24260201620100100

ANNUAL STATEMENT

For the Year Ended December 31, 2016

of the Condition and Affairs of the

PROGRESSIVE CASUALTY INSURANCE COMPANY

NAIC Group Code.....155, 155 (Current Period) (Prior Period) | NAIC Company Code..... 24260 | Employer's ID Number..... 34-6513736

Organized under the Laws of OH | State of Domicile or Port of Entry OH | Country of Domicile US

Incorporated/Organized..... November 19, 1956 | Commenced Business..... December 11, 1956

Statutory Home Office	6300 WILSON MILLS ROAD, W33….. CLEVELAND ..... OH ..... US ..... 44143-2182 *(Street and Number) (City or Town, State, Country and Zip Code)*
Main Administrative Office	6300 WILSON MILLS ROAD, W33….. CLEVELAND ..... OH ..... US..... 44143-2182 440-461-5000 *(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)*
Mail Address	P.O. BOX 89490….. CLEVELAND ..... OH ..... US ..... 44101-6490 *(Street and Number or P. O. Box) (City or Town, State, Country and Zip Code)*
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33….. CLEVELAND ..... OH ..... US ..... 44143-2182 440-395-4460 *(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)*
Internet Web Site Address	PROGRESSIVE.COM
Statutory Statement Contact	MARY BETH ANDREANO 440-395-4460 *(Name) (Area Code) (Telephone Number) (Extension)* FINANCIAL_REPORTING@PROGRESSIVE.COM 440-603-5500 *(E-Mail Address) (Fax Number)*

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

OFFICERS

Name	Title	Name	Title
GEOFFREY THOMAS SOUSER	PRESIDENT	PETER JAMES ALBERT #	SECRETARY
PATRICK SEAN BRENNAN #	TREASURER		

OTHER

PETER JAMES ALBERT	(VICE PRESIDENT)	MARY BETH ANDREANO	(VICE PRESIDENT)
KAREN BARONE BAILO	(VICE PRESIDENT)	KIARA COX BERGLUND #	(VICE PRESIDENT)
STEVEN ANTHONY BROZ #	(VICE PRESIDENT)	KATHLEEN MARY CERNY	(ASST. SECRETARY)
BRIAN JOSEPH CHYLIK #	(VICE PRESIDENT)	BRIAN DOUGLAS COURTNEY	(VICE PRESIDENT)
CHRISTINA LYNN CREWS	(ASST. SECRETARY)	HEATHER ELIZABETH DAY	(VICE PRESIDENT)
MATTHEW HERRICK DOWNING	(VICE PRESIDENT)	MICHAEL VINCENT ESPOSITO	(VICE PRESIDENT)
SARAH ELIZABETH FRYE	(VICE PRESIDENT)	JAMES EDWARD GLENN JR.	(VICE PRESIDENT)
JAMES LEE KUSMER	(ASST. TREASURER)	NEIL JOSEPH LENANE	(VICE PRESIDENT)
LYNN NAVARRE MAJOR	(VICE PRESIDENT)	RONALD PAUL MAROTTO	(VICE PRESIDENT)
DAVID LLOYD PRATT	(VICE PRESIDENT)	ANDREW JOHN QUIGG	(VICE PRESIDENT)
CARRIE FISHER RADIVOYEVITCH	(VICE PRESIDENT)	KAREN APRIL TOTH	(VICE PRESIDENT)
JAY CHADWICK VANANTWERP	(VICE PRESIDENT)		

DIRECTORS OR TRUSTEES

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

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

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

(Signature)	(Signature)	(Signature)
GEOFFREY THOMAS SOUSER	CHRISTINA LYNN CREWS	JAMES LEE KUSMER
1. (Printed Name)	2. (Printed Name)	3. (Printed Name)
PRESIDENT	ASSISTANT SECRETARY	ASSISTANT TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me
This 14TH day of FEBRUARY, 2017

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

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	2,258,676,243		2,258,676,243	2,079,524,281
2. Stocks (Schedule D):				
2.1 Preferred stocks	72,522,030		72,522,030	116,273,908
2.2 Common stocks	1,964,714,665		1,964,714,665	1,895,939,926
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)	542,006,808		542,006,808	546,547,370
4.2 Properties held for the production of income (less $..........0 encumbrances)			0	
4.3 Properties held for sale (less $..........0 encumbrances)	12,627,274		12,627,274	13,024,860
5. Cash ($.....189,381,510, Schedule E-Part 1), cash equivalents ($.....234,560,090, Schedule E-Part 2) and short-term investments ($.....445,684,210, Schedule DA)	869,625,810		869,625,810	547,616,508
6. Contract loans (including $..........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)	172,835,029	5,113,456	167,721,573	139,780,760
9. Receivables for securities	54,890		54,890	
10. Securities lending reinvested collateral assets (Schedule DL)			0	
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	5,893,062,749	5,113,456	5,887,949,293	5,338,707,613
13. Title plants less $..........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	12,696,427		12,696,427	13,830,728
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	161,286,317	18,119,020	143,167,297	116,685,904
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $..........0 earned but unbilled premiums)	766,789,955		766,789,955	677,962,232
15.3 Accrued retrospective premiums ($..........0) and contracts subject to redetermination ($..........0)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	31,634,803		31,634,803	10,073,818
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon	16,028,422		16,028,422	
18.2 Net deferred tax asset	66,879,631		66,879,631	73,708,598
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software	162,098,260	129,618,052	32,480,208	12,216,278
21. Furniture and equipment, including health care delivery assets ($..........0)	97,238,633	97,238,633	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates			0	
24. Health care ($..........0) and other amounts receivable			0	
25. Aggregate write-ins for other-than-invested assets	158,244,731	148,763,369	9,481,362	2,375,236
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	7,365,959,928	398,852,530	6,967,107,398	6,245,560,407
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTAL (Lines 26 and 27)	7,365,959,928	398,852,530	6,967,107,398	6,245,560,407

DETAILS OF WRITE-INS

	1	2	3	4
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 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. MISCELLANEOUS OTHER ASSETS	13,712,963	7,207,469	6,505,494	
2502. STATE UNEARNED SURCHARGE RECOVERABLE	1,604,118		1,604,118	1,423,861
2503. STATE TAX CREDITS	1,371,750		1,371,750	951,375
2598. Summary of remaining write-ins for Line 25 from overflow page	141,555,900	141,555,900	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	158,244,731	148,763,369	9,481,362	2,375,236

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	1,904,295,566	1,714,633,621
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	196,779,686	195,238,940
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	397,308,302	360,894,421
4.	Commissions payable, contingent commissions and other similar charges	11,269,633	7,554,404
5.	Other expenses (excluding taxes, licenses and fees)	247,939,175	231,084,053
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	45,307,542	35,066,026
7.1	Current federal and foreign income taxes (including $..........0 on realized capital gains (losses))		21,086,100
7.2	Net deferred tax liability		
8.	Borrowed money $..........0 and interest thereon $..........0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....1,789,137,868 and including warranty reserves of $..........0 and accrued accident and health experience rating refunds including $..........0 for medical loss ratio rebate per the Public Health Service Act)	1,718,177,192	1,512,158,427
10.	Advance premium	9,558,372	7,354,588
11.	Dividends declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	(106,796,223)	(58,077,636)
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	7,582,768	4,424,342
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	111,989,067	101,414,748
19.	Payable to parent, subsidiaries and affiliates	565,244,090	492,623,962
20.	Derivatives		
21.	Payable for securities	28,150,055	
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	11,411,824	10,012,761
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	5,148,217,049	4,635,468,757
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	5,148,217,049	4,635,468,757
29.	Aggregate write-ins for special surplus funds	0	0
30.	Common capital stock	3,000,000	3,000,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other-than-special surplus funds	0	0
33.	Surplus notes		
34.	Gross paid in and contributed surplus	915,602,620	866,994,631
35.	Unassigned funds (surplus)	900,287,729	740,097,019
36.	Less treasury stock, at cost:		
	36.1 ....0.000 shares common (value included in Line 30 $..........0)		
	36.2 ....0.000 shares preferred (value included in Line 31 $..........0)		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	1,818,890,349	1,610,091,650
38.	TOTAL (Page 2, Line 28, Col. 3)	6,967,107,398	6,245,560,407

DETAILS OF WRITE-INS

2501.	OTHER LIABILITIES	5,954,438	6,181,134
2502.	STATE PLAN LIABILITY	4,901,072	3,279,407
2503.	ESCHEATABLE PROPERTY	556,314	552,220
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	11,411,824	10,012,761
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0
2999.	Totals (Lines 2901 through 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 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	5,408,158,075	4,935,163,499
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	3,506,897,438	3,023,803,017
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	565,919,157	512,017,464
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,126,793,794	1,037,521,666
5.	Aggregate write-ins for underwriting deductions	13,166	0
6.	Total underwriting deductions (Lines 2 through 5)	5,199,623,555	4,573,342,147
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	208,534,520	361,821,352
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	190,443,590	237,091,851
10.	Net realized capital gains (losses) less capital gains tax of $.....4,209,760 (Exhibit of Capital Gains (Losses))	(243,860)	5,967,702
11.	Net investment gain (loss) (Lines 9 + 10)	190,199,730	243,059,553
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $.....1,086,818 amount charged off $.....41,030,624)	(39,943,806)	(37,000,495)
13.	Finance and service charges not included in premiums	19,360,073	17,750,654
14.	Aggregate write-ins for miscellaneous income	15,197,521	19,914,874
15.	Total other income (Lines 12 through 14)	(5,386,212)	665,033
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	393,348,038	605,545,938
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)	393,348,038	605,545,938
19.	Federal and foreign income taxes incurred	71,831,206	154,741,610
20.	Net income (Line 18 minus Line 19) (to Line 22)	321,516,832	450,804,328
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	1,610,091,650	1,611,377,780
22.	Net income (from Line 20)	321,516,832	450,804,328
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $.....35,241,992	108,148,523	(62,535,595)
25.	Change in net unrealized foreign exchange capital gain (loss)	(134,888)	
26.	Change in net deferred income tax	30,255,516	18,007,491
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	(82,517,041)	(58,459,846)
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	48,607,989	19,552,928
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(220,500,000)	(369,500,000)
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)		
37.	Aggregate write-ins for gains and losses in surplus	3,421,768	844,564
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	208,798,699	(1,286,130)
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	1,818,890,349	1,610,091,650

DETAILS OF WRITE-INS

0501.	LOSS ON COMMUTATION	13,166	
0502.			
0503.			
0598.	Summary of remaining write-ins for Line 5 from overflow page	0	0
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	13,166	0
1401.	FINANCE AND SERVICE CHARGE REVENUE ASSUMED	14,658,162	15,752,860
1402.	MISCELLANEOUS INCOME	3,739,797	4,533,840
1403.	SERVICE BUSINESS REVENUE	57,834	104,011
1498.	Summary of remaining write-ins for Line 14 from overflow page	(3,258,272)	(475,837)
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	15,197,521	19,914,874
3701.	CHANGE IN ELIMINATION IN DEFERRED UNREALIZED GAIN PER SSAP 25	3,421,768	844,564
3702.			
3703.			
3798.	Summary of remaining write-ins for Line 37 from overflow page	0	0
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above)	3,421,768	844,564

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance	5,449,466,323	4,975,001,650
2. Net investment income	208,754,540	253,322,599
3. Miscellaneous income	(4,895,688)	1,508,599
4. Total (Lines 1 through 3)	5,653,325,174	5,229,832,848
5. Benefit and loss related payments	3,337,255,732	2,969,473,981
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	1,625,460,970	1,495,498,611
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of $.....907,563 tax on capital gains (losses)	113,155,488	177,565,349
10. Total (Lines 5 through 9)	5,075,872,190	4,642,537,941
11. Net cash from operations (Line 4 minus Line 10)	577,452,985	587,294,907
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,383,748,708	1,116,554,187
12.2 Stocks	168,141,662	126,643,282
12.3 Mortgage loans		
12.4 Real estate	347,082	4,697,049
12.5 Other invested assets	10,750,673	7,609,976
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	47,047	570
12.7 Miscellaneous proceeds	28,150,055	20,041,420
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,591,185,227	1,275,546,484
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,550,654,381	1,036,422,686
13.2 Stocks	58,251,837	282,646,548
13.3 Mortgage loans		
13.4 Real estate	15,243,631	14,793,132
13.5 Other invested assets	40,935,902	8,119,643
13.6 Miscellaneous applications	54,890	34,945,332
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,665,140,641	1,376,927,341
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)	(73,955,414)	(101,380,857)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock	48,607,989	19,552,928
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders	220,500,000	369,500,000
16.6 Other cash provided (applied)	(9,596,258)	15,379,992
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(181,488,269)	(334,567,080)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	322,009,301	151,346,970
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	547,616,508	396,269,538
19.2 End of year (Line 18 plus Line 19.1)	869,625,810	547,616,508

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

20.0001		

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		0	0
2.	Allied lines	0		0	0
3.	Farmowners multiple peril	0		0	0
4.	Homeowners multiple peril	22,711,402	10,734,378	11,840,085	21,605,696
5.	Commercial multiple peril	0		0	0
6.	Mortgage guaranty	0		0	0
8.	Ocean marine	0		0	0
9.	Inland marine	95,533,901	42,057,100	44,889,683	92,701,318
10.	Financial guaranty	0		0	0
11.1	Medical professional liability - occurrence	0		0	0
11.2	Medical professional liability - claims-made	14,700	1,208	1,285	14,623
12.	Earthquake	0		0	0
13.	Group accident and health	0		0	0
14.	Credit accident and health (group and individual)	0		0	0
15.	Other accident and health	0		0	0
16.	Workers' compensation	0		0	0
17.1	Other liability - occurrence	33,874,000	15,631,692	16,142,635	33,363,056
17.2	Other liability - claims-made	116,023	22,255	12,950	125,328
17.3	Excess workers' compensation	0		0	0
18.1	Products liability - occurrence	0		0	0
18.2	Products liability - claims-made	0		0	0
19.1, 19.2	Private passenger auto liability	3,087,401,655	757,467,145	853,267,638	2,991,601,162
19.3, 19.4	Commercial auto liability	430,562,550	173,915,453	207,570,794	396,907,209
21.	Auto physical damage	1,943,960,984	512,326,601	584,451,639	1,871,835,947
22.	Aircraft (all perils)	0		0	0
23.	Fidelity	0		0	0
24.	Surety	1,622	2,595	481	3,736
26.	Burglary and theft	0		0	0
27.	Boiler and machinery	0		0	0
28.	Credit	0		0	0
29.	International	0		0	0
30.	Warranty	0		0	0
31.	Reinsurance - nonproportional assumed property	0		0	0
32.	Reinsurance - nonproportional assumed liability	0		0	0
33.	Reinsurance - nonproportional assumed financial lines	0		0	0
34.	Aggregate write-ins for other lines of business	0	0	0	0
35.	TOTALS	5,614,176,838	1,512,158,426	1,718,177,190	5,408,158,074

