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## AMENDED FILING EXPLANATION

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The original filing PDF version cut off a portion of the pages. The amended filing is to correct this error.



# ANNUAL STATEMENT

For the Year Ended December 31, 2015

of the Condition and Affairs of the

## PROGRESSIVE GULF INSURANCE COMPANY

NAIC Group Code.....155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 42412	Employer's ID Number..... 34-1374634
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... April 20, 1982	Commenced Business..... January 1, 1983	
Statutory Home Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND .... OH ..... US ..... 44143-2182 (Street and Number) (City or Town, State, County and Zip Code)	
Main Administrative Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND .... OH ..... US..... 44143-2182 440-461-5000 (Street and Number) (City or Town, State, County and Zip Code)	(Area Code) (Telephone Number)
Mail Address	P.O. BOX 89490..... CLEVELAND .... OH ..... US ..... 44101-6490 (Street and Number or P. O. Box) (City or Town, State, County and Zip Code)	
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33..... CLEVELAND .... OH ..... US ..... 44143-2182 440-395-4460 (Street and Number) (City or Town, State, County and Zip Code)	(Area Code) (Telephone Number)
Internet Web Site Address	PROGRESSIVE.COM	
Statutory Statement Contact	MARY BETH ANDREANO (Name) FINANCIAL_REPORTING@PROGRESSIVE.COM (E-Mail Address)	440-395-4460 (Area Code) (Telephone Number) (Extension) 440-603-5500 (Fax Number)

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

### OFFICERS

Name KATHRYN MARGARET LEMIEUX THOMAS ALFRED KING	Title PRESIDENT TREASURER	Name PETER JAMES ALBERT	Title SECRETARY
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### OTHER

PETER JAMES ALBERT KAREN BARONE BAILO CHRISTINA LYNN CREWS #	(VICE PRESIDENT) (VICE PRESIDENT) (ASST. SECRETARY)	MARY BETH ANDREANO KATHLEEN MARY CERNY JAMES LEE KUSMER	(VICE PRESIDENT) (ASST. SECRETARY) (ASST. TREASURER)
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### DIRECTORS OR TRUSTEES

KAREN BARONE BAILO DAVID LLOYD PRATT	RICHARD RUSSELL CRAWLEY	THOMAS HUDSON HOLLYER	KATHRYN MARGARET LEMIEUX
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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) KATHRYN MARGARET LEMIEUX	(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  
This 16TH day of FEBRUARY, 2016

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

Yes [X] No [ ]

**PROGRESSIVE GULF INSURANCE COMPANY**  
**ASSETS**

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	147,875,612		147,875,612	160,094,360
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 (\$....19,998,271, Schedule E-Part 2) and short-term investments (\$.....0, Schedule DA).....	19,998,271		19,998,271	5,099,809
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).....	167,873,883	0	167,873,883	165,194,169
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	978,743		978,743	905,589
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	6,016,185	1,527,454	4,488,731	5,859,317
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	54,423,307		54,423,307	54,822,022
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	965,727		965,727	(371,767)
16.2 Funds held by or deposited with reinsured companies.....			0	
16.3 Other amounts receivable under reinsurance contracts.....			0	
17. Amounts receivable relating to uninsured plans.....			0	
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0	
18.2 Net deferred tax asset.....	6,764,562	117,091	6,647,471	6,764,525
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.....	8,676,864		8,676,864	8,348,380
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	120,278	120,278	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	245,819,549	1,764,823	244,054,726	241,522,235
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTALS (Lines 26 and 27).....	245,819,549	1,764,823	244,054,726	241,522,235

**DETAILS OF WRITE-INS**

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. PREPAID EXPENSES.....	104,938	104,938	0	
2502. MISCELLANEOUS OTHER ASSETS.....	15,340	15,340	0	
2503.....			0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	120,278	120,278	0	0

**PROGRESSIVE GULF 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	1,093,797
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).....	9,118,117	7,814,474
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 \$...(21,568) on realized capital gains (losses)).....	1,354,909	2,085,220
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 \$....94,031,755 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.....	1,189,571	1,258,862
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	26,333	23,370
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.....	12,930,584	13,104,117
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.....	490,794	546,647
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	173,485,313	165,143,226
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	173,485,313	165,143,226
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	1,500,000	1,500,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other than special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	3,188,612	3,188,612
35. Unassigned funds (surplus).....	65,880,801	71,690,397
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).....	70,569,413	76,379,009
38. TOTALS (Page 2, Line 28, Col. 3).....	244,054,726	241,522,235

**DETAILS OF WRITE-INS**

2501. STATE PLAN LIABILITY.....	269,341	321,718
2502. ESCHEATABLE PROPERTY.....	205,262	102,973
2503. OTHER LIABILITIES.....	16,191	120,531
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	1,425
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	490,794	546,647
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 GULF INSURANCE COMPANY**  
**STATEMENT OF INCOME**

	1 Current Year	2 Prior Year
<b>UNDERWRITING INCOME</b>		
1. Premiums earned (Part 1, Line 35, Column 4).....	201,435,245	198,560,871
DEDUCTIONS		
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
<b>INVESTMENT INCOME</b>		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	4,950,800	4,872,961
10. Net realized capital gains (losses) less capital gains tax of \$....578,434 (Exhibit of Capital Gains (Losses)).....	(181,793)	303,142
11. Net investment gain (loss) (Lines 9 + 10).....	4,769,007	5,176,103
<b>OTHER INCOME</b>		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....157,252 amount charged off \$....3,525,083).....	(3,367,831)	(3,499,028)
13. Finance and service charges not included in premiums.....	5,398,985	6,085,291
14. Aggregate write-ins for miscellaneous income.....	196,973	351,140
15. Total other income (Lines 12 through 14).....	2,228,127	2,937,403
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	21,765,353	22,926,194
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).....	21,765,353	22,926,194
19. Federal and foreign income taxes incurred.....	6,917,127	7,056,091
20. Net income (Line 18 minus Line 19) (to Line 22).....	14,848,226	15,870,103
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	76,379,009	95,723,353
22. Net income (from Line 20).....	14,848,226	15,870,103
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.....	37	(413,689)
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	342,141	199,242
28. Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....		
29. Change in surplus notes.....		
30. Surplus (contributed to) withdrawn from protected cells.....		
31. Cumulative effect of changes in accounting principles.....		
32. Capital changes:		
32.1 Paid in.....		
32.2 Transferred from surplus (Stock Dividend).....		
32.3 Transferred to surplus.....		
33. Surplus adjustments:		
33.1 Paid in.....		
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(21,000,000)	(35,000,000)
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).....	(5,809,596)	(19,344,344)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	70,569,413	76,379,009

**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.....	185,053	335,563
1402. INTEREST INCOME ON INTERCOMPANY BALANCES.....	7,675	3,816
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).....	196,973	351,140
3701.....		
3702.....		
3703.....		
3798. Summary of remaining write-ins for Line 37 from overflow page.....	0	0
3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....	0	0

# PROGRESSIVE GULF INSURANCE COMPANY

## CASH FLOW

	1 Current Year	2 Prior Year
<b>CASH FROM OPERATIONS</b>		
1. Premiums collected net of reinsurance.....	208,389,554	200,972,261
2. Net investment income.....	6,253,240	4,586,572
3. Miscellaneous income.....	2,140,210	2,900,782
4. Total (Lines 1 through 3).....	216,783,004	208,459,615
5. Benefit and loss related payments.....	122,293,273	120,808,984
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 \$....531,037 tax on capital gains (losses).....	8,225,872	6,485,812
10. Total (Lines 5 through 9).....	191,559,904	186,825,495
11. Net cash from operations (Line 4 minus Line 10).....	25,223,100	21,634,120
<b>CASH FROM INVESTMENTS</b>		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	66,963,295	96,928,790
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).....	66,963,295	96,928,790
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	55,723,659	75,500,064
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).....	55,723,659	75,500,064
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).....	11,239,636	21,428,726
<b>CASH FROM FINANCING AND MISCELLANEOUS SOURCES</b>		
16. Cash provided (applied):	.....	.....
16.1 Surplus notes, capital notes.....	.....	.....
16.2 Capital and paid in surplus, less treasury stock.....	.....	.....
16.3 Borrowed funds.....	.....	.....
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	.....	.....
16.5 Dividends to stockholders.....	21,000,000	35,000,000
16.6 Other cash provided (applied).....	(564,274)	(2,963,037)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(21,564,274)	(37,963,037)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....	14,898,462	5,099,809
19. Cash, cash equivalents and short-term investments:	.....	.....
19.1 Beginning of year.....	5,099,809	(0)
19.2 End of year (Line 18 plus Line 19.1).....	19,998,271	5,099,809

