and threshold limitation amount	2498%	2331%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 174,625,472	\$ 167,222,537

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

Description	December 31, 2015		December 31, 2014		Change	
	(1)	(2)	(3)	(4)	(5)	(6)
	Ordinary Income	Capital Gain (Loss)	Ordinary Income	Capital Gain (Loss)	(Col 1-3) Ordinary Income	(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	\$ 9,385,268	\$ 23	\$ 9,092,496	\$ 27	\$ 292,772	\$ (4)
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	\$ 9,385,268	\$ 23	\$ 9,092,496	\$ 27	\$ 292,772	\$ (4)
4. % of net admitted adjusted gross DTAs admitted due to tax planning strategies	0%	0%	0%	0%	0%	0%
(b) Does the Company's tax planning strategies include the use of reinsurance? Yes ____ No <u>X</u>						

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

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

1. Current Income Tax:

Description	(1) December 31, 2015	(2) December 31, 2014	(3) (Col 1-2) Change
(a) Federal	\$ 6,067,528	\$ 6,228,606	\$ (161,078)
(b) Foreign	--	--	--
(c) Subtotal	\$ 6,067,528	\$ 6,228,606	\$ (161,078)
(d) Federal income tax on net capital gains	326,602	(77,679)	404,281
(e) Utilization of capital loss carry-forwards	--	--	--
(f) Other	--	--	--
(g) Federal and foreign income taxes incurred	\$ 6,394,130	\$ 6,150,927	\$ 243,203

2. Deferred Tax Assets:

Description	(1) December 31, 2015	(2) December 31, 2014	(3) (Col 1-2) Change
(a) Ordinary			
(1) Discounting of unpaid losses	\$ 727,969	\$ 796,119	\$ (68,150)
(2) Unearned premium reserve	4,363,929	4,032,916	331,013
(3) Policyholder reserves	--	--	--
(4) Investments	--	--	--
(5) Deferred acquisition costs	--	--	--
(6) Policyholder dividend accrual	--	--	--
(7) Fixed assets	192,972	174,905	18,067
(8) Compensation and benefits accrual	1,636,515	1,578,216	58,299
(9) Pension accrual	--	--	--
(10) Receivables - nonadmitted	1,408,362	1,514,037	(105,675)
(11) Net operating loss carry-forward	--	--	--
(12) Tax credit carry-forward	--	--	--
(13) Other - nonadmitted assets	19,100	24,557	(5,457)
(14) Other - bad debt reserve	982,447	927,840	54,607
(15) Other (including items <5% of total ordinary tax assets)	53,974	43,906	10,068
(99) Subtotal	\$ 9,385,268	\$ 9,092,496	\$ 292,772
(b) Statutory valuation allowance adjustment	--	--	--
(c) Nonadmitted	--	--	--
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 9,385,268	\$ 9,092,496	\$ 292,772
(e) Capital			
(1) Investments	23	27	(4)
(2) Net capital loss carry-forward	--	--	--
(3) Real estate	--	--	--
(4) Other (including items <5% of total capital tax assets)	--	--	--
(99) Subtotal	\$ 23	\$ 27	\$ (4)
(f) Statutory valuation allowance adjustment	--	--	--
(g) Nonadmitted	--	--	--
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 23	\$ 27	\$ (4)
(i) Admitted deferred tax assets (2d+2h)	\$ 9,385,291	\$ 9,092,523	\$ 292,768

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities:

Description	(1) December 31, 2015	(2) December 31, 2014	(3) (Col 1-2) Change
(a) Ordinary			
(1) Investments	\$ --	\$ --	\$ --
(2) Fixed assets	884,036	612,046	271,990
(3) Deferred and uncollected premium	--	--	--
(4) Policyholder reserves	--	--	--
(5) Other liabilities - prepaid expenses	230,706	218,005	12,701
(6) Other liabilities - salvage and subrogation	45,889	50,537	(4,648)
(7) Other (including items <5% of total ordinary tax liabilities)	29,012	32,102	(3,090)
(99) Subtotal	\$ 1,189,643	\$ 912,690	\$ 276,953
(b) Capital			
(1) Investments	21,249	48,536	(27,287)
(2) Real estate	--	--	--
(3) Other (including items <5% of total capital tax assets)	--	--	--
(99) Subtotal	\$ 21,249	\$ 48,536	\$ (27,287)
(c) Deferred tax liabilities (3a99+3b99)	\$ 1,210,892	\$ 961,226	\$ 249,666

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

Description	(1) December 31, 2015	(2) December 31, 2014	(3) (Col 1-2) Change
Net deferred tax asset (liability) (2i-3c)	\$ 8,174,399	\$ 8,131,297	\$ 43,102

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, 2015	December 31, 2014	Change
Total deferred tax assets	\$ 9,385,291	\$ 9,092,523	\$ 292,768
Total deferred tax liabilities	1,210,892	961,226	249,666
Net deferred tax asset (liability)	\$ 8,174,399	\$ 8,131,297	\$ 43,102
Tax effect of unrealized gains (losses)			--
Change in net deferred income tax			\$ 43,102

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	\$ 6,467,840	35%
Exempt interest income	(225,749)	-1%
Impact of nonadmitted assets	111,133	0%
Other	(2,196)	0%
Total	\$ 6,351,028	34%
Federal and foreign income taxes incurred	\$ 6,394,130	
Change in net deferred income tax	(43,102)	
Total statutory income taxes	\$ 6,351,028	

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:	\$ 6,068,594
First preceding tax year:	\$ 6,014,994

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

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

- G. Federal or Foreign Income Tax Loss Contingencies
- The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.