DETAILS OF WRITE-INS

		1	2	3	4
3401.		0		0	0
3402.		0		0	0
3403.		0		0	0
3498.	Summary of remaining write-ins for Line 34 from overflow page	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)	0	0	0	0

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	11,840,085				11,840,085
5.	Commercial multiple peril					0
6.	Mortgage guaranty					0
8.	Ocean marine					0
9.	Inland marine	44,889,683				44,889,683
10.	Financial guaranty					0
11.1	Medical professional liability - occurrence					0
11.2	Medical professional liability - claims-made	1,285				1,285
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	16,142,635				16,142,635
17.2	Other liability - claims-made	10,777	2,173			12,950
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	853,267,638				853,267,638
19.3, 19.4	Commercial auto liability	207,570,794				207,570,794
21.	Auto physical damage	584,451,639				584,451,639
22.	Aircraft (all perils)					0
23.	Fidelity					0
24.	Surety	481				481
26.	Burglary and theft					0
27.	Boiler and machinery					0
28.	Credit					0
29.	International					0
30.	Warranty					0
31.	Reinsurance - nonproportional assumed property					0
32.	Reinsurance - nonproportional assumed liability					0
33.	Reinsurance - nonproportional assumed financial lines					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0
35.	TOTALS	1,718,175,017	2,173	0	0	1,718,177,190
36.	Accrued retrospective premiums based on experience					
37.	Earned but unbilled premiums					0
38.	Balance (sum of Lines 35 through 37)					1,718,177,190

DETAILS OF WRITE-INS

		1	2	3	4	5
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 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

	Line of Business	1 Direct Business (a)	Reinsurance Assumed 2 From Affiliates	Reinsurance Assumed 3 From Non-Affiliates	Reinsurance Ceded 4 To Affiliates	Reinsurance Ceded 5 To Non-Affiliates	6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
1.	Fire						0
2.	Allied lines						0
3.	Farmowners multiple peril						0
4.	Homeowners multiple peril	7,117,687	39,232,114		23,638,399		22,711,402
5.	Commercial multiple peril						0
6.	Mortgage guaranty						0
8.	Ocean marine						0
9.	Inland marine	38,380,431	156,586,713		99,433,243		95,533,901
10.	Financial guaranty						0
11.1	Medical professional liability - occurrence						0
11.2	Medical professional liability - claims-made	30,000			15,300		14,700
12.	Earthquake						0
13.	Group accident and health						0
14.	Credit accident and health (group and individual)						0
15.	Other accident and health						0
16.	Workers' compensation						0
17.1	Other liability - occurrence	13,399,304	56,798,638		35,256,612	1,067,330	33,874,000
17.2	Other liability - claims-made	250,000			120,759	13,218	116,023
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	763,631,509	5,537,188,195		3,213,418,049		3,087,401,655
19.3, 19.4	Commercial auto liability	180,796,768	698,422,180		448,136,532	519,866	430,562,550
21.	Auto physical damage	417,795,600	3,549,471,715		2,023,306,331		1,943,960,984
22.	Aircraft (all perils)						0
23.	Fidelity						0
24.	Surety	3,311			1,689		1,622
26.	Burglary and theft						0
27.	Boiler and machinery						0
28.	Credit						0
29.	International						0
30.	Warranty						0
31.	Reinsurance - nonproportional assumed property	XXX					0
32.	Reinsurance - nonproportional assumed liability	XXX					0
33.	Reinsurance - nonproportional assumed financial lines	XXX					0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
35.	TOTALS	1,421,404,610	10,037,699,555	0	5,843,326,913	1,600,414	5,614,176,838

DETAILS OF WRITE-INS

		1	2	3	4	5	6
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 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0

(a) Does the company's direct premiums written include premiums recorded on an installment basis? Yes [ ] No [X]

If yes: 1. The amount of such installment premiums $..........0.

2. Amount at which such installment premiums would have been reported had they been recorded on an annualized basis $..........0.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - LOSSES PAID AND INCURRED

		Losses Paid Less Salvage				5	6	7	8
	Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)	Net Losses Unpaid Current Year (Part 2A, Col. 8)	Net Losses Unpaid Prior Year	Losses Incurred Current Year (Cols. 4 + 5 - 6)	Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
1.	Fire				0	0		0	0.0
2.	Allied lines				0	0		0	0.0
3.	Farmowners multiple peril				0	0		0	0.0
4.	Homeowners multiple peril	2,772,787	12,805,324	7,944,837	7,633,274	1,792,504	1,824,029	7,601,749	35.2
5.	Commercial multiple peril				0	0		0	0.0
6.	Mortgage guaranty				0	0		0	0.0
8.	Ocean marine				0	0		0	0.0
9.	Inland marine	17,401,620	70,938,026	45,053,219	43,286,427	6,002,090	4,082,857	45,205,660	48.8
10.	Financial guaranty				0	0		0	0.0
11.1	Medical professional liability - occurrence				0	0		0	0.0
11.2	Medical professional liability - claims-made				0	731	733	(2)	(0.0)
12.	Earthquake				0	0		0	0.0
13.	Group accident and health				0	0		0	0.0
14.	Credit accident and health (group and individual)				0	0		0	0.0
15.	Other accident and health				0	0		0	0.0
16.	Workers' compensation	1,583	51,660	27,154	26,089	916,154	942,244	(0)	0.0
17.1	Other liability - occurrence	4,264,264	16,362,736	10,519,770	10,107,230	23,213,371	20,076,897	13,243,703	39.7
17.2	Other liability - claims-made	1,672,801	7,705	1,529,418	151,088	1,650,899	592,071	1,209,916	965.4
17.3	Excess workers' compensation				0	0		0	0.0
18.1	Products liability - occurrence				0	0		0	0.0
18.2	Products liability - claims-made				0	0		0	0.0
19.1, 19.2	Private passenger auto liability	432,154,311	3,277,204,140	1,891,772,810	1,817,585,641	1,536,298,300	1,438,977,832	1,914,906,109	64.0
19.3, 19.4	Commercial auto liability	56,619,931	289,698,232	176,662,498	169,655,665	318,834,768	235,935,087	252,555,346	63.6
21.	Auto physical damage	253,508,963	2,335,453,581	1,320,370,897	1,268,591,647	12,438,065	8,830,934	1,272,198,778	68.0
22.	Aircraft (all perils)				0	0		0	0.0
23.	Fidelity	(40,788)		(30,765)	(10,023)	3,040	9,567	(16,550)	0.0
24.	Surety				0	336	1,508	(1,172)	(31.4)
26.	Burglary and theft				0	0		0	0.0
27.	Boiler and machinery				0	0		0	0.0
28.	Credit				0	0		0	0.0
29.	International				0	0		0	0.0
30.	Warranty				0	0		0	0.0
31.	Reinsurance - nonproportional assumed property	XXX			0	0		0	0.0
32.	Reinsurance - nonproportional assumed liability	XXX	425,415	216,962	208,453	3,145,310	3,359,861	(6,098)	0.0
33.	Reinsurance - nonproportional assumed financial lines	XXX			0	0		0	0.0
34.	Aggregate write-ins for other lines of business	0	0	0	0	0	0	0	0.0
35.	TOTALS	768,355,472	6,002,946,819	3,454,066,800	3,317,235,491	1,904,295,569	1,714,633,620	3,506,897,440	64.8

DETAILS OF WRITE-INS

3401.					0	0		0	0.0
3402.					0	0		0	0.0
3403.					0	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 through 3403 plus 3498) (Line 34 above)	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
	Line of Business	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire				0				0	
2.	Allied lines				0				0	
3.	Farmowners multiple peril				0				0	
4.	Homeowners multiple peril	557,068	1,628,072	1,114,421	1,070,719	244,430	1,228,602	751,246	1,792,504	397,081
5.	Commercial multiple peril				0				0	
6.	Mortgage guaranty				0				0	
8.	Ocean marine				0				0	
9.	Inland marine	1,353,884	6,640,358	4,077,063	3,917,179	904,549	3,350,373	2,170,010	6,002,090	1,024,496
10.	Financial guaranty				0				0	
11.1	Medical professional liability - occurrence				0				0	
11.2	Medical professional liability - claims-made				0	1,492		761	731	643
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	75,348	1,794,355	953,549	916,154				916,154	50,983
17.1	Other liability - occurrence	10,286,253	24,459,713	18,549,768	16,196,198	3,094,581	12,400,592	8,478,001	23,213,371	3,468,790
17.2	Other liability - claims-made	1,255,296		1,044,423	210,873	3,366,029		1,926,003	1,650,899	117,593
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	355,792,729	2,065,986,890	1,235,107,606	1,186,672,013	84,944,098	628,578,937	363,896,748	1,536,298,300	328,725,462
19.3, 19.4	Commercial auto liability	103,373,240	448,343,438	281,649,771	270,066,908	18,768,912	81,221,598	51,222,649	318,834,768	48,256,158
21.	Auto physical damage	16,553,718	117,627,995	68,432,674	65,749,039	(11,098,264)	(97,699,951)	(55,487,242)	12,438,065	15,260,498
22.	Aircraft (all perils)				0				0	
23.	Fidelity	100,100		100,076	25	58,057		55,042	3,040	5,990
24.	Surety				0	3,809		3,473	336	606
26.	Burglary and theft				0				0	
27.	Boiler and machinery				0				0	
28.	Credit				0				0	
29.	International				0				0	
30.	Warranty				0				0	
31.	Reinsurance - nonproportional assumed property	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability	XXX	1,463,869	746,573	717,296	XXX	4,955,130	2,527,116	3,145,310	
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	489,347,636	2,667,944,690	1,611,775,923	1,545,516,403	100,287,693	634,035,281	375,543,808	1,904,295,569	397,308,299

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 through 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.

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	31,794,697			31,794,697
1.2 Reinsurance assumed	155,025,473			155,025,473
1.3 Reinsurance ceded	95,303,926			95,303,926
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3)	91,516,243	0	0	91,516,243
2. Commission and brokerage:				
2.1 Direct, excluding contingent		142,160,368		142,160,368
2.2 Reinsurance assumed, excluding contingent		926,760,853		926,760,853
2.3 Reinsurance ceded, excluding contingent		545,295,010		545,295,010
2.4 Contingent - direct		2,095,279		2,095,279
2.5 Contingent - reinsurance assumed		24,846,468		24,846,468
2.6 Contingent - reinsurance ceded		13,740,291		13,740,291
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	536,827,667	0	536,827,667
3. Allowances to manager and agents		3,280,685		3,280,685
4. Advertising	53,981	51,521,206		51,575,187
5. Boards, bureaus and associations	1,360,651	2,674,081		4,034,732
6. Surveys and underwriting reports		33,912,564		33,912,564
7. Audit of assureds' records				0
8. Salary and related items:				
8.1 Salaries	321,448,011	227,293,689	2,775,144	551,516,843
8.2 Payroll taxes	22,316,647	14,973,918	72,879	37,363,443
9. Employee relations and welfare	54,733,378	36,158,525	104,643	90,996,545
10. Insurance	756,311	645,070		1,401,381
11. Directors' fees				0
12. Travel and travel items	13,664,792	3,838,493	16,666	17,519,951
13. Rent and rent items	18,408,704	19,146,018	60,491	37,615,213
14. Equipment	1,365,174	6,101,569		7,466,742
15. Cost or depreciation of EDP equipment and software	21,239,122	34,526,378	38,771	55,804,272
16. Printing and stationery	1,833,776	3,234,892	6,122	5,074,790
17. Postage, telephone and telegraph, exchange and express	14,381,056	30,127,521	20,572	44,529,149
18. Legal and auditing	1,790,813	3,921,199	495,685	6,207,698
19. Totals (Lines 3 to 18)	473,352,415	471,355,807	3,590,973	948,299,196
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of $.....60,274		92,641,341		92,641,341
20.2 Insurance department licenses and fees	564,842	5,144,777		5,709,618
20.3 Gross guaranty association assessments		300,263		300,263
20.4 All other (excluding federal and foreign income and real estate)	95,878	16,407,924		16,503,803
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4)	660,720	114,494,304	0	115,155,024
21. Real estate expenses			24,947,734	24,947,734
22. Real estate taxes			8,673,472	8,673,472
23. Reimbursements by uninsured plans				0
24. Aggregate write-ins for miscellaneous expenses	389,778	4,116,016	571,504	5,077,298
25. Total expenses incurred	565,919,157	1,126,793,794	37,783,684	(a)..........1,730,496,635
26. Less unpaid expenses - current year	397,308,302	292,875,795	11,640,555	701,824,653
27. Add unpaid expenses - prior year	360,894,420	262,024,530	11,679,954	634,598,904
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)	529,505,275	1,095,942,529	37,823,083	1,663,270,886

DETAILS OF WRITE-INS

	1	2	3	4
2401. MISCELLANEOUS EXPENSES	389,778	4,116,016	571,504	5,077,298
2402.				0
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above)	389,778	4,116,016	571,504	5,077,298