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

20.0001 .....	.....	.....
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**PROGRESSIVE GULF 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 GULF INSURANCE COMPANY**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 1A - RECAPITULATION OF ALL PREMIUMS**

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					0
2. Allied lines.....					0
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....	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	0
3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

**PROGRESSIVE GULF 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.....	18,245	839,059		18,245		839,059
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....	4,961,899	3,630,769		4,961,899		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.....	2,445,424	1,346,144		2,292,542	152,882	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.....	153,668,394	115,298,428		153,668,394		115,298,428
19.3, 19.4 Commercial auto liability.....	21,791,195	14,246,755		21,766,125	25,070	14,246,755
21. Auto physical damage.....	103,137,283	70,774,218		103,137,283		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.....	286,022,440	206,133,028	0	285,844,488	177,952	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

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0			0	0.0
2. Allied lines.....				0			0	0.0
3. Farmowners multiple peril.....				0			0	0.0
4. Homeowners multiple peril.....		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.....	1,637,941	1,396,614	1,637,941	1,396,614	166,647	161,124	1,402,137	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.....	638,788	389,298	638,788	389,298	819,465	833,837	374,927	28.1
17.2 Other liability - claims-made.....		75,256		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.....	94,479,218	67,817,417	94,479,218	67,817,417	58,733,789	56,142,117	70,409,089	61.8
19.3, 19.4 Commercial auto liability.....	9,210,400	5,921,283	9,210,400	5,921,283	9,630,005	9,066,156	6,485,132	50.6
21. Auto physical damage.....	61,206,223	44,314,373	61,206,223	44,314,373	360,447	280,289	44,394,532	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.....	167,172,570	120,222,529	167,172,570	120,222,529	69,985,048	66,787,043	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**

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1 Direct	2 Reinsurance Assumed	3 Deduct Reinsurance Recoverable	4 Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	5 Direct	6 Reinsurance Assumed	7 Reinsurance Ceded		
1. Fire.....				0					0
2. Allied lines.....				0					0
3. Farmowners multiple peril.....				0					0
4. Homeowners multiple peril.....		47,030		47,030	94	27,420	94	74,450	17,335
5. Commercial multiple peril.....				0					0
6. Mortgage guaranty.....				0					0
8. Ocean marine.....				0					0
9. Inland marine.....	55,667	85,853	55,667	85,853	118,671	80,794	118,671	166,647	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
17.1 Other liability - occurrence.....	310,330	539,689	310,330	539,689	471,209	279,777	471,209	819,465	128,637
17.2 Other liability - claims-made.....		9,245		9,245		14,921		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.....	64,905,125	45,770,933	64,905,125	45,770,933	12,776,597	12,962,856	12,776,597	58,733,789	12,326,027
19.3, 19.4 Commercial auto liability.....	7,797,477	8,070,325	7,797,477	8,070,325	3,119,079	1,559,678	3,119,078	9,630,005	1,645,438
21. Auto physical damage.....	3,190,229	2,336,966	3,190,229	2,336,966	(2,152,003)	(1,976,520)	(2,152,004)	360,447	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.....	76,258,828	56,929,245	76,258,828	56,929,245	14,333,647	13,055,801	14,333,645	69,985,048	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 GULF INSURANCE COMPANY**  
**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 - EXPENSES**

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	2,711,710			2,711,710
1.2 Reinsurance assumed.....	3,352,962			3,352,962
1.3 Reinsurance ceded.....	2,711,710			2,711,710
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.....		28,610,092		28,610,092
2.2 Reinsurance assumed, excluding contingent.....		19,099,774		19,099,774
2.3 Reinsurance ceded, excluding contingent.....		28,610,092		28,610,092
2.4 Contingent - direct.....		203,191		203,191
2.5 Contingent - reinsurance assumed.....		334,339		334,339
2.6 Contingent - reinsurance ceded.....		203,191		203,191
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	119,636	20,700,195
8.2 Payroll taxes.....	825,284	605,873	3,696	1,434,853
9. Employee relations and welfare.....	2,040,291	1,401,143	4,759	3,446,193
10. Insurance.....	36,554	28,412		64,966
11. Directors' fees.....				0
12. Travel and travel items.....	532,051	217,241	661	749,954
13. Rent and rent items.....	742,879	813,109	2,683	1,558,671
14. Equipment.....	59,807	209,298		269,104
15. Cost or depreciation of EDP equipment and software.....	706,080	1,224,877	1,731	1,932,688
16. Printing and stationery.....	70,487	166,127	276	236,891
17. Postage, telephone and telegraph, exchange and express.....	538,581	1,215,824	728	1,755,133
18. Legal and auditing.....	111,037	159,210	9,694	279,941
19. Totals (Lines 3 to 18).....	17,513,221	18,503,151	143,864	36,160,236
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	25,702	212,812
25. Total expenses incurred.....	20,898,672	42,347,823	169,566	(a).....63,416,061
26. Less unpaid expenses - current year.....	14,730,385	10,694,879	1,514	25,426,777
27. Add unpaid expenses - prior year.....	13,705,514	9,514,014	1,673	23,221,200
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	169,725	61,210,484

**DETAILS OF WRITE-INS**

2401. MISCELLANEOUS EXPENSES.....	5,815	181,295	25,702	212,812
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	25,702	212,812

(a) Includes management fees of \$.....36,373,048 to affiliates and \$.....0 to non-affiliates.

**EXHIBIT OF NET INVESTMENT INCOME**

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....265,547	.....282,504
1.1 Bonds exempt from U.S. tax.....	(a).....1,538,695	.....1,625,338
1.2 Other bonds (unaffiliated).....	(a).....3,235,192	.....3,204,746
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....7,778	.....7,778
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....5,047,212	.....5,120,366
11. Investment expenses.....	.....	(g).....169,566
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).....	.....	.....169,566
17. Net investment income (Line 10 minus Line 16).....	.....	.....4,950,800

**DETAILS OF WRITE-INS**

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

(a) Includes \$....2,043,366 accrual of discount less \$....3,419,119 amortization of premium and less \$....269,158 paid for accrued interest on purchases.  
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.  
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.  
 (e) Includes \$....7,773 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.  
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.  
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to Segregated and Separate Accounts.  
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.  
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

**EXHIBIT OF CAPITAL GAINS (LOSSES)**

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....15,014	.....	.....15,014	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....381,627	.....	.....381,627	.....	.....
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).....	.....396,641	.....0	.....396,641	.....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	.....0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above).....	.....0	.....0	.....0	.....0	.....0

**PROGRESSIVE GULF 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.....	1,527,454	1,993,090	465,636
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.....	117,091		(117,091)
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.....	120,278	113,874	(6,404)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	1,764,823	2,106,964	342,141
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	1,764,823	2,106,964	342,141

**DETAILS OF WRITE-INS**

1101. ....			0
1102. ....			0
1103. ....			0
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....	0	0	0
2501. PREPAID EXPENSES.....	104,938	107,206	2,268
2502. MISCELLANEOUS OTHER ASSETS.....	15,340	6,668	(8,672)
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).....	120,278	113,874	(6,404)

**NOTES TO FINANCIAL STATEMENTS**

## 1. Summary of Significant Accounting Policies

## A. Accounting Practices

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

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

Description	State of Domicile	2015	2014
Net income			
(1) Net income, state basis	OH	\$ 14,848,226	\$ 15,870,103
(2) Effect of state prescribed practices			
(3) Effect of state permitted practices			
(4) Net income, NAIC SAP basis (1-2-3=4)	OH	\$ 14,848,226	\$ 15,870,103
Surplus			
(5) Policyholders' surplus, state basis	OH	\$ 70,569,413	\$ 76,379,009
(6) Effect of state prescribed practices			
(7) Effect of state permitted practices			
(8) Policyholders' surplus, NAIC SAP basis (5-6-7=8)	OH	\$ 70,569,413	\$ 76,379,009

## B. Use of Estimates

The Company is required to make estimates and assumptions when preparing its financial statements and accompanying notes in conformity with NAIC SAP. Actual results may differ from those estimates. Material estimates that are susceptible to significant changes in the near term include the loss and loss adjustment expense ("LAE") reserves.