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

- A. Nature of Relationships
- The Company is wholly owned by Drive Insurance Holdings, Inc. ("DIH"), a holding company incorporated in Delaware. The structure of the holding company organization is shown on Schedule Y, Part 1.
- B. Detail of Transactions Greater than 1/2% of Admitted Assets
- The Company received capital contributions of \$4,800,000 from DIH in 2014.
- All significant 2015 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 \$35,621,241 and \$46,065,873 receivable from parent, subsidiaries, and affiliates at December 31, 2015 and 2014, 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 \$1,247,810 and \$2,061,408 current Federal income tax payable at December 31, 2015 and 2014, respectively. These balances are due to TPC for the Company's Federal income tax liability. The intercompany balances are settled by the end of the following quarter depending on the timing of investment transactions. These transactions are dependent upon market timing, investment needs and overall portfolio strategy as to the timing of such settlement transactions.
- E. Guarantees or Contingencies for Related Parties
- Not applicable
- F. Management, Service Contracts, Cost Sharing Arrangements
- Management, operations and claims services are provided under a joint management services agreement with Progressive Casualty Insurance Company ("Casualty"), an insurance affiliate domiciled in Ohio. Under the terms of the agreement, Casualty provides the Company with underwriting and loss adjustment services for specific business produced, and the Company may, from time to time, provide Casualty with similar services for other specific business produced. In exchange for these services, the companies charge management fees based on each company's use of the other's services.
- The Company participates in an investment services agreement with Progressive Capital Management Corp., a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services.
- All intercompany agreements are approved by the participating insurance companies' states of domicile when established. Upon redomestication, intercompany agreements are not required to be approved by the new state of domicile.
- G. Nature of Relationships that Could Affect Operations
- All outstanding shares of the Company are owned by DIH.
- H. Amount Deducted for Investment in Upstream Company
- Not applicable
- I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets
- Not applicable
- J. Write-Downs for Impairment of Investments in Affiliates
- Not applicable
- K. Investment in Foreign Insurance Subsidiary
- Not applicable
- L. Investment in Downstream Non-Insurance Holding Company
- Not applicable
- M. Subsidiary, Controlled and Affiliated Entities (except insurance subsidiary, controlled and affiliated entities) Value
- Not applicable
- N. Insurance Subsidiary, Controlled and Affiliated Entities Valuation That Departs From NAIC Statutory Accounting Practices and Procedures
- Not applicable

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

11.

Debt

Not applicable
12.

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

The Company has no direct payroll (see Note 10.F).
13.

Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1.

Outstanding Shares

The Company has 50,000 shares of \$100 par value common stock authorized and 25,000 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 2016 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 \$18,279,987 in 2016 without prior approval from the Ohio DOI, provided the dividend payment is not made within 12 months of the previous payment.

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

The Company paid dividends to DIH as follow s:

Date Paid	Amount Paid	Dividend Type
December 10, 2015	\$ 5,000,000	Ordinary
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, 2015, 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)	\$ --
Nonadmitted assets	(4,078,464)
Provision for reinsurance	--
Total	<u>\$ (4,078,464)</u>

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, 2015 and 2014, the Company's estimated liability for state guaranty fund and other assessments was \$15,176 and \$17,890, respectively. The Company did not recognize any premium tax benefit associated with its various assessments.

As of December 31, 2015 and 2014, the Company's estimated liability for various surcharges was \$0 and \$3,867,794, respectively.

C.

Gain Contingencies

Not applicable

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

The Company paid the following amounts in 2015 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 2015	\$ 927,500

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 2015.

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

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

E. Product Warranties

Not applicable

F. Joint and Several Liabilities

Not applicable

G. All Other Contingencies

The Company routinely assesses the collectability 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, 2015. 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, 2015, there were four putative class action lawsuits challenging the Company’s practice in Florida of adjusting personal injury protection and first-party medical payments.

As of December 31, 2015, there were two 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.

See Note 22

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.

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

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

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

As of December 31, 2015, the Company did not measure and report any securities at fair value on the balance sheet. All bonds were carried at amortized cost.

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, 2015, 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	\$ 90,571,942	\$ 89,251,798	\$ 46,118,546	\$ 44,453,396	\$ --	\$ --
Cash equivalents	4,599,237	4,599,237	4,599,237	--	--	--
Common stock	--	--	--	--	--	--
Preferred stock	--	--	--	--	--	--
Short-term investments	114,890,373	114,907,387	112,996,780	1,893,593	--	--
Total	\$ 210,061,552	\$ 208,758,422	\$ 163,714,563	\$ 46,346,989	\$ --	\$ --

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

Not applicable

21. Other Items

A. Unusual or Infrequent 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, 2015 are as follows:

Description of state transferable ("T") and non-transferable ("NT") tax credits	State	Carrying Value	Unused Amount
Low Income Housing Tax Credit (NT)	GA	\$ 86,784	\$ 160,000
Low Income Housing Tax Credit (NT)	GA	--	8,995
Total		\$ 86,784	\$ 168,995

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.

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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	\$ 86,784	\$ --

F. Subprime Mortgage Related Risk Exposure

1. Exposure to Subprime Mortgage Related Risk

The following subprime disclosure and the review and procedures described within are completed at a consolidated level for all the Progressive companies. To the extent the Company had any direct subprime exposure, those securities would be listed in Note 21.F.3.

Management’s review of the investment portfolio for securities with direct subprime exposure, such as Alt-A residential mortgage loan-backed bonds and home equity loan-backed bonds is performed in conjunction with the OTTI analysis and procedures (see Note 1.C). Additionally, securities that were determined to have an indirect subprime exposure were also reviewed as part of the OTTI process.

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

In 2015, 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

Not applicable

4. Mortgage or Financial Guaranty Subprime Exposure

Not applicable

G. Insurance-Linked Securities

Not applicable

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

At December 31, 2015 and 2014, the Company reported net admitted premiums and agents’ balances in course of collection of \$25,793,750 and \$24,758,128, respectively. Of this amount there were no premiums due from a controlled or controlling person as defined in Florida statute 625.012 (5).

22. Events Subsequent

Subsequent events have been considered through February 15, 2016 for the statutory statement that was available for issuance by March 1, 2016.

As of January, 2016, there was an additional putative class action lawsuit challenging the Company’s practice in Florida of adjusting personal injury protection and first-party medical payments. The Company does not consider a loss from this case to be probable and is unable to estimate a range of loss, if any, at this time.