(a) Includes management fees of $.....953,376,493 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) 1,944,898	2,458,529
1.1	Bonds exempt from U.S. tax	(a) 5,136,548	4,340,914
1.2	Other bonds (unaffiliated)	(a) 41,815,817	41,212,385
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 7,024,948	6,020,380
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	19,925,228	20,008,909
2.21	Common stocks of affiliates	90,800,000	90,800,000
3.	Mortgage loans	(c)	
4.	Real estate	(d) 75,900,682	75,941,530
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 5,861,679	6,492,852
7.	Derivative instruments	(f)	
8.	Other invested assets	212,405	212,405
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	248,622,205	247,487,904
11.	Investment expenses		(g) 37,783,684
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) 19,260,629
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		57,044,313
17.	Net investment income (Line 10 minus Line 16)		190,443,591

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

(a) Includes $.....10,190,859 accrual of discount less $.....8,151,000 amortization of premium and less $.....1,925,785 paid for accrued interest on purchases.
(b) Includes $.....5,874 accrual of discount less $.....1,152 amortization of premium and less $.....380,486 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 $.....72,552,958 for company's occupancy of its own buildings; and excludes $..........0 interest on encumbrances.
(e) Includes $.....5,637,412 accrual of discount less $.....655,660 amortization of premium and less $.....42,573 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 $.....19,260,629 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	229,812		229,812		
1.1	Bonds exempt from U.S. tax	2,393,427		2,393,427		
1.2	Other bonds (unaffiliated)	6,411,672		6,411,672	1,171,524	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)	1,207,100	(5,600,000)	(4,392,900)	4,438,800	
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	14,930,071	(870,465)	14,059,606	78,103,345	
2.21	Common stocks of affiliates			0	42,699,106	
3.	Mortgage loans			0		
4.	Real estate	(50,503)	(523,565)	(574,068)		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	47,047		47,047		
7.	Derivative instruments			0		
8.	Other invested assets	10,750,673	(24,959,368)	(14,208,695)	16,977,735	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	35,919,299	(31,953,398)	3,965,901	143,390,510	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 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

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)	5,113,456	100,000	(5,013,456)
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)	5,113,456	100,000	(5,013,456)
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	18,119,020	15,722,946	(2,396,074)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans			0
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset			0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software	129,618,052	101,021,887	(28,596,165)
21. Furniture and equipment, including health care delivery assets	97,238,633	72,429,391	(24,809,242)
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	148,763,369	127,061,265	(21,702,104)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	398,852,530	316,335,489	(82,517,041)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	398,852,530	316,335,489	(82,517,041)

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 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. PREPAID EXPENSES	141,555,900	123,879,736	(17,676,164)
2502. MISCELLANEOUS OTHER ASSETS	7,207,469	3,181,529	(4,025,940)
2503.			0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	148,763,369	127,061,265	(21,702,104)

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

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

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

	SSAP #	F/S Page	F/S Line #	2016	2015
NET INCOME					
(1) PROGRESSIVE CASUALTY INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	$ 321,516,832	$ 450,804,328
(2) State Prescribed Practices that increase/decrease NAIC SAP					
(3) State Permitted Practices that increase/decrease NAIC SAP					
(4) NAIC SAP (1 – 2 – 3 = 4)	XXX	XXX	XXX	$ 321,516,832	$ 450,804,328
SURPLUS					
(5) PROGRESSIVE CASUALTY INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	$ 1,818,890,349	$ 1,610,091,650
(6) State Prescribed Practices that increase/decrease NAIC SAP					
(7) State Permitted Practices that increase/decrease NAIC SAP					
(8) NAIC SAP (5 – 6 – 7 = 8)	XXX	XXX	XXX	$ 1,818,890,349	$ 1,610,091,650

B. Use of Estimates in the Preparation of the Financial Statement

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

C. Accounting Policy

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

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

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

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

In addition, the Company uses the following accounting policies:

Investments

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

NOTES TO FINANCIAL STATEMENTS

- The Company owns 100% of the common stock of Progressive Specialty Insurance Company ("Specialty"), an insurance affiliate domiciled in Ohio, Progressive Gulf Insurance Company ("Gulf"), an insurance affiliate domiciled in Ohio, and PC Investment Company ("PCI"), a non-insurance affiliate. These investments are reported on the equity basis as described in the *Purposes and Procedures Manual of the Securities Valuation Office* of the NAIC.

- The Company owns a 99.0% interest of the Solar Eclipse Investment Fund XXVI, LLC., a non-insurance affiliate incorporated in California. In accordance with SSAP No. 4 – Assets and Nonadmitted Assets, this investment is reported as other invested assets in the Company's statutory-basis financial statements (see Schedule BA). This investment is reported on the equity basis as prescribed in the *Accounting Practices and Procedures Manual* of the NAIC. See Notes 6.B and 21.C.1.

- Investments in limited partnerships (see Note 6) are valued by using the Generally Accepted Accounting Principles equity method of accounting.

- The Company has no investments in derivatives.

- The Company may enter into repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. The Company did not have any open repurchase agreements at December 31, 2016 and December 31, 2015.

- The Company may enter into reverse repurchase commitment transactions. In these transactions, the Company loans cash to an accredited bank and receives U.S. Treasury Notes pledged as general collateral against the cash borrowed. The Company chooses to enter into these transactions as rates on general collateral are more attractive than other short-term rates available in the market. The Company's exposure to credit risk is limited, as these internally managed transactions are typically overnight arrangements. The income generated on these transactions is calculated at the then applicable general collateral rates on the value of U.S. Treasury securities received. The Company has counterparty exposure on reverse repurchase agreements in the event of a counterparty default to the extent the general collateral security's value is below the cash which was delivered to acquire the collateral. The short-term duration of the transactions (primarily overnight investing) reduces that default exposure. The Company did not have any open reverse repurchase commitment transactions at December 31, 2016 and December 31, 2015. See Note 5.H.1.

- Realized gains and losses on sales of securities are computed based on the first-in, first-out method.

- The Company's management routinely monitors individual securities in its investment portfolio for pricing changes that might indicate potential impairments and performs detailed reviews of securities with unrealized losses based on predetermined guidelines to determine whether a decline in the value of a security is other-than-temporary. A review for OTTI requires making certain judgments regarding the materiality of the decline, its effect on the financial statements, the probability, extent, and timing of a valuation recovery, and the Company's ability and intent to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market-related prospects of the issuer and its industry.

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

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

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

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

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

  All real estate except land is depreciated over its estimated useful life using the straight-line method.

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

Loss, Loss Adjustment Expense, and Premium Deficiency Reserves

- Loss reserves represent the estimated liability on claims reported to the Company, plus reserves for losses incurred but not yet reported ("IBNR"). These estimates are reported net of amounts recoverable from salvage and subrogation. LAE reserves represent the estimated expenses required to settle reported claims and IBNR losses. Such loss and LAE reserves could be susceptible to significant change in the near term. The Company conducts extensive reviews each month on portions of its business to help ensure that the Company is meeting its objective of always having reserves that are adequate with minimal variation. Results would differ if different assumptions were made (see Notes 25 and 33).

- The Company does anticipate investment income when evaluating the need for premium deficiency reserves. See Note 30.

Capitalization of Assets

- The Company has written capitalization policies for its various asset classes. There have been no changes to the predefined capitalization thresholds from the prior year. The Prepaid assets above a $100,000 threshold are capitalized. Under certain circumstances, the Company may decide to establish a prepaid expense for amounts less than the threshold. Prepaid assets are nonadmitted.

Pharmaceutical Rebate Receivables

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

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.

Note 2 – Accounting Changes and Corrections of Errors

Not applicable

Note 3 – Business Combinations and Goodwill

Not applicable

Note 4 – Discontinued Operations

Not applicable

Note 5 – Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable

B. Debt Restructuring

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. During the year, the Company has not recorded an other-than-temporary impairment for loan-backed and structured debt securities during the current year.

4. At the end of the reporting period, 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:

a.	The aggregate amount of unrealized losses:	1.	Less than 12 Months	$	5,265,453
		2.	12 Months or Longer	$	5,190,713
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than12 Months	$	339,182,886
		2.	12 Months or Longer	$	339,292,367

5. Additional information

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

F. Real Estate

1. Impairment Losses

The Company recognized impairment write-downs for its investments in real estate during the statement period. The amount of impairment recognized of $523,565 (see Schedule A, Part 1, Column 12) is reflected in realized capital gains (losses) in the Company's Statement of Income. The impairment losses primarily reflect write-downs associated with various call and claims service centers.

2. Sales of Real Estate

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

On January 29, 2016, the Company sold land to a third party and received $347,082, net of commissions and other expenses (Schedule A, Part 3, Column 15). In accordance with SSAP 40 – Real Estate Investments, the land was classified as "Property Held for Sale," and therefore was measured at the lower of book/adjusted carrying value or fair market value less cost to sell. The Company recorded a realized net loss on the sale of $50,503 (Schedule A, Part 3, Column 17), which is included in realized capital gains (losses) in the Company's Statement of Income.

See Note 22

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

Not applicable

4. Retail Land Sales

Not applicable

5. Real Estate Investments with Participating Mortgage Loan Features

Not applicable

G. Investments in Low-Income Housing Trade Credits (LIHTC)

Not applicable

NOTES TO FINANCIAL STATEMENTS

H. Restricted Assets

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

	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year									Percentage	
	1	2	3	4	5	6	7	8	9	10	11
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown											
b. Collateral held under security lending arrangements											
c. Subject to repurchase agreements											
d. Subject to reverse repurchase agreements											
e. Subject to dollar repurchase agreements											
f. Subject to dollar reverse repurchase agreements											
g. Placed under option contracts											
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock											
i. FHLB capital stock											
j. On deposit with states	4,923,915				4,923,915	4,881,392	42,523		4,923,915	0.067	0.071
k. On deposit with other regulatory bodies											
l. Pledged as collateral to FHLB (including assets backing funding agreements)											
m. Pledged as collateral not captured in other categories	97,489,433				97,489,433	78,755,913	18,733,520		97,489,433	1.324	1.399
n. Other restricted assets											
o. Total Restricted Assets	$ 102,413,348	$	$	$	$ 102,413,348	$ 83,637,305	$ 18,776,043		$ 102,413,348	1.390	1.470%

(a) Subset of column 1
(b) Subset of column 3
(c) Column 5 divided by Asset Page, Column 1, Line 28
(d) Column 9 divided by Asset Page, Column 3, Line 28

2. Detail of assets pledged as collateral not captured in other categories (from above table) is as follows:

	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
Description of Assets	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Aetna, Progressive County Mutual Insurance Company, and Morgan Stanley Trusts - See Note 21.C	$ 97,489,433	$	$	$	$ 97,489,433	$ 78,755,913	$ 18,733,520	$ 97,489,433	1.324	1.399
Total (c)	$ 97,489,433	$	$	$	$ 97,489,433	$ 78,755,913	$ 18,733,520	$ 97,489,433	1.324	1.399

(a) Subset of column 1
(b) Subset of column 3
(c) Total Line for Columns 1 through 7 should equal 5H(1)m Columns 1 through 7 respectively and Total Line for Columns 8 through 10 should equal 5H(1)m Columns 9 through 11 respectively.

3. Detail of Other Restricted Assets

Not applicable

4. Collateral Received and reflected as Assets Within the Reporting Entity's Financial Statements

Not applicable

I. Working Capital Finance Investments

Not applicable

J. Offsetting and Netting of Assets and Liabilities

Not applicable

K. Structured Notes

Not applicable

L. 5* Securities

Not applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

A. Detail for Those Greater than 10% of Admitted Assets

At the reporting period, there were no investments in joint ventures, partnerships, and limited liability companies ("LLC's") greater than 10% of the Company's admitted assets.

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

The Company holds a renewable energy investment, Solar Eclipse Investment Fund XXVI, LLC. ("Solar Investment"). The investment generates a return in part through the realization of Federal income tax credits, as well as other tax benefits, such as tax deductions from net operating losses, and distributions of positive cash flow. This investment is not considered part of the Company's investment portfolio and is reflected on Page 2, Assets, as an other invested asset and is nonadmitted. See Notes 1.C and 21.C.1.

During 2016, the Company recorded a write-down of $24,959,368 (see Page 12, Exhibit of Capital Gains (Losses)), reflecting the fact that the future pretax cash flows are expected to be less than the original carrying value of the Solar Investment.

Note 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

Note 8 – Derivative Instruments

Not applicable

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

1. Components of Net Deferred Tax Asset/(Liability)

	2016			2015			Change		
Description	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Gross deferred tax assets	$ 336,602,929	$ 18,379,813	$ 354,982,742	$ 284,621,188	$ 23,084,737	$ 307,705,925	$ 51,981,741	$ (4,704,924)	$ 47,276,817
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	336,602,929	18,379,813	354,982,742	284,621,188	23,084,737	307,705,925	51,981,741	(4,704,924)	47,276,817
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	336,602,929	18,379,813	354,982,742	284,621,188	23,084,737	307,705,925	51,981,741	(4,704,924)	47,276,817
f. Deferred tax liabilities	75,662,126	212,440,985	288,103,111	68,629,985	165,367,342	233,997,327	7,032,141	47,073,643	54,105,784
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$ 260,940,803	$ (194,061,172)	$ 66,879,631	$ 215,991,203	$ (142,282,605)	$ 73,708,598	$ 44,949,600	$ (51,778,567)	$ (6,828,967)

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components

	2016			2015			Change		
Description	1 Ordinary	2 Capital	3 (Col 1+2) Total	4 Ordinary	5 Capital	6 (Col 4+5) Total	7 (Col 1-4) Ordinary	8 (Col 2-5) Capital	9 (Col 7+8) Total
a. Federal income taxes paid in prior years recoverable through loss carrybacks	$ 219,035,347	$	$ 219,035,347	$ 249,133,039	$	$ 249,133,039	$ (30,097,692)	$	$ (30,097,692)
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:	99,558,096		99,558,096	20,764,868		20,764,868	78,793,228		78,793,228
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	99,558,096		99,558,096	20,764,868		20,764,868	78,793,228		78,793,228
Adjusted gross deferred tax assets allowed per limitation threshold			257,929,577			228,625,016			29,304,561
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	18,009,486	18,379,813	36,389,299	14,723,281	23,084,737	37,808,018	3,286,205	(4,704,924)	(1,418,719)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c)	$ 336,602,929	$ 18,379,813	$ 354,982,742	$ 284,621,188	$ 23,084,737	$ 307,705,925	$ 51,981,741	$ (4,704,924)	$ 47,276,817

3. Other Admissibility Criteria

	Description	2016	2015
a.	Ratio percentage used to determine recovery period and threshold limitation amount	558.057%	528.000%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 1,719,530,511	$ 1,524,166,774

4. Impact of Tax Planning Strategies

(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.