## C. Accounting Policies

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

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

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

In addition, the Company uses the following accounting policies:

## Investments

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

**NOTES TO FINANCIAL STATEMENTS**

- The Company may enter into repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. The Company did not have any open repurchase agreements at December 31, 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**

1. The sources used to determine prepayment assumptions are derived from updated cash flows from widely utilized reputable industry sources. The Company's portfolio managers review the available cash flow data and prepayment assumptions and make adjustments based on current performance indicators on the underlying assets (e.g., delinquency rates, foreclosure rates, and default rates), credit support (via current levels of subordination), and historical credit ratings.

2. Intent to Sell or Inability to Hold Securities with a Recognized Other-Than-Temporary Impairment

Not applicable

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

**NOTES TO FINANCIAL STATEMENTS**

4. As of December 31, 2015, the Company had \$55,254 of gross unrealized losses in the Company's loan-backed and structured debt securities. The Company currently does not intend to sell the loan-backed and structured debt securities and determined that it is more likely than not that the Company will not be required to sell these securities for the period of time necessary to recover their cost basis. If the Company's strategy was to change and these securities were determined to be other-than-temporarily impaired, the Company would recognize a write-down in accordance with the Company's stated policy.

As of December 31, 2015, the composition of fair value and gross unrealized losses on loan-backed and structured debt securities by the length of time that individual securities have been in a continuous unrealized loss position is as follows:

Description	Amount
a. Aggregate amount of unrealized losses	
1. Less than twelve months	\$ 55,254
2. Twelve months or longer	--
Total	\$ 55,254
b. Aggregate fair value of securities with unrealized losses	
1. Less than twelve months	\$ 11,814,822
2. Twelve months or longer	--
Total	\$ 11,814,822

5. Under SSAP No. 43R, the Company analyzes its structured debt securities to determine if the Company intends to sell, or if it is more likely than not that the Company will be required to sell, the security prior to recovery and, if so, the Company writes down the security to its current fair market value with the entire amount of the write-down recorded as a realized loss. To the extent that it is more likely than not that the Company will hold the debt security until recovery (which could be maturity), the Company determines if any of the decline in value is due to a credit loss (i.e., where the present value of cash flows expected to be collected is lower than the amortized cost basis of the security) and, if so, the Company recognizes that portion of the impairment as a realized loss.

## E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable (see Note 1.C Investments)

## F. Real Estate

Not applicable

## G. Low Income Housing Tax Credits

Not applicable

**NOTES TO FINANCIAL STATEMENTS****H. Restricted Assets**

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

Restricted Asset Category	Gross Restricted							Total Current Year Admitted Restricted	Percentage		
	Current Year				Protected Cell Account Assets Supporting G/A Activity (b)	Total From Prior Year	Increase/(Decrease) (5 minus 6)		Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
	1	2	3	4							
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 stock	--	--	--	--	--	--	--	--	0%	0%	
j. On deposit with states	461,222	--	--	--	461,222	461,961	(739)	461,222	0.19%	0.19%	
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%	
(a) Other restricted assets	\$ 461,222	\$ --	\$ --	\$ --	\$ 461,222	\$ 461,961	\$ (739)	\$ 461,222	0.19%	0.19%	
(b) Total Restricted Assets	\$ 461,222	\$ --	\$ --	\$ --	\$ 461,222	\$ 461,961	\$ (739)	\$ 461,222	0.19%	0.19%	

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

## 8. Derivative Instruments

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

## 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) Ordinary Income	(2) Capital Gain (Loss)	(3) (Col 1+2) Total	(4) Ordinary Income	(5) Capital Gain (Loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Income	(8) (Col 2-5) Capital Gain (Loss)	(9) (Col 7+8) Total
(a) Gross deferred tax assets	\$ 7,837,115	\$ 691,470	\$ 8,528,585	\$ 7,679,318	\$ 1,067,786	\$ 8,747,104	\$ 157,797	\$ (376,316)	\$ (218,519)
(b) Statutory valuation allowance adjustment	--	--	--	--	--	--	--	--	--
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 7,837,115	\$ 691,470	\$ 8,528,585	\$ 7,679,318	\$ 1,067,786	\$ 8,747,104	\$ 157,797	\$ (376,316)	\$ (218,519)
(d) Deferred tax assets nonadmitted	--	117,091	117,091	--	--	--	--	117,091	117,091
(e) Subtotal (net deferred tax asset) (1c-1d)	\$ 7,837,115	\$ 574,379	\$ 8,411,494	\$ 7,679,318	\$ 1,067,786	\$ 8,747,104	\$ 157,797	\$ (493,407)	\$ (335,610)
(f) Deferred tax liabilities	1,189,644	574,379	1,764,023	912,690	1,069,889	1,982,579	276,954	(495,510)	(218,556)
(g) Net admitted deferred tax assets (net deferred tax liability) (1e-1f)	\$ 6,647,471	\$ --	\$ 6,647,471	\$ 6,766,628	\$ (2,103)	\$ 6,764,525	\$ (119,157)	\$ 2,103	\$ (117,054)

## 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) Ordinary Income	(2) Capital Gain (Loss)	(3) (Col 1+2) Total	(4) Ordinary Income	(5) Capital Gain (Loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Income	(8) (Col 2-5) Capital Gain (Loss)	(9) (Col 7+8) Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ 7,355,411	\$ --	\$ 7,355,411	\$ 7,151,387	\$ --	\$ 7,151,387	\$ 204,024	\$ --	\$ 204,024
(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)	264,336	--	264,336	290,416	--	290,416	(26,080)	--	(26,080)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date	264,336	--	264,336	290,416	--	290,416	(26,080)	--	(26,080)
2. Adjusted gross deferred tax assets allowed per limitation threshold			9,588,291			10,442,173			(853,882)
(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	217,368	574,379	791,747	237,515	1,067,786	1,305,301	(20,147)	(493,407)	(513,554)
(d) Deferred tax assets admitted as result of application of SSAP No. 101.	Total (2(a)+2(b)+2(c)								
	\$ 7,837,115	\$ 574,379	\$ 8,411,494	\$ 7,679,318	\$ 1,067,786	\$ 8,747,104	\$ 157,797	\$ (493,407)	\$ (335,610)

## 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	940%	1000%
(b) Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 63,921,942	\$ 69,614,484