The Company does not write health insurance and therefore has no premiums subject to assessment under section 9010 of the Affordable Care Act for either the current or prior years.

23. Reinsurance

A. Unsecured Reinsurance Recoverable

At December 31, 2015, 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	\$ 858,415,000
General Reinsurance Corporation	22039	13-2673100	5,644,000
Total			\$ 864,059,000

B. Reinsurance Recoverable in Dispute

Not applicable

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded

1. The table below summarizes ceded and assumed unearned premiums and the related commission equity at December 31, 2015.

	Assumed		Ceded		Net	
	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity	Unearned Premiums	Commission Equity
(a) Affiliates	\$ 61,721,000	\$ --	\$ 334,611,000	\$ --	\$ (272,890,000)	\$ --
(b) All Other	--	--	1,033,000	284,000	(1,033,000)	(284,000)
(c) Totals	\$ 61,721,000	\$ --	\$ 335,644,000	\$ 284,000	\$ (273,923,000)	\$ (284,000)
(d) Direct Unearned Premium Reserve is \$335,644,000						

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

D. Uncollectible Reinsurance

Not applicable

E. Commutation of Ceded Reinsurance

Not applicable

F. Retroactive Reinsurance

Not applicable

G. Reinsurance Accounted for as a Deposit

Not applicable

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

Not applicable

I. Certified Reinsurer Downgraded or Status Subject to Revocation

Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

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 \$2,776,173 in 2015, which is 3.4% of the total prior year net unpaid losses and LAE of \$80,492,557. The favorable development is primarily due to private passenger auto liability originally anticipated severity for accident year 2014 decreasing 1.7% and less late reported losses than anticipated for auto physical damage. LAE reserves developed favorably primarily due to favorable 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, 2015 and 2014 were as follows:

Company	NAIC Code	2015 Pool %	2014 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%

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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, 2015, 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)	\$ 77,732,488	\$ 20,104,474
Progressive Northern Insurance Company	5,046,185	12,201,162
Progressive Northwestern Insurance Company	1,823,572	22,306,683
Progressive Specialty Insurance Company	6,170,010	1,261,920
Progressive Preferred Insurance Company	783,215	10,833,498
Progressive Michigan Insurance Company	233,457	4,069,799
Progressive Classic Insurance Company	1,301,987	6,586,063
Progressive American Insurance Company	3,764,534	8,056,774
Progressive Gulf Insurance Company	965,727	3,554,201
Progressive Bayside Insurance Company	10,093	1,466,113
Progressive Mountain Insurance Company	--	5,530,741
Progressive Southeastern Insurance Company	--	1,864,673
Progressive Hawaii Insurance Corp.	--	862
National Continental Insurance Company	5,695	--
Total	\$ 97,836,963	\$ 97,836,963

27. Structured Settlements

Not applicable

28. Health Care Receivables

Not applicable

29. Participating Accident and Health Policies

Not applicable

30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves\$0
2. Date of most recent evaluation of this liabilityDecember 31, 2015
3. Was anticipated investment income utilized in the calculation?Yes [X] No []

31. High Deductibles

Not applicable

32. Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses

Not applicable

33. Asbestos and Environmental Reserves

Because the Company is primarily an insurer of motor vehicles, it has limited exposure for asbestos and environmental claims. In accordance with disclosure requirements, the amounts reported for direct, assumed, and net below reflect the Company's pooled share (see Note 26) of the Agency Pool's exposure to asbestos and environmental claims. The Agency Pool's exposure arises from the Company's limited number of general liability policies issued from 1972 to 1975, 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, 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.

The Company records case and DCC reserves based on financial information maintained by the Company. IBNR is established based on previous experience.

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

	December 31,				
	2011	2012	2013	2014	2015
Direct					
Beginning reserves	\$ 4,100	\$ 4,100	\$ 4,100	\$ 4,100	\$ 220
Losses and DCC incurred	--	--	--	(3,880)	--
Calendar year payments for losses and DCC	--	--	--	--	--
Ending reserves	\$ 4,100	\$ 4,100	\$ 4,100	\$ 220	\$ 220
Assumed Reinsurance					
Beginning reserves	\$ 95,465	\$ 64,824	\$ 65,629	\$ 43,574	\$ 76,812
Losses and DCC incurred	(15,568)	2,937	(13,095)	39,805	435
Calendar year payments for losses and DCC	15,073	2,132	8,960	6,567	3,867
Ending reserves	\$ 64,824	\$ 65,629	\$ 43,574	\$ 76,812	\$ 73,380
Net of Ceded Reinsurance					
Beginning reserves	\$ 99,565	\$ 68,924	\$ 69,729	\$ 47,674	\$ 77,032
Losses and DCC incurred	(15,568)	2,937	(13,095)	35,925	435
Calendar year payments for losses and DCC	15,073	2,132	8,960	6,567	3,867
Ending reserves	\$ 68,924	\$ 69,729	\$ 47,674	\$ 77,032	\$ 73,600

PROGRESSIVE AMERICAN INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

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

Direct	\$	--
Assumed		18,106
Net	\$	18,106

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

Direct	\$	200
Assumed		8,234
Net	\$	8,434

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

	December 31,				
	2011	2012	2013	2014	2015
Direct					
Beginning reserves	\$ 1,022	\$ 1,022	\$ 1,022	\$ 1,022	\$ --
Losses and DCC incurred	--	--	--	(1,022)	--
Calendar year payments for losses and DCC	--	--	--	--	--
Ending reserves	\$ 1,022	\$ 1,022	\$ 1,022	\$ --	\$ --
Assumed Reinsurance					
Beginning reserves	\$ 59,065	\$ 70,552	\$ 102,094	\$ 161,621	\$ 196,862
Losses and DCC incurred	11,394	31,420	60,661	141,902	2,034
Calendar year payments for losses and DCC	(93)	(122)	1,134	106,661	11,900
Ending reserves	\$ 70,552	\$ 102,094	\$ 161,621	\$ 196,862	\$ 186,996
Net of Ceded Reinsurance					
Beginning reserves	\$ 60,087	\$ 71,574	\$ 103,116	\$ 162,643	\$ 196,862
Losses and DCC incurred	11,394	31,420	60,661	140,880	2,034
Calendar year payments for losses and DCC	(93)	(122)	1,134	106,661	11,900
Ending reserves	\$ 71,574	\$ 103,116	\$ 162,643	\$ 196,862	\$ 186,996