	2016		2015		Change	
Description	1 Ordinary	2 Capital	3 Ordinary	4 Capital	5 (Col. 1-3) Ordinary	6 (Col. 2-4) Capital
1. Adjusted gross DTAs amount from Note 9A1(c)	$ 336,602,929	$ 18,379,813	$ 284,621,188	$ 23,084,737	$ 51,981,741	$ (4,704,924)
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0 %	0 %	0 %	0 %	0 %	0 %
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	$ 336,602,929	$ 18,379,813	$ 284,621,188	$ 23,084,737	$ 51,981,741	$ (4,704,924)
4 Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0 %	0 %	0 %	0 %	0 %	0 %

(b) Does the company's tax planning strategies include the use of reinsurance? NO

B. Deferred Tax Liabilities Not Recognized

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Current and Deferred Income Taxes

1. Current Income Tax

Description	1 2016	2 2015	3 (Col 1-2) Change
a. Federal	$ 71,831,206	$ 154,741,610	$ (82,910,404)
b. Foreign			
c. Subtotal	$ 71,831,206	$ 154,741,610	$ (82,910,404)
d. Federal income tax on net capital gains	4,209,760	(953,936)	5,163,696
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	$ 76,040,966	$ 153,787,674	$ (77,746,708)

2. Deferred Tax Assets

Description	1 2016	2 2015	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	$ 17,956,616	$ 17,835,241	$ 121,375
2. Unearned premium reserve	121,601,178	106,916,260	14,684,918
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	85,325,297	65,435,756	19,889,541
8. Compensation and benefits accrual	45,920,824	40,094,629	5,826,195
9. Pension accrual			
10. Receivables - nonadmitted	6,341,657	5,503,031	838,626
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other – other nonadmitted assets	53,860,503	44,455,452	9,405,051
14. Other – bad debt reserve	3,322,222	3,023,462	298,760
15. Other – foreign currency translation			
16. Other (including items <5% of total ordinary tax assets)	2,274,632	1,357,357	917,275
99. Subtotal	$ 336,602,929	$ 284,621,188	$ 51,981,741
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	$ 336,602,929	$ 284,621,188	$ 51,981,741
e. Capital:			
1. Investments	$ 18,379,813	$ 23,084,737	$ (4,704,924)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	$ 18,379,813	$ 23,084,737	$ (4,704,924)
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	18,379,813	23,084,737	(4,704,924)
i. Admitted deferred tax assets (2d+2h)	$ 354,982,742	$ 307,705,925	$ 47,276,817

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities

Description	1 2016	2 2015	3 (Col 1–2) Change
a. Ordinary:			
1. Investments	$ 424,325	$ 754,428	$ (330,103)
2. Fixed assets	69,337,749	60,388,181	8,949,568
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other liabilities – prepaid expenses	4,127,814	5,652,297	(1,524,483)
6. Other liabilities – salvage and subrogation	961,878	1,124,279	(162,401)
7. Other liabilities – foreign currency translation			
8. Other (including items <5% of total ordinary tax liabilities)	810,360	710,800	99,560
99. Subtotal	$ 75,662,126	$ 68,629,985	$ 7,032,141
b. Capital:			
1. Investments	$ 212,440,985	$ 165,367,342	$ 47,073,643
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal	212,440,985	165,367,342	47,073,643
c. Deferred tax liabilities (3a99+3b99)	$ 288,103,111	$ 233,997,327	$ 54,105,784

4.

Net Deferred Tax Assets (2i – 3c)	$ 66,879,631	$ 73,708,598	$ (6,828,967)

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	2016	2015	Change
Total deferred tax assets	$ 354,982,742	$ 307,705,925	$ 47,276,817
Total deferred tax liabilities	288,103,111	233,997,327	54,105,784
Net deferred tax asset (liability)	$ 66,879,631	$ 73,708,598	$ (6,828,967)
Tax effect of unrealized gains (losses)			(37,084,483)
Change in net deferred income tax			$ 30,255,516

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate Among the more significant book to tax adjustments were the following:

Description	Tax Effect Amount	Effective Tax Rate
Provision computed at statutory rate	$ 139,145,229	35%
Exempt interest income	(1,331,799)	0%
Dividends received deduction	(4,332,926)	-1%
Impact of nonadmitted assets	(28,935,569)	-7%
Intercompany dividend exclusion	(31,780,000)	-8%
Tax credits	(25,702,990)	-6%
Other	(1,276,495)	-1%
Total	$ 45,785,450	12%
Federal and foreign income taxes incurred	$ 76,040,966	
Change in net deferred income tax	(30,255,516)	
Total statutory income taxes	$ 45,785,450	

E. Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits

At December 31, 2016, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

The following is income tax expense for 2016 and 2015 that is available for recoupment in the event of future net losses:

Period	Amount
Current tax year:	$ 73,208,747
First preceding tax year:	$ 145,826,600

The amounts that can be recouped may be subject to the alternative minimum tax rules, and therefore may be limited.

The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

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.

NOTES TO FINANCIAL STATEMENTS

2. The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and the Company. The allocation is based upon separate tax return calculations with current credit for net losses or other items utilized in the consolidated tax return. Intercompany tax balances are settled quarterly.

G. Federal or Foreign Federal 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.

Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A. Nature of Relationships

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

B. Detail of Transactions Greater than ½% of Admitted Assets

On December 21, 2016, the Company received dividends of $81,000,000 and $9,800,000 from its subsidiaries Specialty and Gulf, respectively, and on December 21, 2015, the Company received dividends of $118,000,000 and $21,000,000 from its subsidiaries Specialty and Gulf, respectively.

All significant 2016 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

Effective December 1, 2015, the Company entered into a management services agreement with Progressive Commercial Casualty Insurance Company, an insurance affiliate domiciled in Ohio. The agreement was approved by the Ohio Department of Insurance.

See Note 10.F

D. Amounts Due to or from Related Parties

The Company reported a $565,244,090 and $492,623,962 payable to parent, subsidiaries, and affiliates at December 31, 2016 and 2015, respectively. These balances are due to cash collections and disbursements on behalf of the Company under the Group’s centralized cash management system and the reinsurance and management agreements in which the Company participates. The Company also reported a $16,028,422 current Federal income tax receivable at December 31, 2016 which is due from TPC for the Company’s Federal income tax recoverable and a $21,086,100 current Federal income tax payable at December 31, 2015 which is 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 cash transactions. These transactions are dependent upon market timing, investment needs and overall portfolio strategy as to the timing of such settlement transactions.

E. Guarantees or Contingencies for Related Parties

Not applicable

F. Management, Service Contracts, Cost Sharing Arrangements

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

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

The Company participates in a program administrator agreement with ASI Underwriters Corp. ("ASIU"), a non-insurance affiliate. Under the terms of the agreement, ASIU charges a fee for designing, implementing, and administrating the Company's renters insurance program (see Note 19).

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

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

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

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

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by DIH.

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Write-Downs for Impairment of Investments in Affiliates

Not applicable

K. Investment in Foreign Insurance Subsidiary

Not applicable

L. Investment in Downstream Non-Insurance Holding Company

Not applicable

NOTES TO FINANCIAL STATEMENTS

M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
	%			
Total SSAP No. 97 8a Entities	XXX	$	$	$
b. SSAP No. 97 8b(ii) Entities				
PC Investment Company	100.000 %	609,963,430	609,963,430	
Total SSAP No. 97 8b(ii) Entities	XXX	$ 609,963,430	$ 609,963,430	$
c. SSAP No. 97 8b(iii) Entities				
	%			
Total SSAP No. 97 8b(iii) Entities	XXX	$	$	$
d. SSAP No. 97 8b(iv) Entities				
	%			
Total SSAP No. 97 8b(iv) Entities	XXX	$	$	$
e. Total SSAP No. 97 8b Entities (exception 8b(i) entities) (b + c + d)	XXX	$ 609,963,430	$ 609,963,430	$
f. Aggregate Total (a + e)	XXX	$ 609,963,430	$ 609,963,430	$

(2) NAIC Filing Response Information

SCA Entity (Should be the same entities as shown in M(1) above)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities	XXX	XXX	$	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
PC Investment Company	S2	12/31/2015	609,963,430	Y	N	I
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	$ 609,963,430	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	$	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	$	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (exception 8b(i) entities) (b + c + d)	XXX	XXX	$ 609,963,430	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	$ 609,963,430	XXX	XXX	XXX

* S1 – Sub-1, S2 – Sub-2 or RDF – Resubmission of Disallowed Filing
** I – Immaterial or M – Material

N. Investment in Insurance SCAs

The Company's two wholly owned insurance subsidiaries of Specialty and Gulf and its wholly owned non-insurance subsidiary of PC Investment Company do not have any state permitted or prescribed practices that deviate from NAIC statutory accounting practices and procedures (see Note 1.C).

Note 11 – Debt

Not applicable

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

The Company is one of three insurance companies along with several non-insurance companies in the Group that retain employees. The Company participates, but has no legal obligation or direct liability for expenses, in the following employee benefit plans:

A. Defined Benefit Plans

Not applicable

B-D. Description of Investment Policies, Fair Value of Plan Assets, Rate of Return Assumptions

TPC is responsible for postemployment benefits. See Note 12.G.

E. Defined Contribution Plans

TPC sponsors a defined contribution savings plan. See Note 12.G.

F. Multiemployer Plans

Not applicable

NOTES TO FINANCIAL STATEMENTS

G. Consolidated / Holding Company Plans

TPC has a defined contribution pension plan ("401(k) Plan") which covers most employees who are United States residents and have been employed by TPC for at least 30 days. Under this plan, TPC matches up to a maximum of 6% of an employee's eligible compensation contributed to the plan. Employee and TPC matching contributions are invested, at the direction of the employee, in a number of investment options available under the plan, including various mutual funds, a self-directed brokerage option, and an employee stock ownership program within the 401(k) Plan.

TPC provides various postemployment benefits to former or inactive employees who meet eligibility requirements, and to their beneficiaries and covered dependents. Postemployment benefits include salary continuation and disability-related benefits, including workers' compensation, and, if elected, continuation of health-care benefits for specified limited periods.

TPC provides postretirement health and life insurance benefits to all employees who met requirements as to age and length of service at December 31, 1988. There are approximately 100 people who are eligible for these postretirement benefits. TPC's funding policy for these benefits is to contribute annually, to a 501(c)(9) trust, the maximum amount that can be deducted for Federal income tax purposes.

TPC's incentive compensation includes both non-equity incentive plans (cash) and equity incentive plans. Cash incentive compensation includes a cash bonus program for a limited number of senior executives and TPC's Gainsharing program for other employees; the structures of these programs are similar in nature. Equity incentive compensation plans provide for the granting of restricted stock awards and restricted stock unit awards to key members of management. Since 2010, TPC has only issued restricted stock units as the form of equity compensation.

TPC's 2003 Incentive Plan has expired, and no new awards may be made under this plan; all awards granted prior to the plan's expiration have vested, been forfeited, or expired, prior to December 31, 2015. In addition, TPC also grants equity-based awards under the 2010 and 2015 Equity Incentive Plans.

TPC maintains The Progressive Corporation Executive Deferred Compensation Plan, which permits eligible executives to defer receipt of some or all of their annual bonuses and all of their annual equity awards.

H. Postemployment Benefits and Compensated Absences

TPC is responsible for postemployment benefits. See Note 12.G.

I. Impact of Medicare Modernization Act on Postretirement Benefits

TPC is responsible for postretirement benefits. See Note 12.G.

The Company is allocated employee benefit expense based on the 100% pooling reinsurance agreement (see Note 26). The amount of employee benefit expense allocated to the Company was $19,673,042 and $18,433,819 in 2016 and 2015, respectively.

Note 13 – Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

1. Outstanding Shares

The Company has 5,000 shares of $1,666.67 par value common stock authorized and 1,800 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding.

2. Dividend Rate of Preferred Stock

Not applicable

3,4,5,6. Dividends

The maximum amount of dividends the Company can pay to DIH in 2017 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 $321,516,832 in 2017 without prior approval from the Ohio DOI, provided the dividend payment is not made within 12 months of the previous payment.

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

The Company paid dividends to DIH as follows:

Date Paid	Amount Paid	Dividend Type
December 21, 2016	$ 145,500,000	Ordinary
September 21, 2016	$ 75,000,000	Ordinary
December 31, 2015	$ 8,500,000	Ordinary
December 21, 2015	$ 86,000,000	Ordinary
September 24, 2015	$ 275,000,000	Ordinary

7. Mutual Surplus Advances

Not applicable

8. Company Stock Held for Special Purposes

Not applicable

9. Changes in Special Surplus Funds

Not applicable

10. The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: $1,248,187,523

11. The reporting entity issued the following surplus debentures or similar obligations:

Not applicable

12. The impact of any restatement due to prior quasi-reorganizations is as follows:

Not applicable

13. The effective dates of all quasi-reorganizations in the prior 10 years are:

    Not applicable

Note 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, 2016 and 2015, the Company's estimated liability for state guaranty fund and other assessments was $4,474,475 and $4,480,962, respectively. The Company did not recognize any premium tax benefit associated with its various assessments.

As of December 31, 2016 and 2015, the Company's estimated liability for various surcharges was $1,513,719 and $1,347,964, respectively.