**NOTES TO FINANCIAL STATEMENTS**

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

<b>Description</b>	<b>December 31, 2015</b>		<b>December 31, 2014</b>		<b>Change</b>	
	<b>(1) Ordinary Income</b>	<b>(2) Capital Gain (Loss)</b>	<b>(3) Ordinary Income</b>	<b>(4) Capital Gain (Loss)</b>	<b>(5) (Col 1-3) Ordinary Income</b>	<b>(6) (Col 2-4) Capital Gain (Loss)</b>
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage						
1. Adjusted gross DTAs	\$ 7,837,115	\$ 691,470	\$ 7,679,318	\$ 1,067,786	\$ 157,797	\$ (376,316)
2. % of adjusted gross DTAs attributable to the impact of tax planning strategies	0%	17%	0%	0%	0%	17%
3. Net admitted adjusted gross DTAs	\$ 7,837,115	\$ 574,379	\$ 7,679,318	\$ 1,067,786	\$ 157,797	\$ (493,407)
4. % of net admitted adjusted gross DTAs admitted due to tax planning strategies	0%	0%	0%	0%	0%	0%
(b) Does the Company's tax planning strategies include the use of reinsurance? Yes <u>      </u> No <u>X</u>						

B. Regarding deferred tax liabilities that are not recognized:

Not applicable

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

1. Current Income Tax:

<b>Description</b>	<b>(1) December 31, 2015</b>	<b>(2) December 31, 2014</b>	<b>(3) (Col 1-2) Change</b>
(a) Federal	\$ 6,917,127	\$ 7,056,091	\$ (138,964)
(b) Foreign	--	--	--
(c) Subtotal	\$ 6,917,127	\$ 7,056,091	\$ (138,964)
(d) Federal income tax on net capital gains	578,434	6,305	572,129
(e) Utilization of capital loss carry-forwards	--	--	--
(f) Other	--	--	--
(g) Federal and foreign income taxes incurred	\$ 7,495,561	\$ 7,062,396	\$ 433,165

2. Deferred Tax Assets:

<b>Description</b>	<b>(1) December 31, 2015</b>	<b>(2) December 31, 2014</b>	<b>(3) (Col 1-2) Change</b>
(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	174,904	18,068
(8) Compensation and benefits accrual	1,636,515	1,578,216	58,299
(9) Pension accrual	--	--	--
(10) Receivables - nonadmitted	534,609	697,581	(162,972)
(11) Net operating loss carry-forward	--	--	--
(12) Tax credit carry-forward	--	--	--
(13) Other - nonadmitted assets	42,098	39,856	2,242
(14) Other - bad debt reserve	285,049	315,820	(30,771)
(15) Other (including items <5% of total ordinary tax assets)	53,974	43,906	10,068
(99) Subtotal	\$ 7,837,115	\$ 7,679,318	\$ 157,797
(b) Statutory valuation allowance adjustment	--	--	--
(c) Nonadmitted	--	--	--
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 7,837,115	\$ 7,679,318	\$ 157,797
(e) Capital			
(1) Investments	691,470	1,067,786	(376,316)
(2) Net capital loss carry-forward	--	--	--
(3) Real estate	--	--	--
(4) Other (including items <5% of total capital tax assets)	--	--	--
(99) Subtotal	\$ 691,470	\$ 1,067,786	\$ (376,316)
(f) Statutory valuation allowance adjustment	--	--	--
(g) Nonadmitted	117,091	--	117,091
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 574,379	\$ 1,067,786	\$ (493,407)
(i) Admitted deferred tax assets (2d+2h)	\$ 8,411,494	\$ 8,747,104	\$ (335,610)

**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)	29,013	32,102	(3,089)
(99) Subtotal	\$ 1,189,644	\$ 912,690	\$ 276,954
(b) Capital			
(1) Investments	574,379	1,069,889	(495,510)
(2) Real estate	--	--	--
(3) Other (including items <5% of total capital tax assets)	--	--	--
(99) Subtotal	\$ 574,379	\$ 1,069,889	\$ (495,510)
(c) Deferred tax liabilities (3a99+3b99)	\$ 1,764,023	\$ 1,982,579	\$ (218,556)

## 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)	\$ 6,647,471	\$ 6,764,525	\$ (117,054)

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	\$ 8,528,585	\$ 8,747,104	\$ (218,519)
Total deferred tax liabilities	1,764,023	1,982,579	(218,556)
Net deferred tax asset (liability)	\$ 6,764,562	\$ 6,764,525	\$ 37
Tax effect of unrealized gains (losses)			\$ --
Change in net deferred income tax			\$ 37

## 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	\$ 7,820,325	35%
Exempt interest income	(482,968)	-2%
Impact of nonadmitted assets	160,731	1%
Other	(2,564)	0%
Total	\$ 7,495,524	34%
Federal and foreign income taxes incurred	\$ 7,495,561	
Change in net deferred income tax	(37)	
Total statutory income taxes	\$ 7,495,524	

## 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:	\$ 7,173,061
First preceding tax year:	\$ 6,926,544

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

**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 Progressive Casualty Insurance Company ("Casualty"), an insurance affiliate domiciled in Ohio. The structure of the holding company organization is shown on Schedule Y, Part 1.

## B. Detail of Transactions Greater than 1/2% of Admitted Assets

All significant 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 \$8,676,864 and \$8,348,380 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 \$1,354,909 and \$2,085,220 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

The Company does not have employees or facilities. Management, operations and claims services are provided under a management agreement with Casualty. Under the terms of the agreement, the Company is provided underwriting and loss adjustment services for business produced in exchange for a management fee based on the Company's use of services.

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

All intercompany agreements are approved by the participating insurance companies' states of domicile when established. Upon redomestication, intercompany agreements are not required to be approved by the new state of domicile.

## G. Nature of Control Relationship

All outstanding shares of the Company are owned by Casualty.

## H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

## J. Write-Downs for 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

## 11. Debt

Not applicable

**NOTES TO FINANCIAL STATEMENTS**

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 150 shares of \$10,000 par value common stock authorized and 150 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding.
2. Dividend Rate of Preferred Stock  
 Not applicable
- 3,4,5,6. Dividends  
 The maximum amount of dividends the Company can pay to Casualty in 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 \$14,848,226 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 Casualty as follows:

Date Paid	Amount Paid	Dividend Type
December 21, 2015	\$ 15,800,000	Ordinary
December 21, 2015	\$ 5,200,000	Extraordinary
December 19, 2014	\$ 13,400,000	Ordinary
December 19, 2014	\$ 21,600,000	Extraordinary

The extraordinary cash dividends were approved by the Ohio DOI.

7. Mutual Surplus Advances  
 Not applicable
8. Company Stock Held for Special Purposes  
 Not applicable
9. Changes in Special Surplus Funds  
 Not applicable
10. Changes in Unassigned Funds (Surplus)  
 As of December 31, 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	(1,764,823)
Provision for reinsurance	--
Total	\$ (1,764,823)

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 \$494,949 and \$511,525, respectively. The Company did not recognize any premium tax benefit associated with its various assessments.
  - C. Gain Contingencies  
 Not applicable
  - D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits  
 Not applicable
  - E. Product Warranties  
 Not applicable

**NOTES TO FINANCIAL STATEMENTS**

F. Joint and Several Liabilities  
Not applicable

G. All Other Contingencies  
The Company routinely assesses the collectibility of premiums and agents' balances receivable and records a bad debt reserve for amounts exceeding the nonadmitted balance that the Company believes are uncollectible.  
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).

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.  
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

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

The table below represents the fair value of all financial instruments at December 31, 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	\$ 154,118,154	\$ 147,875,612	\$ 57,388,849	\$ 96,729,305	\$ --	\$ --
Cash equivalents	19,998,271	19,998,271	19,998,271	--	--	--
Common stock	--	--	--	--	--	--
Preferred stock	--	--	--	--	--	--
Short-term investments	--	--	--	--	--	--
<b>Total</b>	<b>\$ 174,116,425</b>	<b>\$ 167,873,883</b>	<b>\$ 77,387,120</b>	<b>\$ 96,729,305</b>	<b>\$ --</b>	<b>\$ --</b>

**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**

Not applicable

**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

**22. Events Subsequent**

The Company was not impacted by any subsequent events. Subsequent events have been considered through February 15, 2016 for the statutory statement that was available for issuance by March 1, 2016.

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.