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

Direct	\$	--
Assumed		48,525
Net	\$	48,525

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

Direct	\$	--
Assumed		28,281
Net	\$	28,281

34. Subscriber Savings Accounts

Not applicable

35. Multiple Peril Crop Insurance

Not applicable

36. Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

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

Yes [X] No []

1.2

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

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

1.3

State regulating? OHIO

2.1

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

Yes [] No [X]

2.2

If yes, date of change:

3.1

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

12/31/2012

3.2

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

12/31/2012

3.3

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

08/06/2013

3.4

By what department or departments?
OHIO

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

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

3.6

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

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

4.1

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

4.11

sales of new business?

Yes [] No [X]

4.12

renewals?

Yes [] No [X]

4.2

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

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

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

Yes [] No [X]

5.2

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

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

6.1

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

Yes [] No [X]

6.2

If yes, give full information:

7.1

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

Yes [] No [X]

7.2

If yes,

7.21

State the percentage of foreign control

7.22

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

1	2
Nationality	Type of Entity

8.1

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

Yes [] No [X]

8.2

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

8.3

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

Yes [] No [X]

8.4

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

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

9.

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

10.1

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

Yes [] No [X]

10.2

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

10.3

Has the insurer been granted any exemptions related to other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]

10.4

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

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 response to 10.5 is no or n/a, please explain:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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. TRAIKOFF, 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

0
- 12.13

Total book/adjusted carrying value

\$ 0
- 12.2

If yes, provide explanation
13.

FOR UNITED STATES BRANCES 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

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 subordinator committee thereof?

Yes [☒ X] No [☐]
17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors an all subordinator 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 [☐]

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [☐] No [☒ X]
- 20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11

To directors or other officers

\$ 0
- 20.12

To stockholders not officers

\$ 0
- 20.13

Trustees, supreme or grand (Fraternal only)

\$ 0
- 20.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21

To directors or other officers

\$ 0
- 20.22

To stockholders not officers

\$ 0
- 20.23

Trustees, supreme or grand (Fraternal only)

\$ 0
- 21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reporting 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

\$ 0
- 21.22

Borrowed from others

\$ 0
- 21.23

Leased from others

\$ 0
- 21.24

Other

\$ 0
- 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

\$ 0
- 22.22

Amount paid as expenses

\$ 0
- 22.23

Other amounts paid

\$ 0
- 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

INVESTMENT

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.01

Were all of 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.

\$ 0

24.06

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

\$ 0

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:

\$ 0

24.102

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

\$ 0

24.103

Total payable for securities lending reported on the liability page:

\$ 0

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 current 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 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 sale – excluding FHLB Capital Stock

\$ 0

25.27

FHLB Capital Stock

\$ 0

25.28

On deposit with states

\$ 6,219,461

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?
If no, attach a description with this statement.

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

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 of the current year:

\$ 0

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

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

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

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

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]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

29.2 If yes, complete the following schedule:

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

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holdings	4 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	208,758,423	210,061,552	1,303,129
30.2	Preferred Stocks	0	0	0
30.3	Totals	208,758,423	210,061,552	1,303,129

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

31.1

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

Yes [☐] No [☒]

31.2

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

Yes [☐] No [☐]

31.3

If the answer to 31.2 is no, describe the reporting entity's process for determining a reliance 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 Investment Analysis Office* been followed?

Yes [☒] No [☐]

32.2

If no, list exceptions:

OTHER

33.1

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

\$20,332

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	\$20,332

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
NONE	\$

35.1

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

\$0

35.2

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

1 Name	2 Amount Paid
NONE	\$

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

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 unreinsured catastrophic loss:
NONE

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)?

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)?

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?

8.2

If yes, give full information

9.1

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

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 common 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.

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?

9.5

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

9.6

The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:
(a) The entity does not utilize reinsurance; or
(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or
(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.

10.

If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?

11.1

Has the reporting entity guaranteed policies issued by any other entity and now in force?

11.2

If yes, give full information

12.1

If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:
12.11 Unpaid losses
12.12 Unpaid underwriting expenses (including loss adjustment expenses)

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?

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?

12.6

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

Yes [] No [X]

0

Yes [] No []

Yes [] No [X]

Yes [] No [X]

Yes [] No [X]

Yes [] No [X]

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

Yes [] No [X]

Yes [] No [X]

Yes [] No [X]

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

%

%

Yes [] No [X]

\$ 0

16.1

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.