C. Gain Contingencies

Not applicable

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

PROGRESSIVE CASUALTY INSURANCE COMPANY paid the following amounts in the reporting period to settle claims related extra contractual obligations or bad faith claims stemming from lawsuits:

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$ 205,500

Number of claims where amounts were paid to settle claims related extra contractual obligations or bad faith claims resulting from lawsuits during the reporting period:

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

Indicate whether claim count information is disclosed per claim or per claimant:
(f) Per Claim [ ] (g) Per Claimant [X]

E. Product Warranties

Not applicable

F. Joint and Several Liabilities

Not applicable

G. All Other Contingencies

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

The Company is named as defendant in various lawsuits arising out of its insurance operations. All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and LAE reserves. The Company also has, on a net basis, potential exposure relating to lawsuits due to its participation in various management agreements and a 100% pooling reinsurance agreement for which it is allocated litigation expenses (see Note 26).

The following is a discussion of potentially significant pending cases at the reporting date. Unless specifically noted, the Company does not consider a loss from these cases to be probable and is unable to estimate a range of loss, if any, at this time.

There was one putative class action lawsuit challenging the Company's use of certain automated database vendors or software to assist in the adjustment of bodily injury claims. Plaintiffs allege that these databases or software systematically undervalue the claims. An agreement to settle was reached and a loss reserve was established accordingly.

There were two putative statewide class action lawsuits and six cases consolidated into multi-district proceedings alleging that the Company improperly steers automobile repair work to certain auto body repair shops and challenging the labor rates the Company pays to auto body repair shops.

There were two putative class action lawsuits challenging the Company's practice in Florida of adjusting personal injury protection and first-party medical payments.

There was a putative class action lawsuit alleging that the Company charged insured's for illusory underinsured and uninsured motorist coverage on multiple vehicle policies.

There was a putative class action lawsuit alleging the Company improperly applies a preferred provider reduction to medical payment claims.

There was a putative class action lawsuit challenging fees charged to insureds. The Company does consider a loss from this case to be probable and a loss reserve was established accordingly.

There was a Qui Tam lawsuit challenging the Company's compliance regarding Medicare/Medicaid reporting.

There was a putative class action lawsuit challenging the Company's compliance regarding Medicare/Medicaid reimbursement.

There was a putative class action lawsuit alleging the Company undervalues total loss claims through the use of certain valuation tools.

There was a putative class action alleging that the Company improperly reduced claim payments on manufactured home policies by the policy deductible.

NOTES TO FINANCIAL STATEMENTS

Note 15 – Leases

A. Lessee Leasing Arrangements

1. The Company leases office facilities and equipment under various non-cancelable operating leases that expire through March 31, 2024. The Company is allocated a percentage of the Group's total rental expense based on the 100% pooling reinsurance agreement (see Note 26). In the current and prior reporting periods, the Company was allocated $16,668,692 and $15,885,916, respectively, of rental expense. Future minimum rental payments on leases held by the Company are as follows:

Year	Amount
2017	$ 49,593,701
2018	44,912,901
2019	32,614,187
2020	17,010,883
2021	8,135,868
Thereafter	2,327,711
Total	$ 154,595,251

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

During the reporting period, the Company was allocated $420,250 in fees as a result of the early termination of various property leases associated with claims handling and house councel as well as fees for the early termination of electronic data processing equipment and software. This expense was reflected in both loss adjustment expenses and other underwriting expenses (see Page 4, Lines 3 and 4) on the Company's Statement of Income. No liability was recorded as a result of the early terminations.

2. At the end of the reporting period, the Company has non-cancellable sublease agreements whereby the Company subleases space to outside parties. The minimum rental payments to be received are as follows:

Year	Amount
2017	$ 55,395
2018	55,395
2019	55,395
2020	55,395
2021	41,546
Total	$ 263,126

3. In August 2005, the Company sold real estate located in Austin, Texas to a third party as part of a 15-year sale-leaseback agreement. In accordance with SSAP 22 – Leases, a liability was established to record the deferred gain on the sale, which is amortized on a monthly basis over the term of the lease. As the deferred gain is amortized, the liability is reduced. At the end of the reporting period, the liability remaining is $442,237.

B. Lessor Leasing Arrangements

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

Note 16 – Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable

Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales

Not applicable

B. Transfer and Servicing of Financial Assets

Not applicable

C. Wash Sales

Not applicable

Note 18 – Gain or Loss to the Reporting Entity from Uninsured Plans and the Portion of Partially Insured Plans

Not applicable

Note 19 – Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company maintains a Program Administrator Agreement with ASIU (see Note 10.F). The agreement gives ASIU authority for designing, implementing, and administrating the Company's renters insurance program. The renters insurance program provides tenants with coverage for damage to personal property, personal liability and medical payments to others. The renters insurance program generated $933,310 of direct written premiums, which is less than 5% of the Company's surplus.

Note 20 – Fair Value Measurements

A. Inputs Used for Assets and Liabilities Measured at Fair Value

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

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

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

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

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

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

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

The valuations classified as either Level 1 or Level 2 in the table below are priced exclusively by external sources, including: pricing vendors, dealers/market makers, and exchange-quoted prices. The Company did not have any transfers between Level 1 and Level 2. At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3.

Fair Value Measurements at the reporting date:

Assets at Fair Value	Level 1	Level 2	Level 3	Total
Bonds industrial & miscellaneous	$	$ 53,185,311	$	$ 53,185,311
Common stock industrial & miscellaneous	975,087,088			975,087,088
Preferred stock industrial & miscellaneous		25,217,800		25,217,800

The Company does not have any liabilities measured at fair value on the balance sheet.

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

2. Rollforward of Level 3 Items

Not applicable

3. Policy on Transfers Into and Out of Level 3

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

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

See Note 20.A.1 above.

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

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

The table below represents the fair value of all financial instruments at the reporting date, however, not all financial instruments are reported at fair value in the Company's financial statements.

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	$ 2,254,716,519	$ 2,258,676,243	$ 554,942,958	$ 1,699,773,561	$	$
Cash equivalents	234,560,090	234,560,090	234,560,090			
Common stock	975,087,088	975,087,088	975,087,088			
Preferred stock	74,147,800	72,522,030		74,147,800		
Short-term investments	445,681,324	445,684,210	441,924,087	3,757,237		

D. Not Practicable to Estimate Fair Value

Not applicable

Note 21 – Other Items

A. Unusual or Infrequent Items

Not applicable

B. Troubled Debt Restructuring Debtors

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Other Disclosures

1. Nonadmitted Other Invested Assets

In accordance with reporting and admissibility requirements of SSAP No. 48, Joint Ventures, Partnerships, and Limited Liability Companies and SSAP No. 97, Investments in Subsidiary, Controlled, and Affiliated Entities, the Company nonadmits its investment in Solar Eclipse Investment Fund XXVI, LLC., (see Note 1.C).

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

The minimum trust balance is calculated annually based on a percentage of County Mutual's total reinsurance recoverable from its annual statement Schedule F, Part 3, and its agents balances and uncollected premiums as reported in its annual statement. As of December 31, 2016, the Company had on deposit $80,756,240 (fair market value) of U.S. Treasury Notes in the trust account and $1,195,578 in a money market fund to cover any market price fluctuations on the Treasury Notes, which combined, were adequate to meet the minimum trust balance requirement of $74,269,918.

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

The minimum trust balance is calculated annually and may be revised each year, with mutual agreement of the Company and Aetna. As of December 31, 2016, the Company had on deposit $8,132,160 (fair market value) of U.S. Treasury Notes in the trust account and $1,121,952 in a money market fund to cover any market price fluctuations on the Treasury Notes, which combined, were adequate to meet the minimum trust balance requirement of $7,425,000.

4. The Company maintains and funds a trust account at Morgan Stanley Smith Barney LLC for the benefit of The Travelers Indemnity Company ("Travelers"), a Connecticut based insurer that provides workers' compensation coverage and claim handling services for TPC employees. All funds in the trust account are reported as the Company's assets (see Schedule E, Part 3), the Company pays all costs and fees of the trust and is entitled to all income on the trust's assets. Travelers has the right to withdraw funds from the trust only in the event that the Company fails to otherwise provide funds to reimburse workers' compensation payments made under the applicable insurance program agreement. The trust agreement can be terminated upon proper notice by either the Company or Travelers with all remaining assets in the trust account being retained by the Company.

The minimum trust balance is calculated annually and may be revised each year, with mutual agreement of the Company and Travelers. As of December 31, 2016, the Company had on deposit $7,005,110 (fair market value) of U.S. Treasury Notes in the trust account and $142,592 in a money market fund to cover any market price fluctuations on the Treasury Notes, which combined, were adequate to meet the minimum trust balance requirement of $7,000,000.

D. Business Interruption Insurance Recoveries

Not applicable

E. State Transferable and Non-Transferable Tax Credits

1. Carrying Value of Transferable and Non-Transferable State Tax Credits Gross of any Related Tax Liabilities and Total Unused Transferable and Non-Transferable State Tax Credits by State and in Total

Description of State Transferable and Non-Transferable Tax Credits	State	Carrying Value	Unused Amount
Digital Media Production Tax Credit (T)	CT	$ 1,371,750	$ 1,550,000
Digital Media Production Tax Credit (T)	CT		133,652
Total		$ 1,371,750	$ 1,683,652

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

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

4. State Tax Credits Admitted and Nonadmitted

		Total Admitted	Total Nonadmitted
a.	Transferable	$ 1,371,750	$
b.	Non-Transferable	$	$

F. Subprime Mortgage Related Risk Exposure

1. Exposure to Subprime Mortgage Related Risk

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

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

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

For the Company's investment in Specialty, Gulf, and PC Investment Company (see Note 1.C), management's review uncovered no issues related to their exposure to subprime risk or that required recognition of losses that would have a significant effect on the financial strength and surplus of the Company.

In the reporting period, the Company recorded no OTTI write-downs on any securities as a result of direct subprime exposure.

2. Direct Exposure Through Investments in Subprime Mortgage Loans

Not applicable

3. Direct Exposure Through Other Investments

		Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a.	Residential mortgage backed securities	$ 289,459,951	$ 288,573,803	$ 290,005,791	$
b.	Commercial mortgage backed securities				
c.	Collateralized debt obligations				
d.	Structured securities				
e.	Equity investments in SCAs*	73,349	73,349	142,791	
f.	Other assets				
g.	Total	$ 289,533,300	$ 288,647,152	$ 290,148,582	$

* The Company's subsidiary, Progressive Specialty Insurance Company, has indirect investments in subprime mortgages, which comprise .01% of its invested assets.

4. Underwriting Exposure to Subprime Mortgage Risk Through Mortgage Guaranty or Financial Guaranty Insurance Coverage

Not applicable

G. Insurance-Linked Securities (ILS) Contracts

Not applicable

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

At December 31, 2016 and 2015, the Company reported net admitted premiums and agents' balances in course of collection of $143,167,297 and $116,685,904, respectively. Of this amount, there were no premiums due from a controlled or controlling person as defined in Florida statute 625.012 (5).

Note 22 – Events Subsequent

Subsequent events have been considered through February 15, 2017 for the statutory statement that was available for issuance by March 1, 2017.

On January 12, 2017, the Company sold property to a third party and received $9,460,000, net of commissions and other expenses. At December 31, 2016, in accordance with SSAP 40 – Real Estate Investments, the property was classified as "Property Held for Sale," and therefore was measured at the lower of book/adjusted carrying value or fair market value less cost to sell. In January 2017, the Company will record a realized net loss on the sale of $711,750, which will be included in realized capital gains (losses) in the Company's Statement of Income. See Note 5.F.

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.

Note 23 – Reinsurance

A. Unsecured Reinsurance Recoverables at the reporting date the Company had the following unsecured reinsurance recoverable balances which exceeded 3% of policyholders' surplus:

Reinsurer	NAIC Code	Federal ID #	Amount
Progressive American Insurance Company	24252	34-1094197	$ 165,302,000
Progressive Bayside Insurance Company	17350	31-1193845	82,651,000
Progressive Classic Insurance Company	42994	39-1453002	247,953,000
Progressive Gulf Insurance Company	42412	34-1374634	165,302,000
Progressive Michigan Insurance Company	10187	34-1787734	330,602,000
Progressive Mountain Insurance Company	35190	93-0935623	82,651,000
Progressive Northern Insurance Company	38628	34-1318335	991,808,000
Progressive Northwestern Insurance Company	42919	91-1187829	991,808,000
Progressive Preferred Insurance Company	37834	34-1287020	495,904,000
Progressive Southeastern Insurance Company	38784	59-1951700	82,651,000
Progressive Specialty Insurance Company	32786	34-1172685	578,555,000
Total			$ 4,215,187,000

B. Reinsurance Recoverable in Dispute

Not applicable

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded

1. The table below summarizes ceded and assumed unearned premiums and the related commission equity at reporting date.

		Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a.	Affiliates	$ 3,052,745,000	$	$ 1,788,308,000	$	$ 1,264,437,000	$
b.	All Other			830,000	155,000	(830,000)	(155,000)
c.	Total	$ 3,052,745,000	$	$ 1,789,138,000	$ 155,000	$ 1,263,607,000	$ (155,000)
d.	Direct Unearned Premium Reserves			$ 454,568,000			

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 Rating Downgraded or Status Subject to Revocation

Not applicable

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation

Not applicable

Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination

Not applicable

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to insured events of prior accident years decreased by $834,474 in 2016, which is less than 1.0% of the total prior year net unpaid losses and LAE of $2,075,528,042. The favorable development is primarily due to more salvage and subrogation recoveries than anticipated in auto physical damage. Private passenger auto liability experienced favorable development due to originally anticipated severity for accident years 2015, 2014, and 2013 and prior decreasing less than 1.0%, partially offset by higher than anticipated severity for 2014. LAE reserves developed favorably primarily in adjusting and other expenses for accident years 2014 and 2015.

Note 26 – Intercompany Pooling Arrangements

The Company participates in a pooling reinsurance agreement with the property-casualty affiliates listed below (the “Agency Pool”) under which 100% of the underwriting business of each member company, net of external reinsurance, is ceded to the Company, the Agency Pool manager and an Agency Pool participant. The combined premiums, losses, and expenses are then retroceded to each Agency Pool member based on pre-determined pooling percentages.