**NOTES TO FINANCIAL STATEMENTS**

## 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	\$ 200,277,000
Total			\$ 200,277,000

## B. Reinsurance Recoverable in Dispute

Not applicable

## 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	\$ --	\$ 93,946,000	\$ --	\$ (32,225,000)	\$ --
(b) All Other	--	--	86,000	21,000	(86,000)	(21,000)
(c) Totals	\$ 61,721,000	\$ --	\$ 94,032,000	\$ 21,000	\$ (32,311,000)	\$ (21,000)
(d) Direct Unearned Premium Reserve is \$94,032,000						

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.

**NOTES TO FINANCIAL STATEMENTS**

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%

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 liability	December 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

**NOTES TO FINANCIAL STATEMENTS**

## 33. Asbestos and Environmental Reserves

Because the Company is primarily an insurer of motor vehicles, it has limited exposure for asbestos and environmental claims. In accordance with disclosure requirements, the amounts reported for direct, assumed, and net below reflect the Company's pooled share (see Note 26) of the Agency Pool's exposure to asbestos and environmental claims. The Agency Pool's exposure arises from Casualty's participation in various reinsurance pools from 1968 to 1975, which underwrote general liability insurance, Casualty's aggregate stop loss reinsurance agreement with Progressive Max Insurance Company, an insurance affiliate domiciled in Ohio, for various reinsurance pools from 1965 to 1975, Progressive American Insurance Company's, an insurance affiliate and Agency Pool member domiciled in Ohio, limited number of general liability policies issued from 1972 to 1975, and Casualty's aggregate stop loss reinsurance agreement with National Continental Insurance Company, an insurance affiliate domiciled in New York, for general liability business written on or before November 25, 1985.

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

	December 31,				
	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

## 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

# PROGRESSIVE GULF INSURANCE COMPANY

## GENERAL INTERROGATORIES

### PART 1 - COMMON INTERROGATORIES

#### GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? If yes, complete Schedule Y, Parts 1, 1A and 2. Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State regulating? OHIO

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

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

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

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

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_ 08/06/2013

3.4 By what department or departments? OHIO

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

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

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

4.11 sales of new business? Yes [ ] No [X]

4.12 renewals? Yes [ ] No [X]

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

4.21 sales of new business? Yes [ ] No [X]

4.22 renewals? Yes [ ] No [X]

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

5.2 If yes, provide 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 NAIC Company Code	3 State of Domicile
Name of Entity		

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

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

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

# PROGRESSIVE GULF INSURANCE COMPANY

## 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? <u>GARY S. TRAIOFF, FCAS, MAAA CORPORATE ACTUARY 6300 WILSON MILLS ROAD MAYFIELD VILLAGE, OH 44143-2182</u>			
12.1	Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? <span style="float: right;">Yes [ ] No [X]</span>			
	12.11	Name of real estate holding company		
	12.12	Number of parcels involved		
	12.13	Total book/adjusted carrying value		
12.2	If yes, provide explanation			
13.	<b>FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:</b>			
13.1	What changes have been made during the year in the United States manager or the United States trustees of the reporting entity? <u>N/A</u>			
13.2	Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? <span style="float: right;">Yes [ ] No [ ]</span>			
13.3	Have there been any changes made to any of the trust indentures during the year? <span style="float: right;">Yes [ ] No [ ]</span>			
13.4	If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? <span style="float: right;">Yes [ ] No [ ] N/A [ ]</span>			
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? <span style="float: right;">Yes [X] No [ ]</span>			
	(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? <span style="float: right;">Yes [ ] No [X]</span>			
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? <span style="float: right;">Yes [ ] No [X]</span>			
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? <span style="float: right;">Yes [ ] No [X]</span>			
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? <span style="float: right;">Yes [X] No [ ]</span>		
17.	Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinator committees thereof? <span style="float: right;">Yes [X] No [ ]</span>		
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? <span style="float: right;">Yes [X] No [ ]</span>		

### FINANCIAL

19.	Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? <span style="float: right;">Yes [ ] No [X]</span>		
20.1	Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):		
	20.11	To directors or other officers	
	20.12	To stockholders not officers	
	20.13	Trustees, supreme or grand (Fraternal only)	
20.2	Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):		
	20.21	To directors or other officers	
	20.22	To stockholders not officers	
	20.23	Trustees, supreme or grand (Fraternal only)	
21.1	Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? <span style="float: right;">Yes [ ] No [X]</span>		
21.2	If yes, state the amount thereof at December 31 of the current year:		
	21.21	Rented from others	
	21.22	Borrowed from others	
	21.23	Leased from others	
	21.24	Other	
22.1	Does this statement include payments for assessments as described in the <i>Annual Statement Instructions</i> other than guaranty fund or guaranty association assessments? <span style="float: right;">Yes [ ] No [X]</span>		
22.2	If answer is yes:		
	22.21	Amount paid as losses or risk adjustment	
	22.22	Amount paid as expenses	
	22.23	Other amounts paid	
23.1	Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? <span style="float: right;">Yes [X] No [ ]</span>		
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount: <span style="float: right;">\$ 8,676,864</span>		

### INVESTMENT

# PROGRESSIVE GULF INSURANCE COMPANY

## 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 [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]								
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 <i>Risk-Based Capital Instructions</i> ?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] N/A [ <input checked="" type="checkbox"/> ]								
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 [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] N/A [ <input checked="" type="checkbox"/> ]								
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] N/A [ <input checked="" type="checkbox"/> ]								
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 [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] N/A [ <input checked="" type="checkbox"/> ]								
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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]								
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	\$ _____ 461,222								
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:									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 33.33%;">1 Nature of Restriction</th> <th style="text-align: center; width: 33.33%;">2 Description</th> <th style="text-align: center; width: 33.33%;">3 Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td style="text-align: right;">\$ _____</td> </tr> </tbody> </table>	1 Nature of Restriction	2 Description	3 Amount			\$ _____			
1 Nature of Restriction	2 Description	3 Amount								
		\$ _____								
26.1	Does the reporting entity have any hedging transactions reported on Schedule DB?	Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]								
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 [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] N/A [ <input checked="" type="checkbox"/> ]								
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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]								
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 <i>Financial Condition Examiners Handbook</i> ?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ]								
28.01	For all agreements that comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , complete the following:									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 33.33%;">1 Name of Custodian(s)</th> <th style="text-align: center; width: 33.33%;">2 Custodian Address</th> <th style="text-align: center; width: 33.33%;">3</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">CITIBANK, N.A.</td> <td colspan="2" style="text-align: center;">338 GREENWICH STREET, NEW YORK, NY 10013</td> </tr> </tbody> </table>	1 Name of Custodian(s)	2 Custodian Address	3	CITIBANK, N.A.	338 GREENWICH STREET, NEW YORK, NY 10013				
1 Name of Custodian(s)	2 Custodian Address	3								
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 <i>Financial Condition Examiners Handbook</i> , provide the name, location and a complete explanation									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 33.33%;">1 Name(s)</th> <th style="text-align: center; width: 33.33%;">2 Location(s)</th> <th style="text-align: center; width: 33.33%;">3 Complete Explanation(s)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">NONE</td> <td></td> <td></td> </tr> </tbody> </table>	1 Name(s)	2 Location(s)	3 Complete Explanation(s)	NONE					
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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]								
28.04	If yes, give full and complete information relating thereto:									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 25%;">1 Old Custodian</th> <th style="text-align: center; width: 25%;">2 New Custodian</th> <th style="text-align: center; width: 25%;">3 Date of Change</th> <th style="text-align: center; width: 25%;">4 Reason</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">NONE</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason	NONE				
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									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; width: 33.33%;">1 Central Registration Depository</th> <th style="text-align: center; width: 33.33%;">2 Name(s)</th> <th style="text-align: center; width: 33.33%;">3 Address</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">NONE</td> <td></td> <td></td> </tr> </tbody> </table>	1 Central Registration Depository	2 Name(s)	3 Address	NONE					
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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ]								

**PROGRESSIVE GULF INSURANCE COMPANY**  
**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	167,873,883	174,116,425	6,242,542
30.2	Preferred Stocks	0	0	0
30.3	Totals	167,873,883	174,116,425	6,242,542

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 [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a 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 [X] 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? \$ 16,809

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	\$ 16,809

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**

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [ ]	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$	0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0
1.31	Reason for excluding:		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	0
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$	0
1.62	Total incurred claims	\$	0
1.63	Number of covered lives		0
	All years prior to most current three years:		
1.64	Total premium earned	\$	0
1.65	Total incurred claims	\$	0
1.66	Number of covered lives		0
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$	0
1.72	Total incurred claims	\$	0
1.73	Number of covered lives		0
	All years prior to most current three years:		
1.74	Total premium earned	\$	0
1.75	Total incurred claims	\$	0
1.76	Number of covered lives		0
2.	Health Test:		
		1 Current Year	2 Prior Year
2.1	Premium Numerator	\$ 0	\$ 0
2.2	Premium Denominator	\$ 201,435,245	\$ 198,560,871
2.3	Premium Ratio (2.1/2.2)		
2.4	Reserve Numerator	\$ 0	\$ 0
2.5	Reserve Denominator	\$ 146,796,729	\$ 138,609,323
2.6	Reserve Ratio (2.4/2.5)		
3.1	Does the reporting entity issue both participating and non-participating policies?	Yes [ ]	No [X]
3.2	If yes, state the amount of calendar year premiums written on:		
3.21	Participating policies	\$ 0	
3.22	Non-participating policies	\$ 0	
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:		
4.1	Does the reporting entity issue assessable policies?	Yes [ ]	No [ ]
4.2	Does the reporting entity issue non-assessable policies?	Yes [ ]	No [ ]
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?		
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$ 0	
5.	FOR RECIPROCAL EXCHANGES ONLY:		
5.1	Does the exchange appoint local agents?	Yes [ ]	No [ ]
5.2	If yes, is the commission paid:		
5.21	Out of Attorney's-in-fact compensation	Yes [ ]	No [ ]
5.22	As a direct expense of the exchange	Yes [ ]	N/A [ ]
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?	Yes [ ]	No [ ]
5.4	Has any Attorney-in-fact compensation, contingent on fulfillments of certain conditions, been deferred?	Yes [ ]	No [ ]
5.5	If yes, give full information:		
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss? <u>THE COMPANY DOES NOT WRITE WORKERS' COMPENSATION INSURANCE.</u>		
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:  <u>THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE ESTIMATE OF THE PML WAS MADE EXCLUSIVELY BY PROGRESSIVE EMPLOYEES. THE COMPANY'S NET COMPREHENSIVE EXPOSURE IN THE CATASTROPHE PRONE STATES OF FLORIDA, LOUISIANA, TEXAS, MISSISSIPPI, ALABAMA, NEW YORK, NEW JERSEY AND CALIFORNIA IS LIMITED SINCE THE COMPANY IS A MEMBER OF A 100% POOLING REINSURANCE ARRANGEMENT WITH 11 OF ITS PROPERTY AND CASUALTY AFFILIATES. THE PRIMARY PROPERTY COVERAGE SOLD BY THE COMPANY IS COMPREHENSIVE FOR AUTOMOBILE AND INLAND MARINE FOR BOATS. THE ESTIMATE OF THE PML IS 6% OF THE SURPLUS.</u>		
6.3	What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?  <u>THE COMPANY'S ESTIMATED PML IS 6% OF THE SURPLUS. THE COMPANY CARRIES NO EXTERNAL CATASTROPHE REINSURANCE TO COVER ITS LIMITED CATASTROPHE EXPOSURE. THE COMPANY PARTICIPATES IN A POOLING ARRANGEMENT, WHICH SPREADS THE UNDERWRITING RISK INCLUDING THE CATASTROPHE EXPOSURE AMONG ALL PARTIES TO THE POOLING AGREEMENT.</u>		
6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes [ ]	No [X]

**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:	<u>NONE</u>	
7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes [ ] No [ X ] 0	
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.	Yes [ ] No [ ]	
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?	Yes [ ] No [ X ]	
8.1	Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	Yes [ ] No [ X ]	
8.2	If yes, give full information		
9.1	Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:		
	(a) A contract term longer than two years and the contract is noncancelable by the reporting entity during the contract term;		
	(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;		
	(c) Aggregate stop loss reinsurance coverage;		
	(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;		
	(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or		
	(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?	Yes [ ] No [ X ]	
9.2	Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under 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.	Yes [ ] No [ X ]	
9.3	If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9:		
	(a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income;		
	(b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and		
	(c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.		
9.4	Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R, Property and Casualty Reinsurance, has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:		
	(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or		
	(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	Yes [ ] No [ X ]	
9.5	If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.		
9.6	The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:		
	(a) The entity does not utilize reinsurance; or,	Yes [ ] No [ X ]	
	(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or	Yes [ ] No [ X ]	
	(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.	Yes [ ] No [ X ]	
10.	If the reporting entity has assumed risks from another entity, there should be charged on account of such 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?	Yes [ X ] No [ ] N/A [ ]	
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force?	Yes [ ] No [ X ]	
11.2	If yes, give full information		
12.1	If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for:	\$ 0	
	12.11 Unpaid losses	\$ 0	
	12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$ 0	
12.2	Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?	\$ 0	
12.3	If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?	Yes [ ] No [ X ] N/A [ ]	
12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement:	%	
	12.41 From	%	
	12.42 To	%	
12.5	Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?	Yes [ ] No [ X ]	
12.6	If yes, state the amount thereof at December 31 of current year:	\$ 0	
	12.61 Letters of Credit	\$ 0	

**GENERAL INTERROGATORIES****PART 2 – PROPERTY & CASUALTY INTERROGATORIES**

12.62	Collateral and other funds	\$	0			
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$	200,000			
13.2	Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?	Yes [ ]	No [X]			
13.3	State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.	1				
14.1	Is the company a cedant in a multiple cedant reinsurance contract?	Yes [ ]	No [X]			
14.2	If yes, please describe the method of allocating and recording reinsurance among the cedants:					
14.3	If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?	Yes [ ]	No [ ]			
14.4	If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?	Yes [ ]	No [ ]			
14.5	If the answer to 14.4 is no, please explain:					
15.1	Has the reporting entity guaranteed any financed premium accounts?	Yes [ ]	No [X]			
15.2	If yes, give full information					
16.1	Does the reporting entity write any warranty business?	Yes [ ]	No [X]			
	If yes, disclose the following information for each of the following types of warranty coverage:					
		1	2	3	4	5
		Direct Losses	Direct Losses	Direct Written	Direct Premium	Direct Premium
		Incurred	Unpaid	Premium	Unearned	Earned
16.11	Home	\$ 0 \$	0 \$	0 \$	0 \$	0
16.12	Products	\$ 0 \$	0 \$	0 \$	0 \$	0
16.13	Automobile	\$ 0 \$	0 \$	0 \$	0 \$	0
16.14	Other*	\$ 0 \$	0 \$	0 \$	0 \$	0
* Disclose type of coverage:						
17.1	Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F – Part 3 that it excludes from Schedule F – Part 5. Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F – Part 5. Provide the following information for this exemption:	Yes [ ]	No [X]			
17.11	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$	0			
17.12	Unfunded portion of Interrogatory 17.11	\$	0			
17.13	Paid losses and loss adjustment expenses portion of Interrogatory 17.11	\$	0			
17.14	Case reserves portion of Interrogatory 17.11	\$	0			
17.15	Incurred but not reported portion of Interrogatory 17.11	\$	0			
17.16	Unearned premium portion of Interrogatory 17.11	\$	0			
17.17	Contingent commission portion of Interrogatory 17.11	\$	0			
Provide the following information for all other amounts included in Schedule F – Part 3 and excluded from Schedule F – Part 5, not included above.						
17.18	Gross amount of unauthorized reinsurance in Schedule F – Part 3 excluded from Schedule F – Part 5	\$	0			
17.19	Unfunded portion of Interrogatory 17.18	\$	0			
17.20	Paid losses and loss adjustment expenses portion of Interrogatory 17.18	\$	0			
17.21	Case reserves portion of Interrogatory 17.18	\$	0			
17.22	Incurred but not reported portion of Interrogatory 17.18	\$	0			
17.23	Unearned premium portion of Interrogatory 17.18	\$	0			
17.24	Contingent commission portion of Interrogatory 17.18	\$	0			
18.1	Do you act as a custodian for health savings accounts?	Yes [ ]	No [X]			
18.2	If yes, please provide the amount of custodial funds held as of the reporting date.	\$	0			
18.3	Do you act as an administrator for health savings accounts?	Yes [ ]	No [X]			
18.4	If yes, please provide the balance of the funds administered as of the reporting date.	\$	0			

**PROGRESSIVE GULF INSURANCE COMPANY**  
**FIVE-YEAR HISTORICAL DATA**

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

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 &amp; 3)</b>					
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).....	308,793,738	313,351,694	309,288,731	298,979,657	284,982,725
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	182,504,169	182,765,282	178,120,900	169,456,376	159,592,117
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	857,304	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).....	492,155,468	496,867,916	488,016,473	468,997,793	445,111,332
<b>Net Premiums Written (Page 8, Part 1B, Col. 6)</b>					
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	127,117,433	121,588,514	116,115,521	108,460,787
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	199,659,982	190,112,684	181,548,562	169,432,147
<b>Statement of Income (Page 4)</b>					
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).....	4,769,007	5,176,103	6,282,821	7,294,588	12,226,479
15. Total other income (Line 15).....	2,228,127	2,937,403	3,320,594	3,354,951	3,469,439
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	6,917,127	7,056,091	7,006,871	5,481,117	6,738,260
18. Net income (Line 20).....	14,848,226	15,870,103	13,404,697	11,014,070	18,618,675
<b>Balance Sheet Lines (Pages 2 and 3)</b>					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	244,054,726	241,522,235	257,262,184	282,446,649	316,137,928
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	4,488,731	5,859,317	5,602,635	5,324,276	5,734,936
20.2 Deferred and not yet due (Line 15.2).....	54,423,307	54,822,022	56,530,291	55,796,127	51,889,030
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	173,485,313	165,143,226	161,538,831	155,436,576	142,153,426
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).....	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
26. Surplus as regards policyholders (Page 3, Line 37).....	70,569,413	76,379,009	95,723,353	127,010,073	173,984,502
<b>Cash Flow (Page 5)</b>					
27. Net cash from operations (Line 11).....	25,223,100	21,634,120	20,444,272	20,127,596	16,565,252
<b>Risk-Based Capital Analysis</b>					
28. Total adjusted capital.....	70,569,413	76,379,009	95,723,353	127,010,073	173,984,502
29. Authorized control level risk-based capital.....	6,799,170	6,962,872	6,745,632	6,050,751	5,758,581
<b>Percentage Distribution of Cash, Cash Equivalents and Invested Assets</b> (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1).....	88.1	96.9	100.0	96.9	100.0
31. Stocks (Lines 2.1 & 2.2).....					
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	11.9	3.1		3.1	
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivable for securities (Line 9).....					
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
<b>Investments in Parent, Subsidiaries and Affiliates</b>					
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 GULF INSURANCE COMPANY**  
**FIVE-YEAR HISTORICAL DATA**  
(Continued)

	1 2015	2 2014	3 2013	4 2012	5 2011
<b>Capital and Surplus Accounts (Page 4)</b>					
51. Net unrealized capital gains (losses) (Line 24).....			166,183	(110,023)	(56,160)
52. Dividends to stockholders (Line 35).....	(21,000,000)	(35,000,000)	(45,000,000)	(59,500,000)	(75,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	(5,809,596)	(19,344,344)	(31,286,720)	(46,974,429)	(57,294,122)
<b>Gross Losses Paid (Page 9, Part 2, Cols. 1 &amp; 2)</b>					
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).....	178,532,542	189,345,237	188,200,094	177,531,413	170,935,844
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	108,555,151	116,719,121	124,423,341	107,510,949	100,094,029
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).....	287,395,099	306,403,191	312,928,922	285,513,687	271,402,442
<b>Net Losses Paid (Page 9, Part 2, Col. 4)</b>					
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	76,196,173	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	121,657,855	114,080,945	110,466,668	101,704,101
<b>Operating Percentages</b> (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
<b>Other Percentages</b>					
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).....	19.5	19.1	19.4	19.3	19.9
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).....	292.1	261.4	198.6	142.9	97.4
<b>One Year Loss Development (000 omitted)</b>					
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).....	(3.5)	(0.4)	0.7	0.4	(0.5)
<b>Two Year Loss Development (000 omitted)</b>					
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).....	(1.0)	0.5	0.7	(0.8)	(1.8)

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	.....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	Direct and Assumed	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			288	XXX.....
6. 2010.....	1,078	630	264	261	72	0	2	1	53			575	XXX.....
7. 2011.....	1,572	725	187	184	145	0	3	3	89			1,085	XXX.....
8. 2012.....	3,542	1,134	1,018	256	385	0	218	3	267			4,036	XXX.....
9. 2013.....	7,054	1,245	1,216	233	1,024	1	269	1	565			8,648	XXX.....
10. 2014.....	13,239	248	3,723	1,057	1,752	1	465	1	1,403			19,275	XXX.....
11. 2015.....	34,586	907	9,569	1,120	2,399	1	905	2	4,420			49,851	XXX.....
12. Totals.....	69,169	12,240	16,677	3,622	5,894	4	1,887	14	6,967	0		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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 2015	11 One Year	12 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 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 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 2006	2 2007	3 2008	4 2009	5 2010	6 2011	7 2012	8 2013	9 2014	10 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 GULF INSURANCE COMPANY**  
**SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN**

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....	AL ..N.								
2. Alaska.....	AK ..N.								
3. Arizona.....	AZ ..N.								
4. Arkansas.....	AR ..N.								
5. California.....	CA ..N.								
6. Colorado.....	CO ..N.								
7. Connecticut.....	CT ..N.								
8. Delaware.....	DE ..N.								
9. District of Columbia.....	DC ..N.								
10. Florida.....	FL ..N.								
11. Georgia.....	GA ..L.								
12. Hawaii.....	HI ..N.								
13. Idaho.....	ID ..N.								
14. Illinois.....	IL ..N.								
15. Indiana.....	IN ..N.								
16. Iowa.....	IA ..N.								
17. Kansas.....	KS ..N.								
18. Kentucky.....	KY ..N.								
19. Louisiana.....	LA ..N.								
20. Maine.....	ME ..N.								
21. Maryland.....	MD ..N.								
22. Massachusetts.....	MA ..N.								
23. Michigan.....	MI ..Q.								
24. Minnesota.....	MN ..N.								
25. Mississippi.....	MS ..L.	135,050,848	133,924,892						
26. Missouri.....	MO ..N.								
27. Montana.....	MT ..N.								
28. Nebraska.....	NE ..N.								
29. Nevada.....	NV ..N.								
30. New Hampshire.....	NH ..N.								
31. New Jersey.....	NJ ..N.								
32. New Mexico.....	NM ..N.								
33. New York.....	NY ..N.								
34. North Carolina.....	NC ..N.								
35. North Dakota.....	ND ..N.								
36. Ohio.....	OH ..L.								
37. Oklahoma.....	OK ..N.								
38. Oregon.....	OR ..E.								
39. Pennsylvania.....	PA ..N.								
40. Rhode Island.....	RI ..N.								
41. South Carolina.....	SC ..N.								
42. South Dakota.....	SD ..N.								
43. Tennessee.....	TN ..N.								
44. Texas.....	TX ..N.								
45. Utah.....	UT ..N.								
46. Vermont.....	VT ..N.								
47. Virginia.....	VA ..L.	150,971,592	152,096,972						
48. Washington.....	WA ..N.								
49. West Virginia.....	WV ..N.								
50. Wisconsin.....	WI ..N.								
51. Wyoming.....	WY ..N.								
52. American Samoa.....	AS ..N.								
53. Guam.....	GU ..N.								
54. Puerto Rico.....	PR ..N.								
55. US Virgin Islands.....	VI ..N.								
56. Northern Mariana Islands.....	MP ..N.								
57. Canada.....	CAN ..N.								
58. Aggregate Other Alien.....	OT XXX	0	0	0	0	0	0	0	0
59. Totals.....	(a) 4	286,022,440	286,021,864	0	167,172,570	166,144,300	90,592,473	5,398,985	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;

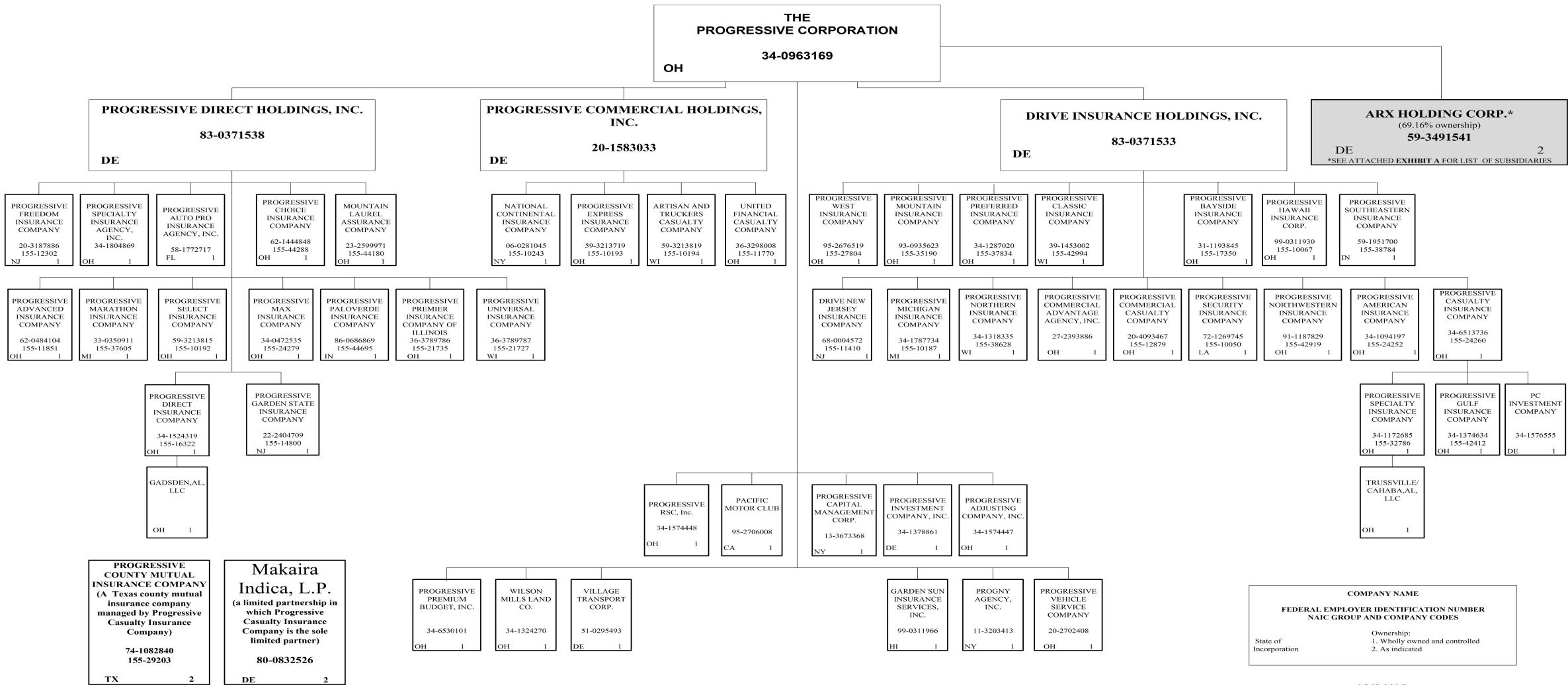
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.

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



12/31/15

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

## PART 1 – ORGANIZATIONAL CHART

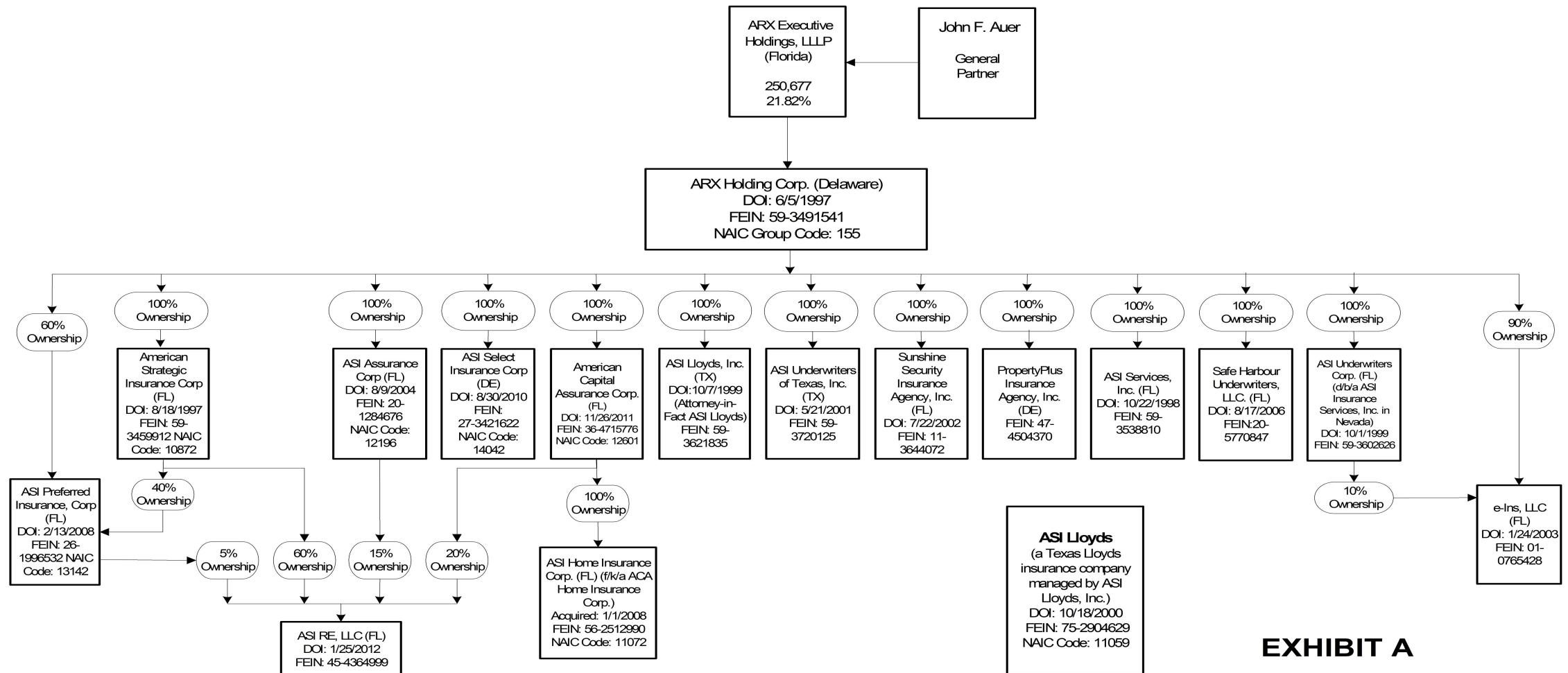


EXHIBIT A