	1 2015	2 2014	3 2013	4 2012	5 2011
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4).....	1,039,903,064	1,000,105,524	921,226,480	827,021,943	684,641,117
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	418,124,847	394,633,195	341,767,093	305,727,946	269,074,236
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	839,059	750,705	606,758	561,591	536,139
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	258	235	83	169	352
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	1,458,867,227	1,395,489,659	1,263,600,415	1,133,311,649	954,251,843
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).....	130,888,725	127,117,434	121,588,515	116,115,521	108,460,788
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	74,404,987	71,791,609	67,917,328	64,871,281	60,434,870
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	839,059	750,705	606,758	561,591	536,139
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	258	235	83	169	352
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	206,133,028	199,659,983	190,112,685	181,548,562	169,432,148
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	14,768,219	14,812,688	10,808,153	5,845,648	9,661,017
14. Net investment gain (loss) (Line 11).....	2,076,824	1,836,748	1,705,892	3,896,452	6,447,937
15. Total other income (Line 15).....	1,307,899	1,750,147	182,892	1,644,314	705,031
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	6,067,528	6,228,606	4,417,455	3,789,150	4,573,949
18. Net income (Line 20).....	12,085,414	12,170,977	8,279,482	7,597,264	12,240,036
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	427,372,322	416,237,096	390,052,369	353,393,004	313,073,592
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	25,793,750	24,758,128	22,097,616	20,813,436	19,306,207
20.2 Deferred and not yet due (Line 15.2).....	143,424,115	135,264,398	130,963,564	124,212,204	109,174,098
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	244,572,451	240,883,262	231,601,929	212,532,929	191,960,982
22. Losses (Page 3, Line 1).....	69,985,046	66,787,043	66,019,525	62,042,143	57,107,917
23. Loss adjustment expenses (Page 3, Line 3).....	14,730,385	13,705,514	12,920,145	12,386,918	12,044,948
24. Unearned premiums (Page 3, Line 9).....	61,720,752	57,022,969	55,923,857	54,033,444	50,619,396
25. Capital paid up (Page 3, Lines 30 & 31).....	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
26. Surplus as regards policyholders (Page 3, Line 37).....	182,799,871	175,353,834	158,450,440	140,860,075	121,112,610
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	10,806,954	11,073,643	12,392,693	(4,572,009)	1,821,063
Risk-Based Capital Analysis					
28. Total adjusted capital.....	182,799,871	175,353,834	158,450,440	140,860,075	121,112,610
29. Authorized control level risk-based capital.....	6,991,106	7,175,274	6,954,167	6,209,246	5,866,387
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).....	42.8	75.7	100.0	95.9	98.9
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).....	57.2	24.3		4.1	0.8
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					0.2
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				

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

	1	2	3	4	5
	2015	2014	2013	2012	2011
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....					
52. Dividends to stockholders (Line 35).....	(5,000,000)				(9,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	7,446,037	16,903,394	17,590,365	19,747,465	3,783,448
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).....	601,107,894	589,453,747	501,009,837	451,612,592	390,319,052
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	255,070,965	238,167,930	200,947,337	181,362,363	154,563,931
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	306,778	331,984	266,987	423,004	326,123
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(4,133)	(1,262)	25,798	41,353	29,630
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	4,760	8,112	12,702	6,968	16,817
59. Total (Line 35).....	856,486,265	827,960,510	702,262,661	633,446,280	545,255,552
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).....	74,204,136	76,196,174	71,012,601	68,248,766	63,031,508
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	45,710,987	45,122,849	42,762,857	41,746,577	38,300,024
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	306,778	331,984	266,987	423,004	326,123
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(4,133)	(1,262)	25,798	41,353	29,630
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	4,760	8,112	12,702	6,968	16,817
65. Total (Line 35).....	120,222,529	121,657,856	114,080,945	110,466,668	101,704,101
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).....	61.3	61.7	62.7	64.8	61.6
68. Loss expenses incurred (Line 3).....	10.4	10.1	10.2	10.3	10.4
69. Other underwriting expenses incurred (Line 4).....	21.0	20.7	21.3	21.6	22.3
70. Net underwriting gain (loss) (Line 8).....	7.3	7.5	5.7	3.3	5.8
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).....	19.9	19.7	21.0	20.3	21.6
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0).....	71.6	71.8	72.9	75.1	72.0
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).....	112.8	113.9	120.0	128.9	139.9
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).....	(2,643)	(386)	870	635	(1,166)
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).....	(1.5)	(0.2)	0.6	0.5	(1.0)
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).....	(915)	614	1,184	(1,785)	(3,818)
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0).....	(0.6)	0.4	1.0	(1.5)	(3.1)