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

NOTES TO FINANCIAL STATEMENTS

The pooling percentages for each Agency Pool participant were as follows:

Company	NAIC Code	2016 Pool %	2015 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 the reporting period, 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)	$ 151,665,701	$ 37,971,227
Progressive Northern Insurance Company	919,094	27,400,956
Progressive Northwestern Insurance Company	3,787,464	38,508,271
Progressive Specialty Insurance Company	7,581,874	8,743,210
Progressive Preferred Insurance Company	4,943,760	18,806,806
Progressive Michigan Insurance Company	3,650,619	14,837,533
Progressive Classic Insurance Company	1,476,695	9,792,088
Progressive American Insurance Company	10,621,867	14,177,564
Progressive Gulf Insurance Company	241,945	7,472,808
Progressive Bayside Insurance Company	343,834	3,184,038
Progressive Mountain Insurance Company	4,398,256	3,865,875
Progressive Southeastern Insurance Company	--	4,874,960
Progressive Hawaii Insurance Corp.	--	1,592
National Continental Insurance Company	5,819	--
Total	$ 189,636,928	$ 189,636,928

Note 27 – Structured Settlements

Not applicable

Note 28 – Health Care Receivables

Not applicable

Note 29 – Participating Policies

Not applicable

Note 30 – Premium Deficiency Reserves

1. Liability carried for premium deficiency reserve: $0
2. Date of most recent evaluation of this liability: December 31, 2016
3. Was anticipated investment income utilized in the calculation? Yes [X] No [ ]

Note 31 – High Deductibles

Not applicable

NOTES TO FINANCIAL STATEMENTS

Note 32 – Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses

Not applicable

Note 33 – Asbestos/Environmental Reserves

Because the Company is primarily an insurer of motor vehicles, it has limited exposure for asbestos and environmental claims. In accordance with disclosure requirements, the amounts reported for direct, assumed, and net below reflect the Company's pooled share (see Note 26) of the Agency Pool's exposure to asbestos and environmental claims. The Agency Pool's exposure arises from the Company's participation in various reinsurance pools from 1968 to 1975, which underwrote general liability insurance, the Company's aggregate stop loss reinsurance agreement with Max for various reinsurance pools from 1965 to 1975, Progressive American Insurance Company's, an insurance affiliate domiciled in Ohio and Agency Pool member, exposure from a limited number of general liability policies issued from 1972 to 1975, and the Company's aggregate stop loss reinsurance agreement with National Continental for general liability business written on or before November 25, 1985 (see Note 10.F).

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

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

(1) Direct

		2012	2013	2014	2015	2016
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	$ 100,449	$ 100,449	$ 100,449	$ 5,391	$ 5,391
b.	Incurred losses and loss adjustment expense			(95,058)		3,424,609
c.	Calendar year payments for losses and loss adjustment expenses					
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	$ 100,449	$ 100,449	$ 5,391	$ 5,391	$ 3,430,000

(2) Assumed Reinsurance

		2012	2013	2014	2015	2016
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	$ 1,588,205	$ 1,607,906	$ 1,067,530	$ 1,881,845	$ 1,797,769
b.	Incurred losses and loss adjustment expense	71,937	(320,854)	975,207	10,656	53,134
c.	Calendar year payments for losses and loss adjustment expenses	52,236	219,522	160,892	94,732	130,672
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	$ 1,607,906	$ 1,067,530	$ 1,881,845	$ 1,797,769	$ 1,720,231

(3) Net of Ceded Reinsurance

		2012	2013	2014	2015	2016
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	$ 1,688,654	$ 1,708,355	$ 1,167,979	$ 1,887,236	$ 1,803,160
b.	Incurred losses and loss adjustment expense	71,937	(320,854)	880,149	10,656	575,119
c.	Calendar year payments for losses and loss adjustment expenses	52,236	219,522	160,892	94,732	130,672
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	$ 1,708,355	$ 1,167,979	$ 1,887,236	$ 1,803,160	$ 2,247,607

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

(1)	Direct basis	$ 2,745,759
(2)	Assumed reinsurance basis	1,167,030
(3)	Net of ceded reinsurance basis	$ 1,311,022

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

(1)	Direct basis	$ 1,715,000
(2)	Assumed reinsurance basis	202,860
(3)	Net of ceded reinsurance basis	$ 466,548

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

(1) Direct

		2012	2013	2014	2015	2016
a.	Beginning reserves	$ 25,042	$ 25,042	$ 25,042	$	$
b.	Incurred losses and loss adjustment expense			(25,042)		
c.	Calendar year payments for losses and loss adjustment expenses					
d.	Ending reserves	$ 25,042	$ 25,042	$	$	$

NOTES TO FINANCIAL STATEMENTS

(2) Assumed Reinsurance

		2012	2013	2014	2015	2016
a.	Beginning reserves	$ 1,728,507	$ 2,501,294	$ 3,959,702	$ 4,823,117	$ 4,581,404
b.	Incurred losses and loss adjustment expense	769,785	1,486,185	3,476,609	49,842	(34,886)
c.	Calendar year payments for losses and loss adjustment expenses	(3,002)	27,777	2,613,194	291,555	154,231
d.	Ending reserves	$ 2,501,294	$ 3,959,702	$ 4,823,117	$ 4,581,404	$ 4,392,287

(3) Net of Ceded Reinsurance

		2012	2013	2014	2015	2016
a.	Beginning reserves	$ 1,753,549	$ 2,526,336	$ 3,984,744	$ 4,823,117	$ 4,581,404
b.	Incurred losses and loss adjustment expense	769,785	1,486,185	3,451,567	49,842	(34,886)
c.	Calendar year payments for losses and loss adjustment expenses	(3,002)	27,777	2,613,194	291,555	154,231
d.	Ending reserves	$ 2,526,336	$ 3,984,744	$ 4,823,117	$ 4,581,404	$ 4,392,287

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

(1)	Direct basis	$
(2)	Assumed reinsurance basis	2,593,567
(3)	Net of ceded reinsurance basis	$ 2,593,567

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

(1)	Direct basis	$
(2)	Assumed reinsurance basis	576,987
(3)	Net of ceded reinsurance basis	$ 576,987

Note 34 – Subscriber Savings Accounts

Not applicable

Note 35 – Multiple Peril Crop Insurance

Not applicable

Note 36 – Financial Guaranty Insurance

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

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

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

1.3 State regulating? OHIO

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

2.2 If yes, date of change:

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

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

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

3.4 By what department or departments?
OHIO

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

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

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

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

4.12 renewals? Yes [ ] No [X]

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

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

4.22 renewals? Yes [ ] No [X]

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

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

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

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(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (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:

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

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

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

12.11 Name of real estate holding company AVALONBAY COMMUNITIES INC, BOSTON PROPERTIES INC, EQUITY RESIDENTIAL, ESSEX PROPERTY TRUST INC, FEDERAL REALTY INVS TRUST, GENERAL GROWTH PROPERTIES, HOST HOTELS & RESORTS INC, KIMCO REALTY CORP, LIBERTY PROPERTY TRUST, MACERICH CO/THE, REGENCY CENTERS CORP, SL GREEN REALTY CORP, SIMON PROPERTY GROUP INC, VENTAS INC, APARTMENT INVT & MGMT CO -A, CORPORATE OFFICE PROPERTIES, WEYERHAEUSER CO, CBRE GROUP INC, AMERICAN TOWER CORP, EQUITY COMMONWEALTH, LAMAR ADVERTISING CO, IRON MOUNTAIN INC, CARE CAPITAL PROPERTIES INC, COLUMBIA PROPERTY TRUST INC, FOUR CORNERS PROPERTY TRUST, KILROY REALTY CORP, WELLTOWER INC, CROWN CASTLE INTL CORP, EQUINIX INC, COMMUNICATIONS SALES & LE, QUALITY CARE PROPERTIES, WASHINGTON PRIME GROUP INC, CORECIVIC INC

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value $ 38,723,125

12.2 If yes, provide explanation
WE HOLD A COMMON STOCK INTEREST IN SEVERAL REAL ESTATE HOLDING COMPANIES. THE NUMBER OF PARCELS IS UNKNOWN.

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

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

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

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

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

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

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

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

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

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

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

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [ ] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

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

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof? Yes [X] No [ ]

17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? Yes [X] No [ ]

18. Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

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

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

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

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

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

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

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

21.21 Rented from others $
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 *Annual Statement Instructions* other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment $

22.22 Amount paid as expenses $

22.23 Other amounts paid $

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

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

INVESTMENT

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

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

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

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

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

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

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

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

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

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

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

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

24.103 Total payable for securities lending reported on the liability page: $ 0

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

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

25.21 Subject to repurchase agreements $ 0

25.22 Subject to reverse repurchase agreements $ 0

25.23 Subject to dollar repurchase agreements $ 0

25.24 Subject to reverse dollar repurchase agreements $ 0

25.25 Placed under option agreements $ 0

25.26 Letter stock or securities restricted as sale – excluding FHLB Capital Stock $ 0

25.27 FHLB Capital Stock $ 0

25.28 On deposit with states $ 4,923,915

25.29 On deposit with other regulatory bodies $ 0

25.30 Pledged as collateral – excluding collateral pledged to an FHLB $ 97,489,433

25.31 Pledged as collateral to FHLB – including assets backing funding agreements $ 0

25.32 Other $ 0

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
		$

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
CITIBANK , N.A.	338 GREENWICH STREET, NEW YORK NY 10013
STATE STREET	801 PENNSYLVANIA AVE., KANSAS CITY, MO 64105

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

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

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

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

NONE			

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["…that have access to the investment accounts", "… handle securities"].

1 Name of Firm or Individual	2 Affiliation
STATE STREET GLOBAL MARKETS, LLC	U
MAKAIRA PARTNERS LLP	A
PROGRESSIVE CAPITAL MANAGEMENT CORP.	A

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets? Yes [X] No [ ]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
30107	STATE STREET GLOBAL MARKETS, LLC		SEC	DS
153729	MAKAIRA PARTNERS LLP		SEC	DS
N/A	PROGRESSIVE CAPITAL MANAGEMENT CORP.		N/A	DS

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

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 Holding	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	2,938,920,543	2,934,957,932	(3,962,611)
30.2	Preferred Stocks	72,522,030	74,147,800	1,625,770
30.3	Totals	3,011,442,573	3,009,105,732	(2,336,841)

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

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

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No [ ]

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

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

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

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC 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? $ 5,512,804

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
PROPERTY CASUALTY INSURERS ASSOCIATION	$ 1,962,515

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

34.1 Amount of payments for legal expenses, if any? $ 9,780,217

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? $ 1,049,604

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	$ 5,408,158,075	$ 4,935,163,499
2.3	Premium Ratio (2.1/2.2)		
2.4	Reserve Numerator	$ 0	$ 0
2.5	Reserve Denominator	$ 4,216,560,744	$ 3,782,925,408
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 [ ] N/A [ ]

5.22 As a direct expense of the exchange Yes [ ] No [ ] N/A [ ]

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

5.4 Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred? Yes [ ] No [ ]

5.5 If yes, give full information:

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

WORKERS' COMPENSATION RISKS WERE COVERED UNDER TREATY REINSURANCE CONTRACTS.

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

THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE ESTIMATE OF THE PML WAS MADE EXCLUSIVELY BY PROGRESSIVE EMPLOYEES. THE COMPANY'S NET COMPREHENSIVE EXPOSURE IN THE CATASTROPHE PRONE STATES OF FLORIDA, LOUISIANA, TEXAS, MISSISSIPPI, ALABAMA, NEW YORK, 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.

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?

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.

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.4 Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence? Yes [ ] No [X]

6.5 If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to unreinsured catastrophic loss:
NONE

7.1 Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)? Yes [ ] No [X]

7.2 If yes, indicate the number of reinsurance contracts containing such provisions. 0

7.3 If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)? Yes [ ] No [ ]

8.1 Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured? Yes [ ] No [X]

8.2 If yes, give full information

9.1 Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;

(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;

(c) Aggregate stop loss reinsurance coverage;

(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;

(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or

(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity? Yes [ ] No [X]

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

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 [X] No [ ]

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

12.6	If yes, state the amount thereof at December 31 of current year:	
	12.61 Letters of Credit	$ 133,646
	12.62 Collateral and other funds	$ 0
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	$ 24,500,000
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 reporting entity a cedant in a multiple cedant reinsurance contract?	Yes [ ] No [X]
14.2	If yes, please describe the method of allocating and recording reinsurance among the cedants:	
14.3	If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?	Yes [ ] No [ ]
14.4	If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?	Yes [ ] No [ ]
14.5	If the answer to 14.4 is no, please explain:	
15.1	Has the reporting entity guaranteed any financed premium accounts?	Yes [ ] No [X]
15.2	If yes, give full information	
16.1	Does the reporting entity write any warranty business?	Yes [ ] No [X]
	If yes, disclose the following information for each of the following types of warranty coverage:	

		1 Direct Losses Incurred	2 Direct Losses Unpaid	3 Direct Written Premium	4 Direct Premium Unearned	5 Direct Premium Earned
16.11	Home	$ 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.	Yes [ ] No [X]
	Incurred but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from inclusion in Schedule F-Part 5. Provide the following information for this exemption:	
	17.11 Gross amount of unauthorized reinsurance in Schedule F-Part 3 excluded from Schedule F-Part 5	$ 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