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.....	.....326	.....272	.....34	.....7	.....18	.....	.....20	.....100	.....XXX.....
2. 2006.....	.....190,772	.....3,084	.....187,688	.....106,925	.....2,944	.....3,245	.....113	.....20,125	.....113	.....9,035	.....127,125	.....XXX.....
3. 2007.....	.....173,366	.....2,556	.....170,810	.....101,248	.....1,515	.....2,728	.....24	.....18,010	.....20	.....9,416	.....120,426	.....XXX.....
4. 2008.....	.....165,208	.....2,081	.....163,127	.....100,434	.....1,401	.....2,688	.....79	.....17,301	.....30	.....8,691	.....118,913	.....XXX.....
5. 2009.....	.....165,494	.....2,202	.....163,293	.....97,210	.....1,777	.....2,709	.....120	.....15,077	.....27	.....8,191	.....113,074	.....XXX.....
6. 2010.....	.....164,475	.....2,477	.....161,997	.....100,025	.....2,075	.....2,817	.....96	.....14,943	.....4	.....8,779	.....115,610	.....XXX.....
7. 2011.....	.....169,421	.....2,268	.....167,153	.....104,888	.....1,131	.....2,497	.....17	.....14,782	.....0	.....9,706	.....121,019	.....XXX.....
8. 2012.....	.....179,985	.....1,850	.....178,134	.....113,218	.....1,018	.....2,353	.....5	.....15,197	.....	.....10,886	.....129,745	.....XXX.....
9. 2013.....	.....190,087	.....1,865	.....188,222	.....111,008	.....742	.....1,858	.....2	.....15,364	.....	.....10,841	.....127,486	.....XXX.....
10. 2014.....	.....200,512	.....1,951	.....198,561	.....105,535	.....537	.....1,055	.....0	.....14,930	.....	.....10,969	.....120,982	.....XXX.....
11. 2015.....	.....203,447	.....2,011	.....201,435	.....84,395	.....369	.....293	.....0	.....12,926	.....	.....7,216	.....97,244	.....XXX.....
12. Totals.....	.....XXX.....	.....XXX.....	.....XXX.....	..1,025,212	.....13,779	.....22,276	.....463	.....158,672	.....194	.....93,751	.....1,191,725	.....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding- Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	.....3,828	.....3,497	.....177	.....	.....44	.....0	.....20	.....	.....63	.....	.....	.....634	.....XXX.....
2. 2006.....	.....1,035	.....990	.....3	.....	.....8	.....	.....	.....	.....18	.....	.....	.....74	.....XXX.....
3. 2007.....	.....995	.....957	.....63	.....60	.....10	.....0	.....	.....	.....22	.....	.....	.....72	.....XXX.....
4. 2008.....	.....1,195	.....1,069	.....240	.....236	.....19	.....0	.....3	.....2	.....28	.....	.....	.....177	.....XXX.....
5. 2009.....	.....1,044	.....837	.....216	.....213	.....37	.....0	.....2	.....1	.....40	.....	.....0	.....288	.....XXX.....
6. 2010.....	.....1,078	.....630	.....264	.....261	.....72	.....0	.....2	.....1	.....53	.....	.....0	.....575	.....XXX.....
7. 2011.....	.....1,572	.....725	.....187	.....184	.....145	.....0	.....3	.....3	.....89	.....	.....0	.....1,085	.....XXX.....
8. 2012.....	.....3,542	.....1,134	.....1,018	.....256	.....385	.....0	.....218	.....3	.....267	.....	.....427	.....4,036	.....XXX.....
9. 2013.....	.....7,054	.....1,245	.....1,216	.....233	.....1,024	.....1	.....269	.....1	.....565	.....	.....407	.....8,648	.....XXX.....
10. 2014.....	.....13,239	.....248	.....3,723	.....1,057	.....1,752	.....1	.....465	.....1	.....1,403	.....	.....843	.....19,275	.....XXX.....
11. 2015.....	.....34,586	.....907	.....9,569	.....1,120	.....2,399	.....1	.....905	.....2	.....4,420	.....	.....4,477	.....49,851	.....XXX.....
12. Totals...	.....69,169	.....12,240	.....16,677	.....3,622	.....5,894	.....4	.....1,887	.....14	.....6,967	.....0	.....6,155	.....84,715	.....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....	.....	.....XXX.....	.....508	.....126
2. 2006.	.....131,359	.....4,160	.....127,199	.....68.9	.....134.9	.....67.8	.....	.....	.....2.00	.....48	.....26
3. 2007.	.....123,075	.....2,576	.....120,498	.....71.0	.....100.8	.....70.5	.....	.....	.....2.00	.....41	.....31
4. 2008.	.....121,907	.....2,817	.....119,091	.....73.8	.....135.4	.....73.0	.....	.....	.....2.00	.....130	.....47
5. 2009.	.....116,336	.....2,974	.....113,362	.....70.3	.....135.1	.....69.4	.....	.....	.....2.00	.....211	.....77
6. 2010.	.....119,253	.....3,068	.....116,185	.....72.5	.....123.8	.....71.7	.....	.....	.....2.00	.....451	.....125
7. 2011.	.....124,163	.....2,059	.....122,104	.....73.3	.....90.8	.....73.0	.....	.....	.....2.00	.....851	.....234
8. 2012.	.....136,197	.....2,417	.....133,781	.....75.7	.....130.6	.....75.1	.....	.....	.....2.00	.....3,169	.....867
9. 2013.	.....138,359	.....2,224	.....136,135	.....72.8	.....119.3	.....72.3	.....	.....	.....2.00	.....6,792	.....1,857
10. 2014.	.....142,101	.....1,844	.....140,257	.....70.9	.....94.5	.....70.6	.....	.....	.....2.00	.....15,656	.....3,618
11. 2015.	.....149,494	.....2,399	.....147,095	.....73.5	.....119.3	.....73.0	.....	.....	.....2.00	.....42,129	.....7,722
12. Totals	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....XXX.....	.....0	.....0	.....XXX.....	.....69,985	.....14,730

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	One Year	Two Year
1. Prior.....	.....32,532	.....33,357	.....32,796	.....31,925	.....31,835	.....31,802	.....31,895	.....32,048	.....32,341	.....32,357	.....16	.....309
2. 2006.....	.....107,100	.....107,464	.....108,309	.....107,802	.....107,107	.....107,076	.....107,029	.....107,037	.....107,041	.....107,169	.....128	.....132
3. 2007.....	.....XXX	.....103,508	.....103,620	.....103,820	.....103,334	.....102,477	.....102,480	.....102,539	.....102,494	.....102,487	.....(7)	.....(53)
4. 2008.....	.....XXX	.....XXX	.....102,511	.....102,472	.....102,642	.....102,083	.....101,605	.....101,799	.....101,786	.....101,792	.....6	.....(7)
5. 2009.....	.....XXX	.....XXX	.....XXX	.....100,236	.....98,739	.....99,000	.....98,560	.....98,163	.....98,274	.....98,271	.....(3)	.....109
6. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....101,303	.....101,356	.....101,606	.....101,755	.....101,093	.....101,193	.....100	.....(561)
7. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....106,416	.....107,670	.....108,052	.....108,048	.....107,233	.....(815)	.....(819)
8. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....117,820	.....118,142	.....118,201	.....118,317	.....116	.....175
9. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....120,406	.....120,276	.....120,206	.....(71)	.....(200)
10. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....126,039	.....123,924	.....(2,114)	.....XXX
11. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....129,749	.....XXX	.....XXX
12. Totals.....											.....(2,643)	.....(915)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015		
1. Prior.....	.....000	.....16,711	.....25,619	.....28,973	.....30,426	.....30,972	.....31,345	.....31,509	.....31,704	.....31,786	.....XXX	.....XXX
2. 2006.....	.....72,803	.....91,803	.....99,865	.....104,155	.....105,819	.....106,509	.....106,772	.....106,896	.....106,961	.....107,113	.....XXX	.....XXX
3. 2007.....	.....XXX	.....70,543	.....88,975	.....96,373	.....99,932	.....101,431	.....102,001	.....102,288	.....102,386	.....102,436	.....XXX	.....XXX
4. 2008.....	.....XXX	.....XXX	.....68,995	.....88,406	.....95,218	.....98,765	.....100,492	.....101,234	.....101,507	.....101,642	.....XXX	.....XXX
5. 2009.....	.....XXX	.....XXX	.....XXX	.....65,902	.....84,358	.....91,530	.....95,206	.....96,998	.....97,752	.....98,023	.....XXX	.....XXX
6. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....66,682	.....86,115	.....94,136	.....98,169	.....100,008	.....100,671	.....XXX	.....XXX
7. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....71,420	.....92,236	.....100,613	.....104,709	.....106,237	.....XXX	.....XXX
8. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....77,874	.....101,441	.....110,405	.....114,548	.....XXX	.....XXX
9. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....77,902	.....103,240	.....112,122	.....XXX	.....XXX
10. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....82,965	.....106,053	.....XXX	.....XXX
11. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....84,318	.....XXX	.....XXX

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Prior.....	.....4,502	.....1,895	.....797	.....229	.....217	.....161	.....155	.....124	.....197	.....197
2. 2006.....	.....8,394	.....2,619	.....1,310	.....626	.....24	.....15	.....11	.....3	.....3	.....3
3. 2007.....	.....XXX	.....8,373	.....2,468	.....1,225	.....695	.....22	.....12	.....37	.....5	.....3
4. 2008.....	.....XXX	.....XXX	.....9,035	.....2,542	.....1,365	.....664	.....21	.....42	.....7	.....5
5. 2009.....	.....XXX	.....XXX	.....XXX	.....8,313	.....2,617	.....1,442	.....811	.....33	.....8	.....4
6. 2010.....	.....XXX	.....XXX	.....XXX	.....XXX	.....7,639	.....2,612	.....1,191	.....859	.....14	.....3
7. 2011.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....7,770	.....2,560	.....1,147	.....916	.....4
8. 2012.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....9,523	.....2,758	.....1,169	.....977
9. 2013.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....10,230	.....3,045	.....1,251
10. 2014.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....9,652	.....3,130
11. 2015.....	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....XXX	.....9,352

PROGRESSIVE AMERICAN INSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

		1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 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						
States, Etc.										
1.	Alabama.....AL	...N....								
2.	Alaska.....AK	...N....								
3.	Arizona.....AZ	...N....								
4.	Arkansas.....AR	...E....								
5.	California.....CA	...N....								
6.	Colorado.....CO	...L....								
7.	Connecticut.....CT	...N....								
8.	Delaware.....DE	...N....								
9.	District of Columbia.....DC	...N....								
10.	Florida.....FL	...L....	.....1,229,921,026	.....1,201,970,577		.....722,381,073	.....750,780,760	.....415,102,743	.....8,888,525	
11.	Georgia.....GA	...L....	.....11,906,043	.....12,301,219		.....6,822,646	.....7,223,532	.....4,494,762	.....233,928	
12.	Hawaii.....HI	...L....								
13.	Idaho.....ID	...N....								
14.	Illinois.....IL	...L....								
15.	Indiana.....IN	...L....								
16.	Iowa.....IA	...N....								
17.	Kansas.....KS	...N....								
18.	Kentucky.....KY	...L....								
19.	Louisiana.....LA	...N....								
20.	Maine.....ME	...E....								
21.	Maryland.....MD	...L....	.....8,061,906	.....8,548,481		.....4,817,803	.....3,382,607	.....2,769,603	.....86,133	
22.	Massachusetts.....MA	...E....								
23.	Michigan.....MI	...L....								
24.	Minnesota.....MN	...N....								
25.	Mississippi.....MS	...L....								
26.	Missouri.....MO	...E....								
27.	Montana.....MT	...E....								
28.	Nebraska.....NE	...N....								
29.	Nevada.....NV	...N....								
30.	New Hampshire.....NH	...N....								
31.	New Jersey.....NJ	...N....								
32.	New Mexico.....NM	...E....								
33.	New York.....NY	...Q....						.....1,001		
34.	North Carolina.....NC	...L....	.....(29,607)	.....1,149,763		.....1,287,332	.....246,706	.....497,622	.....14,096	
35.	North Dakota.....ND	...E....								
36.	Ohio.....OH	...L....								
37.	Oklahoma.....OK	...L....								
38.	Oregon.....OR	...N....								
39.	Pennsylvania.....PA	...N....								
40.	Rhode Island.....RI	...N....								
41.	South Carolina.....SC	...N....								
42.	South Dakota.....SD	...N....								
43.	Tennessee.....TN	...N....								
44.	Texas.....TX	...N....								
45.	Utah.....UT	...E....								
46.	Vermont.....VT	...N....								
47.	Virginia.....VA	...L....	.....2,522,511	.....2,696,490		.....762,009	.....718,730	.....511,707	.....46,339	
48.	Washington.....WA	...L....	.....352,319	.....356,757		.....192,870	.....45,391	.....176,114	.....4,288	
49.	West Virginia.....WV	...N....								
50.	Wisconsin.....WI	...E....								
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) ...15	.....1,252,734,198	.....1,227,023,287	.....0	....736,263,733	....762,397,726	....423,553,552	.....9,273,309	.....0

DETAILS OF WRITE-INS

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

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

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

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

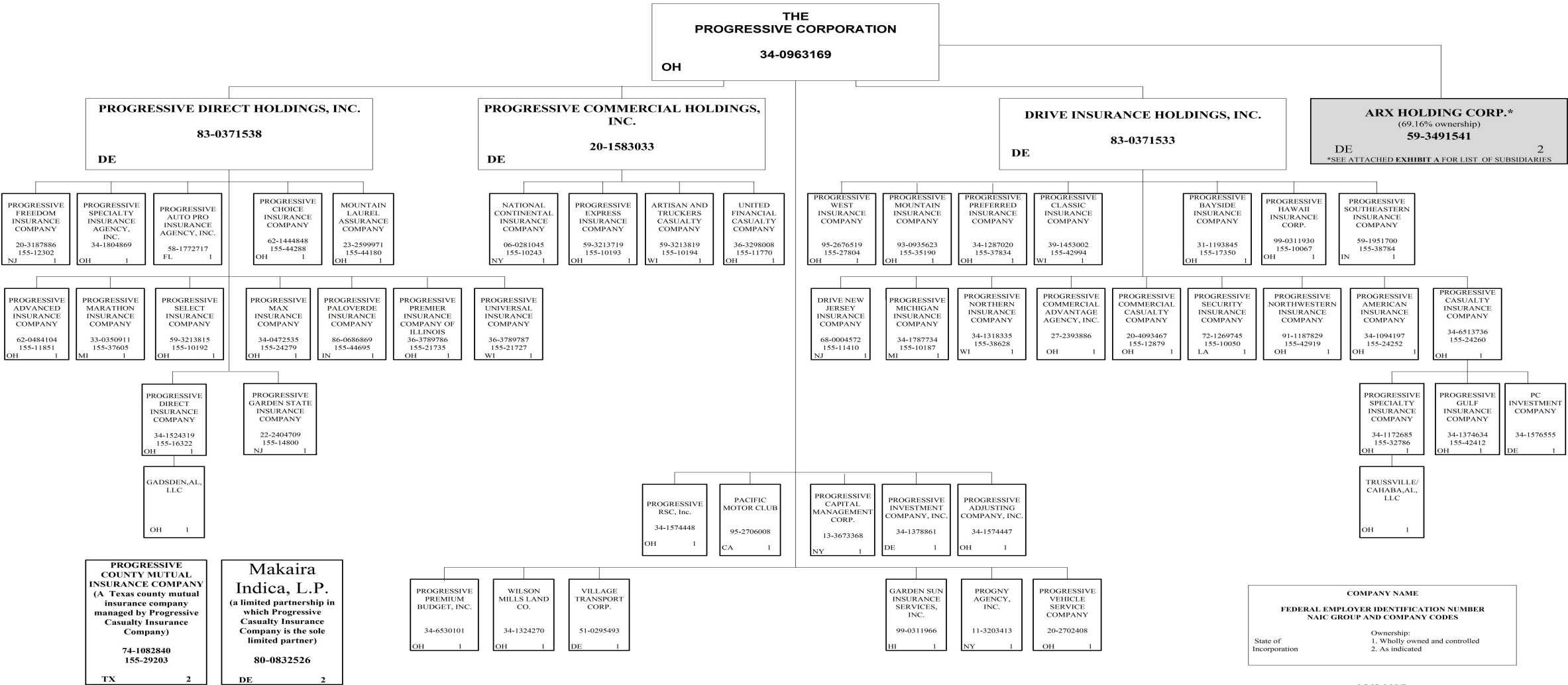
Explanation of Basis of Allocation of Premiums by States, etc.

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

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

PART 1 – ORGANIZATIONAL CHART

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SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART

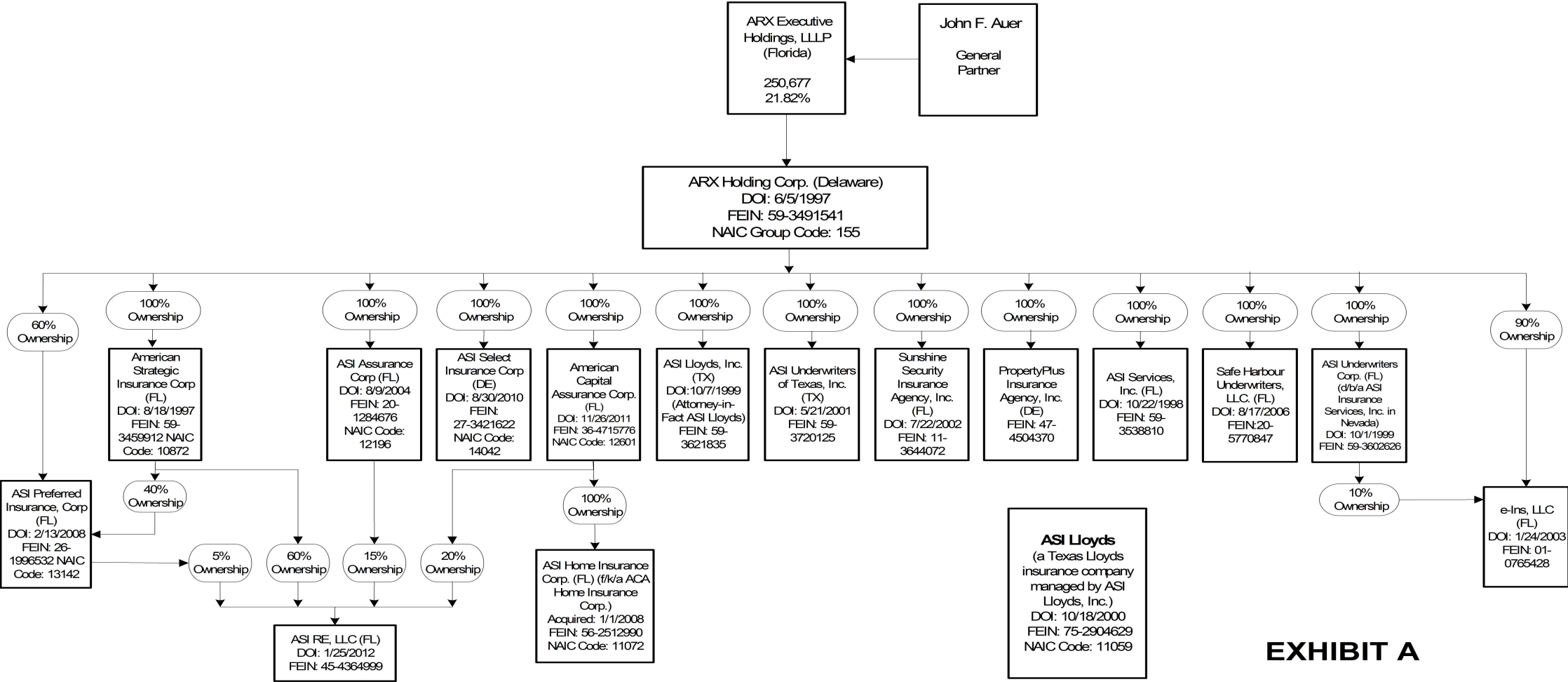


EXHIBIT A

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