FIVE-YEAR HISTORICAL DATA

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

	1 2016	2 2015	3 2014	4 2013	5 2012
Gross Premiums Written (Page 8, Part 1B, Cols. 1, 2 & 3)					
1. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	7,250,516,594	6,546,206,823	6,358,261,865	6,082,311,103	5,807,577,020
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	4,162,234,459	3,720,250,670	3,589,660,870	3,396,026,641	3,243,616,483
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	46,349,801	41,952,910	37,535,883	30,367,550	28,113,172
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	3,311	12,886	11,765	7,439	(304,871)
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	11,459,104,165	10,308,423,289	9,985,470,383	9,508,712,733	9,079,001,804
Net Premiums Written (Page 8, Part 1B, Col. 6)					
7. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	3,551,968,928	3,206,773,769	3,114,377,105	2,978,918,603	2,844,830,270
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,039,494,885	1,822,922,171	1,758,894,417	1,663,974,545	1,589,346,389
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	22,711,402	20,556,937	18,392,273	14,865,572	13,758,975
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	1,622	6,314	5,765	2,025	4,133
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	5,614,176,838	5,050,259,192	4,891,669,560	4,657,760,746	4,447,939,767
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	208,534,520	361,821,352	362,910,840	264,799,762	143,218,359
14. Net investment gain (loss) (Line 11)	190,199,730	243,059,553	303,208,701	350,915,418	346,343,156
15. Total other income (Line 15)	(5,386,212)	665,033	6,791,803	(410,962)	2,295,544
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	71,831,206	154,741,610	144,915,154	114,035,482	85,136,375
18. Net income (Line 20)	321,516,832	450,804,328	527,996,190	501,268,736	406,720,684
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	6,967,107,398	6,245,560,407	6,061,656,758	5,780,982,266	5,332,134,450
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	143,167,297	116,685,904	110,650,500	116,328,887	108,262,440
20.2 Deferred and not yet due (Line 15.2)	766,789,955	677,962,232	640,854,583	597,611,470	566,073,172
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	5,148,217,049	4,635,468,757	4,450,278,978	4,237,871,965	3,883,660,271
22. Losses (Page 3, Line 1)	1,904,295,566	1,714,633,621	1,636,282,568	1,617,478,370	1,520,032,504
23. Loss adjustment expenses (Page 3, Line 3)	397,308,302	360,894,421	335,785,088	316,543,561	303,479,486
24. Unearned premiums (Page 3, Line 9)	1,718,177,192	1,512,158,427	1,397,062,734	1,370,134,504	1,323,819,379
25. Capital paid up (Page 3, Lines 30 & 31)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	1,818,890,349	1,610,091,650	1,611,377,780	1,543,110,301	1,448,474,179
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	577,452,985	587,294,907	608,227,826	601,675,005	648,947,131
Risk-Based Capital Analysis					
28. Total adjusted capital	1,818,890,349	1,610,091,650	1,611,377,780	1,543,110,301	1,448,474,179
29. Authorized control level risk-based capital	308,128,089	288,658,496	286,262,548	273,475,211	240,623,822
Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Item divided by Page 2, Line 12, Col. 3) x 100.0					
30. Bonds (Line 1)	38.4	39.0	41.3	38.7	30.5
31. Stocks (Lines 2.1 & 2.2)	34.6	37.7	37.0	39.4	40.1
32. Mortgage loans on real estate (Lines 3.1 & 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	9.4	10.5	10.9	11.0	11.4
34. Cash, cash equivalents and short-term investments (Line 5)	14.8	10.3	7.6	8.1	15.7
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	2.8	2.6	2.8	2.7	2.2
38 Receivables for securities (Line 9)	0.0		0.4	0.0	0.1
39. Securities lending reinvested collateral assets (Line 10)					
40. Aggregate write-ins for invested assets (Line 11)					
41. Cash, cash equivalents and invested assets (Line 12)	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1)					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1)					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1)	989,627,577	946,928,471	990,418,484	1,037,398,171	1,131,710,967
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	167,521,573	139,580,760	144,076,303	132,526,936	99,539,620
48. Total of above lines 42 to 47	1,157,149,150	1,086,509,231	1,134,494,787	1,169,925,107	1,231,250,587
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)	63.6	67.5	70.4	75.8	85.0

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2016	2 2015	3 2014	4 2013	5 2012
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	108,148,523	(62,535,595)	(31,468,782)	24,819,308	(61,355,669)
52. Dividends to stockholders (Line 35)	(220,500,000)	(369,500,000)	(425,000,000)	(452,000,000)	(298,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	208,798,699	(1,286,130)	68,267,479	94,636,122	88,603,121
Gross Losses Paid (Page 9, Part 2, Cols. 1 & 2)					
54. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	4,078,037,363	3,738,482,870	3,841,188,809	3,576,871,673	3,436,951,085
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,677,302,190	2,285,579,071	2,256,171,433	2,138,176,415	2,087,349,510
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	15,578,111	15,338,921	16,599,196	13,349,355	21,150,223
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(40,788)	(412,771)	309,165	2,796,544	6,515,194
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	425,415	238,008	405,578	635,084	348,385
59. Total (Line 35)	6,771,302,291	6,039,226,099	6,114,674,181	5,731,829,071	5,552,314,397
Net Losses Paid (Page 9, Part 2, Col. 4)					
60. Liability lines (Lines 11.1, 11.2, 16, 17.1, 17.2, 17.3, 18.1, 18.2, 19.1, 19.2 & 19.3, 19.4)	1,997,525,713	1,818,001,331	1,866,806,236	1,739,808,728	1,672,094,774
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,311,878,074	1,119,919,191	1,105,509,793	1,047,690,002	1,022,791,126
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	7,633,274	7,516,071	8,133,606	6,541,184	10,363,609
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(10,023)	(101,251)	(30,928)	632,045	1,013,157
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	208,453	116,624	198,733	311,191	170,709
65. Total (Line 35)	3,317,235,491	2,945,451,966	2,980,617,440	2,794,983,150	2,706,433,375
Operating Percentages (Page 4) (Item divided by Page 4, Line 1) x 100.0					
66. Premiums earned (Line 1)	100.0	100.0	100.0	100.0	100.0
67. Losses incurred (Line 2)	64.8	61.3	61.7	62.7	64.8
68. Loss expenses incurred (Line 3)	10.5	10.4	10.1	10.2	10.3
69. Other underwriting expenses incurred (Line 4)	20.8	21.0	20.7	21.3	21.6
70. Net underwriting gain (loss) (Line 8)	3.9	7.3	7.5	5.7	3.3
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	20.2	20.5	20.5	21.1	21.1
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	75.3	71.6	71.8	72.9	75.1
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)	308.7	313.7	303.6	301.8	307.1
One Year Loss Development (000 omitted)					
74. Development in estimated losses and loss expenses incurred prior to current year (Schedule P, Part 2-Summary, Line 12, Col. 11)	2,396	(64,765)	(9,460)	21,325	15,561
75. Percent of development of losses and loss expenses incurred to policyholders' surplus of prior year-end (Line 74 above divided by Page 4, Line 21, Col. 1 x 100)	0.1	(4.0)	(0.6)	1.5	1.1
Two Year Loss Development (000 omitted)					
76. Development in estimated losses and loss expenses incurred 2 years before the current year and prior year (Schedule P, Part 2-Summary, Line 12, Col. 12)	(70,233)	(22,429)	15,038	29,003	(43,742)
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)	(4.4)	(1.5)	1.0	2.1	(3.3)

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
	1	2	3	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10	11	Number of Claims Reported- Direct and Assumed
	Direct and Assumed	Ceded	Net (Cols. 1 - 2)	4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded	Salvage and Subrogation Received	Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
1. Prior	XXX	XXX	XXX	8,397	6,976	473	92	444		504	2,245	XXX
2. 2007	4,247,466	62,633	4,184,833	2,482,398	38,815	66,987	632	441,429	483	230,859	2,950,883	XXX
3. 2008	4,047,592	50,982	3,996,610	2,462,652	35,881	66,362	2,019	424,142	735	213,307	2,914,520	XXX
4. 2009	4,054,609	53,940	4,000,669	2,385,450	44,894	67,222	3,054	370,036	664	201,019	2,774,096	XXX
5. 2010	4,029,626	60,698	3,968,928	2,457,476	52,594	70,371	2,371	367,139	105	215,605	2,839,916	XXX
6. 2011	4,150,819	55,563	4,095,256	2,582,034	29,435	63,831	448	363,631	0	238,886	2,979,613	XXX
7. 2012	4,409,628	45,333	4,364,295	2,810,292	26,838	64,559	144	375,450		268,984	3,223,320	XXX
8. 2013	4,657,131	45,685	4,611,446	2,815,057	21,529	61,017	84	383,902		270,265	3,238,363	XXX
9. 2014	4,912,534	47,793	4,864,741	2,803,961	15,177	48,549	46	384,352		279,481	3,221,638	XXX
10. 2015	4,984,444	49,281	4,935,163	2,699,784	16,164	28,700	75	384,448		275,649	3,096,693	XXX
11. 2016	5,457,464	49,306	5,408,158	2,342,358	13,077	7,364	10	349,072		182,339	2,685,707	XXX
12. Totals	XXX	XXX	XXX	25,849,858	301,381	545,433	8,974	3,844,043	1,987	2,376,899	29,926,993	XXX

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23	24	25
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22		Total	
	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	Salvage and Subrogation Anticipated	Net Losses and Expenses Unpaid	Number of Claims Outstanding- Direct and Assumed
1. Prior	123,936	114,853	5,370	1,301	1,528	154	1,848	1,301	1,902			16,975	XXX
2. 2007	24,245	23,288	4		218				506			1,685	XXX
3. 2008	28,484	26,364	2,260	2,256	369	3			665			3,155	XXX
4. 2009	24,507	21,601	9,606	9,556	527	5	35	25	765			4,253	XXX
5. 2010	18,875	13,977	8,112	8,083	815	4	55	47	852			6,598	XXX
6. 2011	31,867	21,707	4,438	4,391	1,664	1	35	32	1,342			13,215	XXX
7. 2012	51,637	24,946	6,276	6,241	3,667	3	33	33	2,114			32,503	XXX
8. 2013	89,215	30,101	26,839	5,060	9,631	4	5,301	19	7,173		8,685	102,974	XXX
9. 2014	153,049	4,743	46,657	21,914	26,777	12	6,886	6	14,487		9,541	221,182	XXX
10. 2015	370,639	23,612	85,367	17,886	48,029	11	11,946	13	36,659		19,831	511,118	XXX
11. 2016	978,396	44,139	267,656	27,117	69,666	9	25,040	45	118,494		135,269	1,387,944	XXX
12. Totals	1,894,848	349,332	462,584	103,805	162,892	205	51,181	1,519	184,960	0	173,326	2,301,604	XXX

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34	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	Inter-Company Pooling Participation Percentage	35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior	XXX	XXX	XXX	XXX	XXX	XXX			XXX	13,151	3,824
2. 2007	3,015,786	63,218	2,952,568	71.0	100.9	70.6			49.00	960	724
3. 2008	2,984,933	67,259	2,917,674	73.7	131.9	73.0			49.00	2,123	1,031
4. 2009	2,858,148	79,798	2,778,349	70.5	147.9	69.4			49.00	2,956	1,297
5. 2010	2,923,695	77,181	2,846,514	72.6	127.2	71.7			49.00	4,926	1,672
6. 2011	3,048,841	56,013	2,992,828	73.5	100.8	73.1			49.00	10,207	3,008
7. 2012	3,314,028	58,205	3,255,823	75.2	128.4	74.6			49.00	26,725	5,778
8. 2013	3,398,135	56,798	3,341,337	73.0	124.3	72.5			49.00	80,892	22,082
9. 2014	3,484,718	41,898	3,442,820	70.9	87.7	70.8			49.00	173,048	48,134
10. 2015	3,665,571	57,760	3,607,811	73.5	117.2	73.1			49.00	414,508	96,611
11. 2016	4,158,046	84,395	4,073,651	76.2	171.2	75.3			49.00	1,174,797	213,147
12. Totals	XXX	XXX	XXX	XXX	XXX	XXX	0	0	XXX	1,904,296	397,308

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) 1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	DEVELOPMENT 11 One Year	12 Two Year
1. Prior	791,513	798,465	764,723	745,486	743,908	745,020	748,990	756,272	759,789	761,294	1,505	5,022
2. 2007	2,535,936	2,538,699	2,543,584	2,531,674	2,510,679	2,510,769	2,512,209	2,511,094	2,510,922	2,511,116	194	23
3. 2008	XXX	2,511,520	2,510,573	2,514,723	2,501,044	2,489,314	2,494,087	2,493,760	2,493,914	2,493,603	(311)	(157)
4. 2009	XXX	XXX	2,455,789	2,419,114	2,425,489	2,414,726	2,404,989	2,407,716	2,407,650	2,408,212	562	496
5. 2010	XXX	XXX	XXX	2,481,929	2,483,230	2,489,356	2,492,993	2,476,782	2,479,238	2,478,628	(610)	1,846
6. 2011	XXX	XXX	XXX	XXX	2,607,181	2,637,909	2,647,267	2,647,184	2,627,210	2,627,855	646	(19,329)
7. 2012	XXX	XXX	XXX	XXX	XXX	2,886,596	2,894,479	2,895,920	2,898,773	2,878,259	(20,514)	(17,661)
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	2,949,945	2,946,772	2,945,036	2,950,263	5,227	3,491
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,087,945	3,036,148	3,043,981	7,833	(43,964)
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,178,841	3,186,705	7,864	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	3,606,085	XXX	XXX
										12. Totals	2,396	(70,233)

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) 1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
1. Prior	000	415,742	603,037	679,411	709,672	725,276	732,325	738,686	744,420	746,221	XXX	XXX
2. 2007	1,728,295	2,179,896	2,361,127	2,448,330	2,485,065	2,499,030	2,506,068	2,508,462	2,509,694	2,509,938	XXX	XXX
3. 2008	XXX	1,690,370	2,165,936	2,332,850	2,419,745	2,462,052	2,480,235	2,486,926	2,490,241	2,491,113	XXX	XXX
4. 2009	XXX	XXX	1,614,598	2,066,765	2,242,489	2,332,553	2,376,456	2,394,916	2,401,570	2,404,723	XXX	XXX
5. 2010	XXX	XXX	XXX	1,633,717	2,109,819	2,306,342	2,405,140	2,450,189	2,466,437	2,472,882	XXX	XXX
6. 2011	XXX	XXX	XXX	XXX	1,749,792	2,259,774	2,465,012	2,565,382	2,602,818	2,615,982	XXX	XXX
7. 2012	XXX	XXX	XXX	XXX	XXX	1,907,914	2,485,306	2,704,912	2,806,427	2,847,870	XXX	XXX
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	1,908,589	2,529,388	2,747,001	2,854,461	XXX	XXX
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,032,630	2,598,287	2,837,286	XXX	XXX
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,065,791	2,712,245	XXX	XXX
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	2,336,635	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 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016
1. Prior	110,576	51,629	20,956	5,909	4,307	4,061	3,100	4,892	4,897	4,616
2. 2007	205,150	60,462	30,004	17,023	539	303	917	126	75	4
3. 2008	XXX	221,366	62,269	33,453	16,262	507	1,024	172	116	4
4. 2009	XXX	XXX	203,669	64,107	35,332	19,882	799	201	94	60
5. 2010	XXX	XXX	XXX	187,149	63,996	29,183	21,045	342	85	37
6. 2011	XXX	XXX	XXX	XXX	190,376	62,716	28,109	22,431	88	50
7. 2012	XXX	XXX	XXX	XXX	XXX	233,324	67,562	28,646	23,935	35
8. 2013	XXX	XXX	XXX	XXX	XXX	XXX	250,623	74,595	30,645	27,061
9. 2014	XXX	XXX	XXX	XXX	XXX	XXX	XXX	236,480	76,683	31,624
10. 2015	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	229,134	79,414
11. 2016	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	265,535

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 2 Direct Premiums Written	 3 Direct Premiums Earned	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)
1. Alabama AL	L				3,108	(3,120)	40,735		
2. Alaska AK	L	67,050	68,739		(43,321)	(45,954)	8,489	733	
3. Arizona AZ	L	13,414,284	15,602,531		7,994,905	7,207,627	3,634,299	191,436	
4. Arkansas AR	L	1,484,161	1,535,924		1,182,308	796,693	679,943	26,557	
5. California CA	L	30,602,429	30,068,034		16,351,785	14,559,540	4,561,840	454,987	
6. Colorado CO	L	6,528,834	6,778,846		3,824,346	3,163,476	1,880,294	70,158	
7. Connecticut CT	L	157,926,401	148,038,290		75,640,119	86,980,989	75,037,437	2,550,808	
8. Delaware DE	L					(621)	5,810		
9. District of Columbia DC	L	8,419,288	8,249,883		4,975,226	4,760,209	2,644,425	113,674	
10. Florida FL	L	3,311	3,391		(4,244)	(10,703)	25,462		
11. Georgia GA	L				(8,287)	(11,322)	14,357		
12. Hawaii HI	L	17,078,917	18,148,985		10,761,195	9,771,075	6,421,946	156,541	
13. Idaho ID	L					(917)	1,260		
14. Illinois IL	L	16,712	17,836		15,019	(23,957)	31,447	10	
15. Indiana IN	L				844	(22,583)	40,347		
16. Iowa IA	L	(3,810)	(3,810)		17,009	(23,828)	126,513		
17. Kansas KS	L	128,239	131,506		101,770	74,847	10,103		
18. Kentucky KY	L	90,287,968	87,759,394		56,528,718	54,942,348	25,667,187	1,435,347	
19. Louisiana LA	L		4,233		(9,979)	(13,270)	11,741		
20. Maine ME	L	1,038,288	1,065,337		369,126	697,282	750,750	17,319	
21. Maryland MD	L	37,853,473	34,449,622		16,437,612	18,898,623	20,098,759	237,366	
22. Massachusetts MA	L	36,508,468	30,618,944		17,673,665	23,173,070	11,613,300	615,712	
23. Michigan MI	L				(523)	(4,263)	25,800		
24. Minnesota MN	L	1,204,824	1,271,347		834,435	849,630	600,561	10,458	
25. Mississippi MS	L				102,456	60,307	288,849		
26. Missouri MO	L	178,725,715	168,834,513		97,674,942	107,231,026	62,803,102	3,268,392	
27. Montana MT	L	254,893	275,587		473,868	484,397	42,248	2,001	
28. Nebraska NE	L					(4,973)	8,277		
29. Nevada NV	L	1,101,881	1,132,876		765,452	205,376	680,916	16,201	
30. New Hampshire NH	L	61,051	64,735		38,112	11,223	10,718	689	
31. New Jersey NJ	L				370,177	749,518	606,170		
32. New Mexico NM	L	350,212	349,433		155,853	135,776	97,977	4,195	
33. New York NY	L	571,878,320	545,358,359		302,288,966	352,052,910	246,480,390	6,744,771	
34. North Carolina NC	L				(2,601)	(3,762)	4,090		
35. North Dakota ND	L					(280)	266		
36. Ohio OH	L	18,979,487	19,418,805		12,776,468	15,053,196	11,494,454	371,522	
37. Oklahoma OK	L				386	(2,072)	4,764		
38. Oregon OR	L				(4,291)	(37,715)	19,940		
39. Pennsylvania PA	L	7,992,344	8,356,416		4,434,593	4,033,509	3,065,615	148,501	
40. Rhode Island RI	L	76,970,028	74,344,061		43,968,021	48,683,980	34,809,859	847,303	
41. South Carolina SC	L				(3,128)	(3,687)	4,001		
42. South Dakota SD	L					(1,595)	130		
43. Tennessee TN	L		12,273		(6,610)	(27,900)	64,784		
44. Texas TX	L	21,281,337	21,168,157		9,954,272	11,523,664	6,030,595	185,892	
45. Utah UT	L	291,028	298,006		87,733	77,857	43,264	3,660	
46. Vermont VT	L	270,846	612,923		898,724	554,697	187,525	8,259	
47. Virginia VA	L	1,321,340	1,387,488		800,195	445,217	6,115,853	15,288	
48. Washington WA	L	139,151,388	131,602,597		80,836,896	82,992,552	62,721,191	1,859,751	
49. West Virginia WV	L				(836)	(2,871)	6,964		
50. Wisconsin WI	L	215,900	225,008		104,603	126,761	107,295	2,541	
51. Wyoming WY	L				(3,622)	(4,593)	2,531		
52. American Samoa AS	N								
53. Guam GU	N					(36)	216		
54. Puerto Rico PR	N								
55. US Virgin Islands VI	E					(502)	540		
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)...51	1,421,404,607	1,357,250,269	0	768,355,465	850,046,851	589,635,329	19,360,072	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.

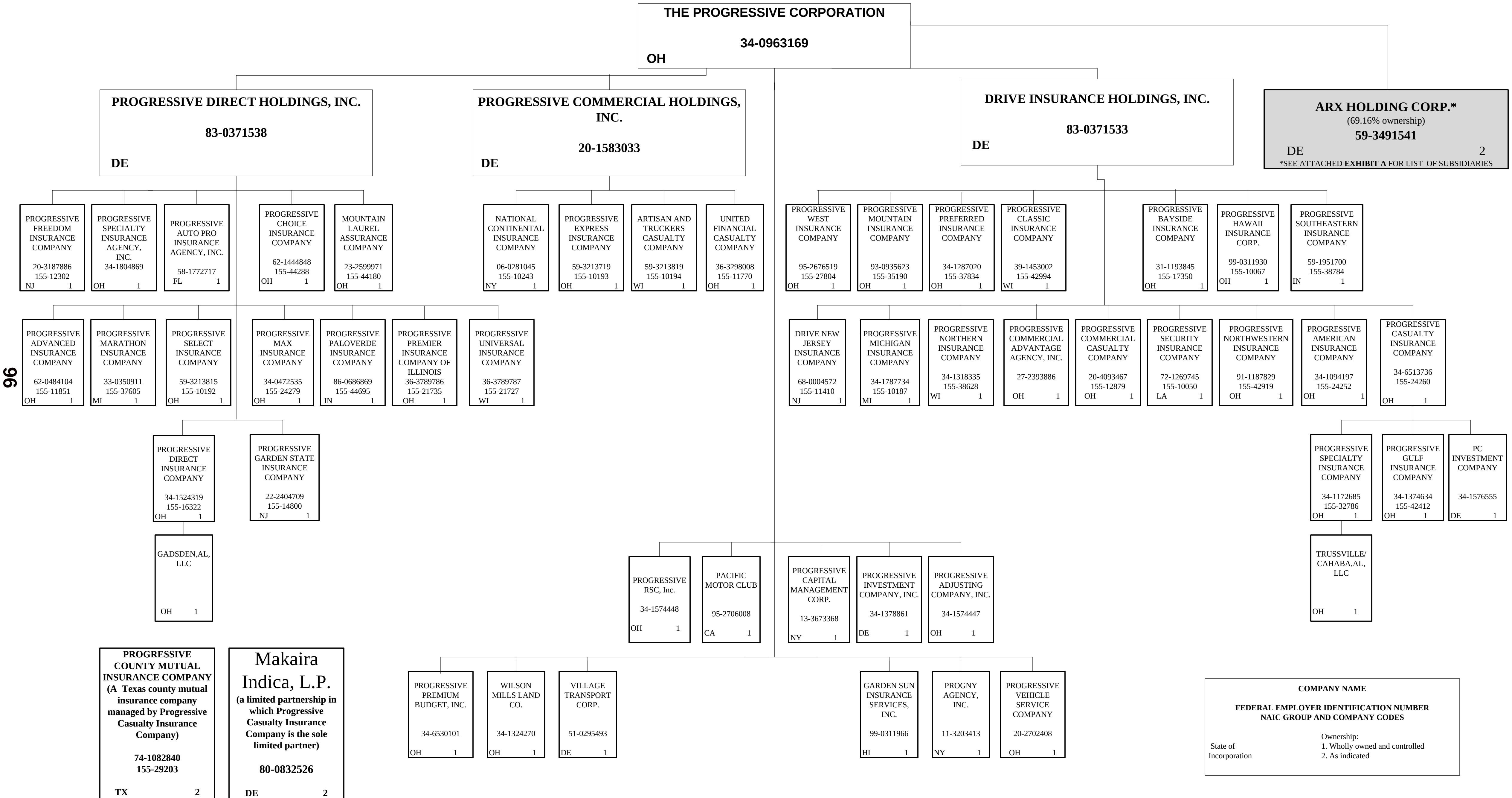
(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;

(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



12/31/16

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

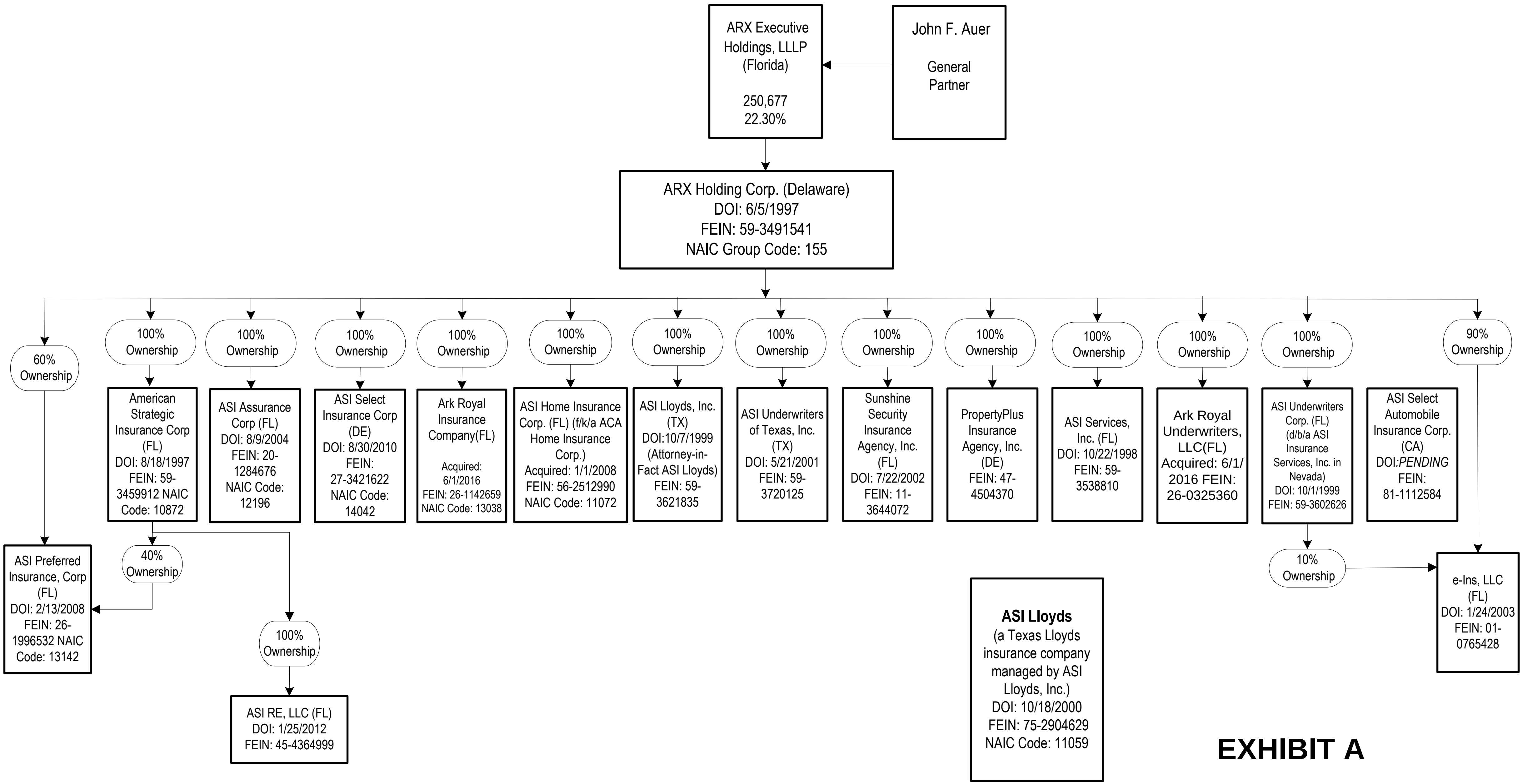


EXHIBIT A

2016 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK