



ANNUAL STATEMENT

For the Year Ended December 31, 2016
of the Condition and Affairs of the

PROGRESSIVE SPECIALTY INSURANCE COMPANY

NAIC Group Code.....155, 155 (Current Period) (Prior Period)	NAIC Company Code..... 32786	Employer's ID Number..... 34-1172685
Organized under the Laws of OH	State of Domicile or Port of Entry OH	Country of Domicile US
Incorporated/Organized..... August 4, 1975	Commenced Business..... May 26, 1976	
Statutory Home Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US 44143-2182 (Street and Number) (City or Town, State, County and Zip Code)	
Main Administrative Office	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US..... 44143-2182 440-461-5000 (Street and Number) (City or Town, State, County and Zip Code)	(Area Code) (Telephone Number)
Mail Address	P.O. BOX 89490..... CLEVELAND OH US 44101-6490 (Street and Number or P. O. Box) (City or Town, State, County and Zip Code)	
Primary Location of Books and Records	6300 WILSON MILLS ROAD, W33..... CLEVELAND OH US 44143-2182 440-395-4460 (Street and Number) (City or Town, State, County and Zip Code)	(Area Code) (Telephone Number)
Internet Web Site Address	PROGRESSIVE.COM	
Statutory Statement Contact	MARY BETH ANDREANO (Name) FINANCIAL_REPORTING@PROGRESSIVE.COM (E-Mail Address)	440-395-4460 (Area Code) (Telephone Number) (Extension) 440-603-5500 (Fax Number)

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

OFFICERS

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

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

KAREN BARONE BAILO GEOFFREY THOMAS SOUSER	KATHRYN MARGARET LEMIEUX	MARK DONALD NIEHAUS	DAVID LLOYD PRATT
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State of..... OHIO
County of.... CUYAHOGA

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

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

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

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

Yes [X] No []

PROGRESSIVE SPECIALTY INSURANCE COMPANY
ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D).....	347,623,644		347,623,644	352,896,543
2. Stocks (Schedule D):				
2.1 Preferred stocks.....	23,833,275		23,833,275	22,604,775
2.2 Common stocks.....	156,583,738		156,583,738	146,508,550
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....0, Schedule E-Part 1), cash equivalents (\$....15,293,636, Schedule E-Part 2) and short-term investments (\$....119,803,362, Schedule DA).....	135,096,998		135,096,998	80,132,485
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....	8,288,276	8,288,276	0	
9. Receivables for securities.....			0	8,830
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).....	671,425,931	8,288,276	663,137,655	602,151,183
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,520,277		2,520,277	2,512,076
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	43,710,085	10,496,280	33,213,805	33,346,964
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	203,813,224		203,813,224	183,653,707
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	7,604,530		7,604,530	3,538,610
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	2,473,510
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	32,479,701		32,479,701	36,729,658
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	4,068,096	3,790,653	277,443	343,146
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	965,621,844	22,575,209	943,046,635	864,748,854
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	965,621,844	22,575,209	943,046,635	864,748,854

DETAILS OF WRITE-INS

1101.....			0	
1102.....			0	
1103.....			0	
1198. Summary of remaining write-ins for Line 11 from overflow page.....	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above).....	0	0	0	0
2501. EQUITIES AND DEPOSITS IN POOLS AND ASSOCIATIONS.....	277,443		277,443	155,686
2502. MISCELLANEOUS OTHER ASSETS.....	3,655,878	3,655,878	0	
2503. PREPAID EXPENSES.....	134,775	134,775	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	187,460
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	4,068,096	3,790,653	277,443	343,146

PROGRESSIVE SPECIALTY INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	272,042,224	244,947,660
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	4,300,379	1,261,920
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	56,758,329	51,556,346
4. Commissions payable, contingent commissions and other similar charges.....	1,609,948	1,079,201
5. Other expenses (excluding taxes, licenses and fees).....	34,414,482	31,927,515
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	5,851,464	4,444,765
7.1 Current federal and foreign income taxes (including \$....113,169 on realized capital gains (losses)).....	5,658,087	5,119,666
7.2 Net deferred tax liability.....	1,478,092	
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 \$....364,120,285 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).....	245,453,885	216,022,632
10. Advance premium.....	6,186,348	5,177,213
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	98,976	(2,538,016)
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.....	478,247	674,019
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.....	43,647,956	36,686,867
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....		
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	1,637,141	1,993,439
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	679,615,558	598,353,227
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	679,615,558	598,353,227
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,500,000	3,500,000
31. Preferred capital stock.....		
32. Aggregate write-ins for other-than-special surplus funds.....	0	0
33. Surplus notes.....		
34. Gross paid in and contributed surplus.....	195,752,315	167,973,033
35. Unassigned funds (surplus).....	64,178,762	94,922,594
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).....	263,431,077	266,395,627
38. TOTAL (Page 2, Line 28, Col. 3).....	943,046,635	864,748,854

DETAILS OF WRITE-INS

2501. OTHER LIABILITIES.....	1,184,704	1,467,260
2502. ESCHEATABLE PROPERTY.....	452,437	526,179
2503.		
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).....	1,637,141	1,993,439
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

PROGRESSIVE SPECIALTY INSURANCE COMPANY
STATEMENT OF INCOME

	1 Current Year	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 1, Line 35, Column 4).....	772,594,011	705,023,357
DEDUCTIONS:		
2. Losses incurred (Part 2, Line 35, Column 7).....	500,985,348	431,971,860
3. Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....	80,845,594	73,145,352
4. Other underwriting expenses incurred (Part 3, Line 25, Column 2).....	160,970,542	148,217,381
5. Aggregate write-ins for underwriting deductions.....	1,881	0
6. Total underwriting deductions (Lines 2 through 5).....	742,803,365	653,334,593
7. Net income of protected cells.....		
8. Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....	29,790,646	51,688,764
INVESTMENT INCOME		
9. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	12,441,646	12,716,994
10. Net realized capital gains (losses) less capital gains tax of \$....1,804,752 (Exhibit of Capital Gains (Losses)).....	5,348,508	152,407
11. Net investment gain (loss) (Lines 9 + 10).....	17,790,154	12,869,401
OTHER INCOME		
12. Net gain (loss) from agents' or premium balances charged off (amount recovered \$....1,112,277 amount charged off \$....19,575,670).....	(18,463,393)	(18,315,322)
13. Finance and service charges not included in premiums.....	27,738,557	26,442,446
14. Aggregate write-ins for miscellaneous income.....	745,633	692,477
15. Total other income (Lines 12 through 14).....	10,020,797	8,819,601
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	57,601,597	73,377,766
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).....	57,601,597	73,377,766
19. Federal and foreign income taxes incurred.....	19,478,607	25,074,286
20. Net income (Line 18 minus Line 19) (to Line 22).....	38,122,990	48,303,480
CAPITAL AND SURPLUS ACCOUNT		
21. Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....	266,395,627	314,145,078
22. Net income (from Line 20).....	38,122,990	48,303,480
23. Net transfers (to) from Protected Cell accounts.....		
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$....5,865,814.....	10,772,366	(2,696,361)
25. Change in net unrealized foreign exchange capital gain (loss).....		
26. Change in net deferred income tax.....	1,914,212	774,620
27. Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....	(553,400)	887,524
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.....	27,779,282	22,981,286
33.2 Transferred to capital (Stock Dividend).....		
33.3. Transferred from capital.....		
34. Net remittances from or (to) Home Office.....		
35. Dividends to stockholders.....	(81,000,000)	(118,000,000)
36. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....		
37. Aggregate write-ins for gains and losses in surplus.....	.0	0
38. Change in surplus as regards policyholders for the year (Lines 22 through 37).....	(2,964,550)	(47,749,451)
39. Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....	263,431,077	266,395,627

DETAILS OF WRITE-INS

0501. LOSS ON COMMUTATION.....	1,881	
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).....	1,881	0
1401. MISCELLANEOUS INCOME.....	534,256	647,692
1402. INTEREST INCOME ON INTERCOMPANY BALANCES.....	203,115	29,926
1403. SERVICE BUSINESS REVENUE.....	8,262	14,859
1498. Summary of remaining write-ins for Line 14 from overflow page.....	.0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....	745,633	692,477
3701.....		
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).....	.0	0

PROGRESSIVE SPECIALTY INSURANCE COMPANY
CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	784,377,009	708,531,846
2. Net investment income.....	14,101,402	15,797,823
3. Miscellaneous income.....	10,377,945	9,044,016
4. Total (Lines 1 through 3).....	808,856,356	733,373,685
5. Benefit and loss related payments.....	474,918,245	422,126,202
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	.....	.....
7. Commissions, expenses paid and aggregate write-ins for deductions.....	232,208,710	213,642,658
8. Dividends paid to policyholders.....	.....	.....
9. Federal and foreign income taxes paid (recovered) net of \$....1,590,429 tax on capital gains (losses).....	20,744,938	28,312,675
10. Total (Lines 5 through 9).....	727,871,893	664,081,535
11. Net cash from operations (Line 4 minus Line 10).....	80,984,463	69,292,150
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:	.....	.....
12.1 Bonds.....	263,531,920	397,744,149
12.2 Stocks.....	19,053,000	2,064,478
12.3 Mortgage loans.....	.....	.....
12.4 Real estate.....	.....	.....
12.5 Other invested assets.....	173,000	250,000
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	4,781	.....
12.7 Miscellaneous proceeds.....	8,830	.....
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	282,771,531	400,058,627
13. Cost of investments acquired (long-term only):	.....	.....
13.1 Bonds.....	256,993,989	291,358,367
13.2 Stocks.....	9,364,638	4,813,809
13.3 Mortgage loans.....	.....	.....
13.4 Real estate.....	.....	.....
13.5 Other invested assets.....	.....	.....
13.6 Miscellaneous applications.....	.....	8,830
13.7 Total investments acquired (Lines 13.1 to 13.6).....	266,358,627	296,181,006
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).....	16,412,904	103,877,621
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.....	27,779,282	22,981,286
16.3 Borrowed funds.....	.....	.....
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....	.....	.....
16.5 Dividends to stockholders.....	81,000,000	118,000,000
16.6 Other cash provided (applied).....	10,787,864	1,842,409
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(42,432,854)	(93,176,305)
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).....	54,964,513	79,993,466
19. Cash, cash equivalents and short-term investments:	.....	.....
19.1 Beginning of year.....	80,132,485	139,019
19.2 End of year (Line 18 plus Line 19.1).....	135,096,998	80,132,485

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

20.0001
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PROGRESSIVE SPECIALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business	1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1. Fire.....	0		0	0
2. Allied lines.....	0		0	0
3. Farmowners multiple peril.....	0		0	0
4. Homeowners multiple peril.....	3,244,486	1,533,483	1,691,441	3,086,528
5. Commercial multiple peril.....	0		0	0
6. Mortgage guaranty.....	0		0	0
8. Ocean marine.....	0		0	0
9. Inland marine.....	13,647,700	6,008,157	6,412,812	13,243,045
10. Financial guaranty.....	0		0	0
11.1 Medical professional liability - occurrence.....	0		0	0
11.2 Medical professional liability - claims-made.....	2,100	173	184	2,089
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.....	4,839,143	2,233,099	2,306,091	4,766,151
17.2 Other liability - claims-made.....	16,575	3,179	1,850	17,904
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.....	441,057,379	108,209,592	121,895,377	427,371,595
19.3, 19.4 Commercial auto liability.....	61,508,936	24,845,065	29,652,971	56,701,030
21. Auto physical damage.....	277,708,712	73,189,514	83,493,091	267,405,135
22. Aircraft (all perils).....	0		0	0
23. Fidelity.....	0		0	0
24. Surety.....	232	371	69	534
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.....	802,025,263	216,022,632	245,453,884	772,594,011

DETAILS OF WRITE-INS

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

PROGRESSIVE SPECIALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1A - RECAPITULATION OF ALL PREMIUMS

Line of Business	1 Amount Unearned (Running One Year or Less from Date of Policy) (a)	2 Amount Unearned (Running More Than One Year from Date of Policy) (a)	3 Earned But Unbilled Premium	4 Reserve for Rate Credits and Retrospective Adjustments Based on Experience	5 Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1. Fire.....					0
2. Allied lines.....					0
3. Farmowners multiple peril.....					0
4. Homeowners multiple peril.....	1,691,441				1,691,441
5. Commercial multiple peril.....					0
6. Mortgage guaranty.....					0
8. Ocean marine.....					0
9. Inland marine.....	6,412,812				6,412,812
10. Financial guaranty.....					0
11.1 Medical professional liability - occurrence.....					0
11.2 Medical professional liability - claims-made.....		184			184
12. Earthquake.....					0
13. Group accident and health.....					0
14. Credit accident and health (group and individual).....					0
15. Other accident and health.....					0
16. Workers' compensation.....					0
17.1 Other liability - occurrence.....	2,306,091				2,306,091
17.2 Other liability - claims-made.....	1,540	.310			1,850
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.....	121,895,377				121,895,377
19.3, 19.4 Commercial auto liability.....	29,652,971				29,652,971
21. Auto physical damage.....	83,493,091				83,493,091
22. Aircraft (all perils).....					0
23. Fidelity.....					0
24. Surety.....	.69				.69
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.....	245,453,574	.310	0	0	245,453,884
36. Accrued retrospective premiums based on experience.....					
37. Earned but unbilled premiums.....					0
38. Balance (sum of Lines 35 through 37).....					245,453,884

DETAILS OF WRITE-INS

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

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

PROGRESSIVE SPECIALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						0
2. Allied lines.....						0
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	12,181,740	3,244,486		12,170,241	11,499	3,244,486
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....	13,656,902	13,647,700		13,656,902		13,647,700
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....		2,100				2,100
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.....	5,241,379	4,839,143		4,607,087	634,292	4,839,143
17.2 Other liability - claims-made.....		16,575				16,575
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.....	745,452,875	441,057,379		745,452,875		441,057,379
19.3, 19.4 Commercial auto liability.....	33,980,450	61,508,936		33,946,754	33,696	61,508,936
21. Auto physical damage.....	435,466,623	277,708,712		435,466,623		277,708,712
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....		232				232
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.....	1,245,979,969	802,025,263	0	1,245,300,482	679,487	802,025,263

DETAILS OF WRITE-INS

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

Line of Business	Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1. Fire.....				0	0		0	0.0
2. Allied lines.....				0	0		0	0.0
3. Farmowners multiple peril.....				0	0		0	0.0
4. Homeowners multiple peril.....	3,446,326	1,090,468	3,446,326	1,090,468	256,071	260,575	1,085,963	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.....	5,837,507	6,183,775	5,837,507	6,183,775	857,441	583,264	6,457,952	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	104	105	(0)	(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.....		3,727		3,727	130,879	134,606	0	0.0
17.1 Other liability - occurrence.....	1,355,730	1,443,890	1,355,730	1,443,890	3,316,196	2,868,128	1,891,958	39.7
17.2 Other liability - claims-made.....		21,584		21,584	235,843	84,582	172,845	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.....	431,127,208	259,655,092	431,127,208	259,655,092	219,471,185	205,568,262	273,558,015	64.0
19.3, 19.4 Commercial auto liability.....	14,634,992	24,236,524	14,634,992	24,236,524	45,547,824	33,705,013	36,079,335	63.6
21. Auto physical damage.....	268,536,889	181,227,378	268,536,889	181,227,378	1,776,866	1,261,561	181,742,683	68.0
22. Aircraft (all perils).....				0	0		0	0.0
23. Fidelity.....		(1,432)		(1,432)	434	1,367	(2,364)	0.0
24. Surety.....				0	48	215	(167)	(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.	29,779		29,779	449,330	479,980	(871)	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.....	724,938,652	473,890,784	724,938,652	473,890,784	272,042,222	244,947,658	500,985,348	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

Line of Business	Reported Losses				Incurred But Not Reported			8	9
	1	2	3	4	5	6	7		
	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	0
2. Allied lines.....				0				0	0
3. Farmowners multiple peril.....				0				0	0
4. Homeowners multiple peril.....	563,014	152,960	563,014	152,960	367,690	103,112	367,691	256,071	56,726
5. Commercial multiple peril.....				0				0	0
6. Mortgage guaranty.....				0				0	0
8. Ocean marine.....				0				0	0
9. Inland marine.....	458,015	559,597	458,015	559,597	295,789	297,845	295,789	857,441	146,357
10. Financial guaranty.....				0				0	0
11.1 Medical professional liability - occurrence.....				0				0	0
11.2 Medical professional liability - claims-made.....				0		104		104	92
12. Earthquake.....				0				0	0
13. Group accident and health.....				0				(a).	0
14. Credit accident and health (group and individual).....				0				0	0
15. Other accident and health.....				0				(a).	0
16. Workers' compensation.....		130,879		130,879				130,879	7,283
17.1 Other liability - occurrence.....	2,641,578	2,313,743	2,641,578	2,313,743	1,570,304	1,002,453	1,570,304	3,316,196	495,541
17.2 Other liability - claims-made.....		30,125		30,125		205,718		235,843	16,799
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.....	291,848,168	169,524,573	291,848,168	169,524,573	73,924,295	49,946,612	73,924,296	219,471,185	46,960,780
19.3, 19.4 Commercial auto liability.....	23,579,866	38,580,987	23,579,866	38,580,987	3,678,499	6,966,837	3,678,499	45,547,824	6,893,737
21. Auto physical damage.....	13,481,242	9,392,720	13,481,242	9,392,720	(12,816,015)	(7,615,854)	(12,816,015)	1,776,866	2,180,071
22. Aircraft (all perils).....				0				0	0
23. Fidelity.....		4		4		431		434	.856
24. Surety.....				0		48		48	.87
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.....	XXX			0	XXX			0	0
32. Reinsurance - nonproportional assumed liability.....	XXX	102,471		102,471	XXX	346,859		449,330	
33. Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35. TOTALS.....	332,571,883	220,788,058	332,571,883	220,788,058	67,020,562	51,254,166	67,020,564	272,042,222	56,758,328

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.

PROGRESSIVE SPECIALTY INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1 Loss Adjustment Expenses	2 Other Underwriting Expenses	3 Investment Expenses	4 Total
1. Claim adjustment services:				
1.1 Direct.....	17,532,758			17,532,758
1.2 Reinsurance assumed.....	13,073,749			13,073,749
1.3 Reinsurance ceded.....	17,532,758			17,532,758
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	13,073,749	0	0	13,073,749
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		124,454,728		124,454,728
2.2 Reinsurance assumed, excluding contingent.....		74,803,744		74,803,744
2.3 Reinsurance ceded, excluding contingent.....		124,454,728		124,454,728
2.4 Contingent - direct.....		1,658,577		1,658,577
2.5 Contingent - reinsurance assumed.....		1,885,922		1,885,922
2.6 Contingent - reinsurance ceded.....		1,658,577		1,658,577
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	76,689,666	0	76,689,666
3. Allowances to manager and agents.....		468,669		468,669
4. Advertising.....	7,712	7,360,172		7,367,884
5. Boards, bureaus and associations.....	194,379	382,012		576,390
6. Surveys and underwriting reports.....		4,844,652		4,844,652
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	45,921,144	32,470,527	434,804	78,826,475
8.2 Payroll taxes.....	3,188,092	2,139,131	11,629	5,338,853
9. Employee relations and welfare.....	7,819,054	5,165,504	16,251	13,000,809
10. Insurance.....	108,044	92,153		200,197
11. Directors' fees.....				0
12. Travel and travel items.....	1,952,113	548,356	2,590	2,503,060
13. Rent and rent items.....	2,629,815	2,735,145	9,411	5,374,371
14. Equipment.....	195,025	871,653		1,066,677
15. Cost or depreciation of EDP equipment and software.....	3,034,160	4,932,340	6,059	7,972,559
16. Printing and stationery.....	261,968	462,127	957	725,052
17. Postage, telephone and telegraph, exchange and express.....	2,054,437	4,303,932	3,159	6,361,527
18. Legal and auditing.....	255,830	560,171	79,930	895,931
19. Totals (Lines 3 to 18).....	67,621,774	67,336,544	564,790	135,523,107
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....8,611.....		13,234,477		13,234,477
20.2 Insurance department licenses and fees.....	80,692	734,968		815,660
20.3 Gross guaranty association assessments.....		42,895		42,895
20.4 All other (excluding federal and foreign income and real estate).....	13,697	2,343,989		2,357,686
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	94,389	16,356,329	0	16,450,718
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	55,683	588,002	88,685	732,369
25. Total expenses incurred.....	80,845,594	160,970,541	653,475	(a) 242,469,610
26. Less unpaid expenses - current year.....	56,758,329	41,839,399	36,494	98,634,222
27. Add unpaid expenses - prior year.....	51,556,346	37,432,076	19,405	89,007,826
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).....	75,643,611	156,563,218	636,386	232,843,214

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	55,683	588,002	88,685	732,369
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).....	55,683	588,002	88,685	732,369

(a) Includes management fees of \$....136,255,477 to affiliates and \$.....0 to non-affiliates.

PROGRESSIVE SPECIALTY INSURANCE COMPANY
EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....227,149	.....230,635
1.1 Bonds exempt from U.S. tax.....	(a).....996,117	.....911,505
1.2 Other bonds (unaffiliated).....	(a).....6,041,733	.....5,986,103
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....1,605,577	.....1,608,902
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....3,062,366	.....3,087,075
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....551,979	.....668,901
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....602,000	.....602,000
9. Aggregate write-ins for investment income.....	.....0	.....0
10. Total gross investment income.....	.....13,086,921	.....13,095,121
11. Investment expenses.....	.....	(g).....653,475
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....653,475
17. Net investment income (Line 10 minus Line 16).....	.....	.....12,441,646

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 \$....266,610 accrual of discount less \$....1,917,478 amortization of premium and less \$....566,284 paid for accrued interest on purchases.
 (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
 (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
 (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
 (e) Includes \$....521,722 accrual of discount less \$....369,486 amortization of premium and less \$....134,102 paid for accrued interest on purchases.
 (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
 (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
 (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
 (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	.....679,553	.....	.....679,553	.....	.....
1.1 Bonds exempt from U.S. tax.....	.....	.....0	.....0	.....	.....
1.2 Other bonds (unaffiliated).....	.....2,234,226	.....	.....2,234,226	.....2,119	.....
1.3 Bonds of affiliates.....	.....	.....0	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....0	.....0	.....1,228,500	.....
2.11 Preferred stocks of affiliates.....	.....	.....0	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....4,339,132	.....(104,432)	.....4,234,700	.....15,528,852	.....
2.21 Common stocks of affiliates.....	.....	.....0	.....0	.....	.....
3. Mortgage loans.....	.....	.....0	.....0	.....	.....
4. Real estate.....	.....	.....0	.....0	.....	.....
5. Contract loans.....	.....	.....0	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	.....4,781	.....	.....4,781	.....	.....
7. Derivative instruments.....	.....	.....0	.....0	.....	.....
8. Other invested assets.....	.....	.....0	.....0	.....(121,289)	.....
9. Aggregate write-ins for capital gains (losses).....	.....0	.....0	.....0	.....0	.....0
10. Total capital gains (losses).....	.....7,257,692	.....(104,432)	.....7,153,260	.....16,638,182	.....0

DETAILS OF WRITE-INS

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

PROGRESSIVE SPECIALTY INSURANCE COMPANY
EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			0
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			0
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			0
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).....	8,288,276	8,582,565	294,289
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).....	8,288,276	8,582,565	294,289
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.....	10,496,280	9,585,404	(910,876)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....			0
15.3 Accrued retrospective premiums and contracts subject to redetermination.....			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers.....			0
16.2 Funds held by or deposited with reinsured companies.....			0
16.3 Other amounts receivable under reinsurance contracts.....			0
17. Amounts receivable relating to uninsured plans.....			0
18.1 Current federal and foreign income tax recoverable and interest thereon.....			0
18.2 Net deferred tax asset.....			0
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	3,790,653	3,853,840	63,187
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	22,575,209	22,021,809	(553,400)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	22,575,209	22,021,809	(553,400)

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. MISCELLANEOUS OTHER ASSETS.....	3,655,878	3,701,597	45,719
2502. PREPAID EXPENSES.....	134,775	152,243	17,468
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).....	3,790,653	3,853,840	63,187

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 Specialty 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 SPECIALTY INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 38,122,990	\$ 48,303,480
(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	\$ 38,122,990	\$ 48,303,480
SURPLUS					
(5) PROGRESSIVE SPECIALTY INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 263,431,077	\$ 266,395,627
(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	\$ 263,431,077	\$ 266,395,627

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.

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

In addition, the Company uses the following accounting policies:

Investments

- Cash and cash equivalents include bank accounts and certificates of deposit as well as short-term investments with original maturities of three months or less that are reported at amortized cost which approximates market value.
- Short-term investments include securities acquired within one year of maturity except for those with original maturities of three months or less (see cash and cash equivalents above) and are reported at amortized cost which approximates market value.
- Investment grade bond valuations are based on NAIC designations or NAIC Credit Rating Provider ("CRP") designations from the Acceptable Rating Organization ("ARO") list and are reported at amortized cost using the scientific method which closely approximates the effective interest method. Non-investment grade bond valuations are also based on NAIC designations or NAIC CRP-ARO designations and are reported at the lower of amortized cost or fair market value. Loan-backed and structured securities follow the guidance prescribed by SSAP No. 43R, Loan-backed and Structured Securities ("SSAP No. 43R"), for the determination of the bond valuation and reporting designation. The difference between the original cost and redemption value of these securities is recognized over the lives of the respective issues and included in net investment gain.
- Common stocks, other than investments in stocks of subsidiaries and affiliates, are reported at fair market values based on active market closing quotations from a regulated exchange. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes.
- Non-redeemable preferred stocks are reported at fair market values. Changes in the fair market values of these securities are reflected directly as unrealized gains or losses in statutory surplus, net of deferred income taxes. Investment grade redeemable preferred stocks are reported at amortized cost, while non-investment grade redeemable preferred stocks are reported at the lower of amortized cost or fair market value. The difference between the original cost and redemption value of the redeemable preferred securities is recognized using the scientific method, which closely approximates the effective interest method, over the lives of the respective issues and included in net investment gain.
- The fair market values reported are derived from independent and observable market input evaluations provided by reputable pricing services, independent broker/dealer bid lists, independent broker/dealer quotations, independent broker/dealer pricing services, or active market closing quotations from a regulated exchange. In very rare cases, if none of the aforementioned primary sources are available, matrix pricing using the reporting entity's own market based assumptions may be utilized. The approved methods for computation of fair market value are prescribed in Part Five of the *Securities Valuation Office Purposes and Procedures Manual*.
- The Company has no investments in mortgage loans.
- Loan-backed and structured securities are accounted for as prescribed by SSAP No. 43R. These securities are generally stated at amortized cost as determined by the estimated value of future cash flows. Prepayment assumptions for loan-backed and structured debt securities are obtained from available market data, broker/dealers, and/or internal estimates, and are consistent with current interest rate and economic trends.
- The Company owns 100% of the surplus of Trussville/Cahaba, AL, LLC ("Trussville/Cahaba"), a non-insurance affiliate incorporated in Ohio that owns investment real estate. 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 Note 21.C.1.

NOTES TO FINANCIAL STATEMENTS

- 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.
- 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.

Loss, Loss Adjustment Expense, and Premium Deficiency Reserves

- Loss reserves represent the estimated liability on claims reported to the Company, plus reserves for losses incurred but not yet reported ("IBNR"). These estimates are reported net of amounts recoverable from salvage and subrogation. LAE reserves represent the estimated expenses required to settle reported claims and IBNR losses. Such loss and LAE reserves could be susceptible to significant change in the near term. The Company conducts extensive reviews each month on portions of its business to help ensure that the Company is meeting its objective of always having reserves that are adequate with minimal variation. Results would differ if different assumptions were made (see Notes 25 and 33).
- The Company does anticipate investment income when evaluating the need for premium deficiency reserves. See Note 30.

Capitalization of Assets

- Prepaid assets above a \$100,000 threshold are capitalized. Under certain circumstances, the Company may decide to establish a prepaid expense for amounts less than the threshold. Prepaid assets are nonadmitted. There have been no changes to the written policy or predefined capitalization threshold from the prior year.

Pharmaceutical Rebate Receivables

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

D. Going Concern

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

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.

NOTES TO FINANCIAL STATEMENTS

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	\$ 107,105
		2.	12 Months or Longer	\$ 106,182
b.	The aggregate related fair value of securities with unrealized losses:	1.	Less than 12 Months	\$ 71,092,428
		2.	12 Months or Longer	\$ 2,599,805

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

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:

Restricted Asset Category	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	3,945,035				3,945,035	3,705,311	239,724		3,945,035	0.409	0.418
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											
n. Other restricted assets											
o. Total Restricted Assets	\$ 3,945,035	\$	\$	\$	\$ 3,945,035	\$ 3,705,311	\$ 239,724		\$ 3,945,035	0.409	0.418%

- (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:

Not applicable

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

NOTES TO FINANCIAL STATEMENTS**L. 5* Securities**

Not applicable

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

The Company has an investment in a limited liability company ("LLC") but it does not exceed 10% of the Company's admitted assets (see Note 1.C).

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

The Company did not recognize any impairment write-down for its investment in the LLC during the statement periods.

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)**

Description	2016			2015			Change		
	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	\$ 34,601,132	\$ 10,343,705	\$ 44,944,837	\$ 30,929,808	\$ 12,417,543	\$ 43,347,351	\$ 3,671,324	\$ (2,073,838)	\$ 1,597,486
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	34,601,132	10,343,705	44,944,837	30,929,808	12,417,543	43,347,351	3,671,324	(2,073,838)	1,597,486
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	34,601,132	10,343,705	44,944,837	30,929,808	12,417,543	43,347,351	3,671,324	(2,073,838)	1,597,486
f. Deferred tax liabilities	5,785,132	40,637,797	46,422,929	4,747,153	36,126,688	40,873,841	1,037,979	4,511,109	5,549,088
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 28,816,000	\$ (30,294,092)	\$ (1,478,092)	\$ 26,182,655	\$ (23,709,145)	\$ 2,473,510	\$ 2,633,345	\$ (6,584,947)	\$ (3,951,602)

2. Admission Calculation Components

Description	2016			2015			Change		
	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	\$ 32,741,423	\$	\$ 32,741,423	\$ 29,243,847	\$	\$ 29,243,847	\$ 3,497,576	\$	\$ 3,497,576
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:	1,072,397		1,072,397	925,177		925,177	147,220		147,220
Adjusted gross deferred tax assets expected to be realized following the balance sheet date	1,072,397		1,072,397	925,177		925,177	147,220		147,220
Adjusted gross deferred tax assets allowed per limitation threshold			39,514,662			39,588,318			(73,656)
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	787,312	10,343,705	11,131,017	760,784	12,417,543	13,178,327	26,528	(2,073,838)	(2,047,310)
d. Deferred tax assets admitted as the result of application of SSAP 101.	Total (2(a)+2(b)+2(c))	\$ 34,601,132	\$ 10,343,705	\$ 44,944,837	\$ 30,929,808	\$ 12,417,543	\$ 43,347,351	\$ (2,073,838)	\$ 1,597,486

NOTES TO FINANCIAL STATEMENTS

3. Other Admissibility Criteria

Description			2016	2015
a. Ratio percentage used to determine recovery period and threshold limitation amount			909.155%	981.000%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above			\$ 263,431,077	\$ 263,922,117

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.

Description	2016		2015		Change	
	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)	\$ 34,601,132	\$ 10,343,705	\$ 30,929,808	\$ 12,417,543	\$ 3,671,324	\$ (2,073,838)
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)	\$ 34,601,132	\$ 10,343,705	\$ 30,929,808	\$ 12,417,543	\$ 3,671,324	\$ (2,073,838)
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

C. Current and Deferred Income Taxes

1. Current Income Tax

Description	1 2016	2 2015	3 (Col 1-2) Change
a. Federal	\$ 19,478,607	\$ 25,074,286	\$ (5,595,679)
b. Foreign			
c. Subtotal	\$ 19,478,607	\$ 25,074,286	\$ (5,595,679)
d. Federal income tax on net capital gains	1,804,752	877,875	926,877
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	\$ 21,283,359	\$ 25,952,161	\$ (4,668,802)

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

Description	1 2016	2 2015	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 2,565,231	\$ 2,547,892	\$ 17,339
2. Unearned premium reserve	17,371,597	15,273,751	2,097,846
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	846,494	675,401	171,093
8. Compensation and benefits accrual	6,560,118	5,727,804	832,314
9. Pension accrual			
10. Receivables - nonadmitted	3,673,698	3,354,891	318,807
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other – other nonadmitted assets	1,326,729	1,348,844	(22,115)
14. Other – bad debt reserve	1,937,318	1,812,316	125,002
15. Other – foreign currency translation			
16. Other (including items <5% of total ordinary tax assets)	319,947	188,909	131,038
99. Subtotal	\$ 34,601,132	\$ 30,929,808	\$ 3,671,324
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 34,601,132	\$ 30,929,808	\$ 3,671,324
e. Capital:			
1. Investments	\$ 10,343,705	\$ 12,417,543	\$ (2,073,838)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (including items <5% of total capital tax assets)			
99. Subtotal	\$ 10,343,705	\$ 12,417,543	\$ (2,073,838)
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	10,343,705	12,417,543	(2,073,838)
i. Admitted deferred tax assets (2d+2h)	\$ 44,944,837	\$ 43,347,351	\$ 1,597,486

3. Deferred Tax Liabilities

Description	1 2016	2 2015	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 23,383	\$ 20,232	\$ 3,151
2. Fixed assets	4,918,883	3,657,296	1,261,587
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other liabilities – prepaid expenses	589,688	807,471	(217,783)
6. Other liabilities – salvage and subrogation	137,411	160,611	(23,200)
7. Other liabilities – foreign currency translation			
8. Other (including items <5% of total ordinary tax liabilities)	115,767	101,543	14,224
99. Subtotal	\$ 5,785,132	\$ 4,747,153	\$ 1,037,979
b. Capital:			
1. Investments	\$ 40,637,797	\$ 36,126,688	\$ 4,511,109
2. Real estate			
3. Other (including items <5% of total capital tax liabilities)			
99. Subtotal	40,637,797	36,126,688	4,511,109
c. Deferred tax liabilities (3a99+3b99)	\$ 46,422,929	\$ 40,873,841	\$ 5,549,088
4. Net Deferred Tax Assets (2i – 3c)	\$ (1,478,092)	\$ 2,473,510	\$ (3,951,602)

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	\$ 44,944,837	\$ 43,347,351	\$ 1,597,486
Total deferred tax liabilities	46,422,929	40,873,841	5,549,088
Net deferred tax asset (liability)	\$ (1,478,092)	\$ 2,473,510	\$ (3,951,602)
Tax effect of unrealized gains (losses)			(5,865,814)
Change in net deferred income tax			\$ 1,914,212

NOTES TO FINANCIAL STATEMENTS

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	\$ 20,792,222	35%
Exempt interest income	(285,212)	0%
Dividends received deduction	(634,592)	-1%
Impact of nonadmitted assets	(296,692)	0%
Tax credits	(185,500)	0%
Other	(21,079)	-1%
Total	\$ 19,369,147	33%
Federal and foreign income taxes incurred	\$ 21,283,359	
Change in net deferred income tax	(1,914,212)	
Total statutory income taxes	\$ 19,369,147	

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:	\$ 20,903,849
First preceding tax year:	\$ 24,849,576

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

B. Detail of Transactions Greater than 1% of Admitted Assets

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

Not applicable

D. Amounts Due to or from Related Parties

The Company reported a \$32,479,701 and \$36,729,658 receivable from 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 \$5,658,087 and \$5,119,666 current Federal income tax payable at December 31, 2016 and 2015, respectively 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

Management, operations and claims services are provided under a joint management services agreement with Casualty. Under the terms of the agreement, Casualty provides the Company with underwriting and loss adjustment services for specific business produced, and the Company may, from time to time, provide Casualty with similar services for other specific business produced. In exchange for these services, the companies charge management fees based on each company's use of the other's services.

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

NOTES TO FINANCIAL STATEMENTS

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).

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 Casualty.

H. Amount Deducted for Investment in Upstream Company

Not applicable

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

Not applicable

J. Write-Downs for Impairment of Investments in Affiliates

Not applicable

K. Investment in Foreign Insurance Subsidiary

Not applicable

L. Investment in Downstream Non-Insurance Holding Company

Not applicable

M. Subsidiary, Controlled and Affiliated Entities (except insurance subsidiary, controlled and affiliated entities) Value

Not applicable

N. Insurance Subsidiary, Controlled and Affiliated Entities Valuation That Departs From NAIC Statutory Accounting Practices and Procedures

Not applicable

Note 11 – Debt

Not applicable

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

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

A. Defined Benefit Plans

Not applicable

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

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

E. Defined Contribution Plans

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

F. Multiemployer Plans

Not applicable

G. Consolidated / Holding Company Plans

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

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

TPC provides postretirement health and life insurance benefits to all employees who met requirements as to age and length of service at December 31, 1988. There are approximately 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.

NOTES TO FINANCIAL STATEMENTS**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 \$2,810,435 and \$2,633,403 in 2016 and 2015, respectively.

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

The Company has 2,000 shares of \$5,000 par value common stock authorized and 700 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding.

2. Dividend Rate of Preferred Stock

Not applicable

3,4,5,6. Dividends

The maximum amount of dividends the Company can pay to Casualty in 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 \$38,122,990 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 Casualty as follows:

Date Paid	Amount Paid	Dividend Type
December 21, 2016	\$ 48,000,000	Ordinary
December 21, 2016	\$ 33,000,000	Extraordinary
December 21, 2015	\$ 56,900,000	Ordinary
December 21, 2015	\$ 61,100,000	Extraordinary

The extraordinary cash dividends were approved by the Ohio DOI.

7. Mutual Surplus Advances

Not applicable

8. Company Stock Held for Special Purposes

Not applicable

9. Changes in Special Surplus Funds

Not applicable

10. The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$108,582,782**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 \$1,774,351 and \$1,828,892, 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 \$97,326 and \$93,532, respectively.

C. Gain Contingencies

Not applicable

NOTES TO FINANCIAL STATEMENTS**D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits**

PROGRESSIVE SPECIALTY 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	\$ 60,000

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

There was a putative class action lawsuit challenging the manner in which the Company grants a discount for anti-theft devices.

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 challenging fees charged to insured's. The Company does consider a loss from this case to be probable and a loss reserve was established accordingly.

Note 15 – Leases

Not applicable

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 \$1,778,816 of direct written premiums, which is less than 5% of the Company's surplus.

NOTES TO FINANCIAL STATEMENTS**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	\$	\$	\$	\$
Common stock industrial & miscellaneous		156,583,738		156,583,738
Preferred stock industrial & miscellaneous			15,112,500	15,112,500

This table excludes the Company's investment in Trussville/Cahaba as this investment is reported on the equity basis as described in the *Purposes and Procedures Manual of the Securities Valuation Office* of the NAIC.

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	\$ 347,576,444	\$ 347,623,644	\$ 47,996,776	\$ 299,579,668	\$	\$
Cash equivalents	15,293,636	15,293,636	15,293,636			
Common stock	156,583,738	156,583,738	156,583,738			
Preferred stock	31,354,575	23,833,275		31,354,575		
Short-term investments	119,772,844	119,803,362	88,092,606	31,680,238		

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 Trussville/Cahaba (see Note 1C).

D. Business Interruption Insurance Recoveries

Not applicable

E. State Transferable and Non-Transferable Tax Credits

Not applicable

F. Subprime Mortgage Related Risk Exposure**1. Exposure to Subprime Mortgage Related Risk**

The following sub prime 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 market events.

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	\$ 73,349	\$ 73,349	\$ 142,791	\$
b.	Commercial mortgage backed securities				
c.	Collateralized debt obligations				
d.	Structured securities				
e.	Equity investments in SCAs*				
f.	Other assets				
g.	Total	\$ 73,349	\$ 73,349	\$ 142,791	\$

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 \$33,213,805 and \$33,346,964, 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

The Company was not impacted by any subsequent events. Subsequent events have been considered through February 15, 2017 for the statutory statement that was available for issuance by March 1, 2017.

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 Casualty Insurance Company	24260	34-6513736	\$ 861,194,000
Total			\$ 861,194,000

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	\$ 245,454,000	\$	\$ 363,782,000	\$	\$ (118,328,000)	\$
b. All Other			338,000	87,000	(338,000)	(87,000)
c. Total	\$ 245,454,000	\$	\$ 364,120,000	\$ 87,000	\$ (118,666,000)	\$ (87,000)
d. Direct Unearned Premium Reserves			\$ 364,120,000			

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 \$119,211 in 2016, which is less than 1.0% of the total prior year net unpaid losses and LAE of \$296,504,006. 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 Casualty, the Agency Pool manager and an Agency Pool participant. The combined premiums, losses, and expenses are then retroceded to each Agency Pool member based on pre-determined pooling percentages.

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

NOTES TO FINANCIAL STATEMENTS

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

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

(1) Direct

	2012	2013	2014	2015	2016
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 14,350	\$ 14,350	\$ 14,350	\$ 770	\$ 770
b. Incurred losses and loss adjustment expense			(13,580)		489,230
c. Calendar year payments for losses and loss adjustment expenses					
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 14,350	\$ 14,350	\$ 770	\$ 770	\$ 490,000

(2) Assumed Reinsurance

	2012	2013	2014	2015	2016
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 226,887	\$ 229,701	\$ 152,505	\$ 268,836	\$ 256,825
b. Incurred losses and loss adjustment expense	10,276	(45,836)	139,316	1,522	7,590
c. Calendar year payments for losses and loss adjustment expenses	7,462	31,360	22,985	13,533	18,668
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 229,701	\$ 152,505	\$ 268,836	\$ 256,825	\$ 245,747

(3) Net of Ceded Reinsurance

	2012	2013	2014	2015	2016
a. Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 241,237	\$ 244,051	\$ 166,855	\$ 269,606	\$ 257,595
b. Incurred losses and loss adjustment expense	10,276	(45,836)	125,736	1,522	82,159
c. Calendar year payments for losses and loss adjustment expenses	7,462	31,360	22,985	13,533	18,668
d. Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 244,051	\$ 166,855	\$ 269,606	\$ 257,595	\$ 321,086

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

(1) Direct basis	\$ 392,252
(2) Assumed reinsurance basis	166,719
(3) Net of ceded reinsurance basis	\$ 187,290

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

(1) Direct basis	\$ 245,000
(2) Assumed reinsurance basis	28,980
(3) Net of ceded reinsurance basis	\$ 66,650

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

(1) Direct

	2012	2013	2014	2015	2016
a. Beginning reserves	\$ 3,577	\$ 3,577	\$ 3,577	\$	\$
b. Incurred losses and loss adjustment expense			(3,577)		
c. Calendar year payments for losses and loss adjustment expenses					
d. Ending reserves	\$ 3,577	\$ 3,577	\$	\$	\$

NOTES TO FINANCIAL STATEMENTS

(2) Assumed Reinsurance

		2012	2013	2014	2015	2016
a.	Beginning reserves	\$ 246,930	\$ 357,328	\$ 565,672	\$ 689,017	\$ 654,486
b.	Incurred losses and loss adjustment expense	109,969	212,312	496,658	7,120	(4,983)
c.	Calendar year payments for losses and loss adjustment expenses	(429)	3,968	373,313	41,651	22,033
d.	Ending reserves	\$ 357,328	\$ 565,672	\$ 689,017	\$ 654,486	\$ 627,470

(3) Net of Ceded Reinsurance

	2012	2013	2014	2015	2016	
a.	Beginning reserves	\$ 250,507	\$ 360,905	\$ 569,249	\$ 689,017	\$ 654,486
b.	Incurred losses and loss adjustment expense	109,969	212,312	493,081	7,120	(4,983)
c.	Calendar year payments for losses and loss adjustment expenses	(429)	3,968	373,313	41,651	22,033
d.	Ending reserves	\$ 360,905	\$ 569,249	\$ 689,017	\$ 654,486	\$ 627,470

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

(1)	Direct basis	\$
(2)	Assumed reinsurance basis	370,510
(3)	Net of ceded reinsurance basis	\$ 370,510

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

(1)	Direct basis	\$
(2)	Assumed reinsurance basis	82,427
(3)	Net of ceded reinsurance basis	\$ 82,427

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	2 NAIC Company Code	3 State of Domicile
Name of Entity		

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control %

7.22 State the nationality(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 ESSEX PROPERTY TRUST INC, PUBLIC STORAGE, VORNADO REALTY TRUST, WEYERHAEUSER CO, URBAN EDGE PROPERTIES

12.12 Number of parcels involved 0

12.13 Total book/adjusted carrying value \$ 4,510,917

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]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment \$

22.22 Amount paid as expenses \$

22.23 Other amounts paid \$

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

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 32,479,701

GENERAL INTERROGATORIES**PART 1 - COMMON INTERROGATORIES****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). <u>N/A</u>			
24.04	Does the company's security lending program meet the requirements for a conforming program as outlined in the <i>Risk-Based Capital Instructions</i> ?	Yes [] 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	\$ _____ 3,945,035		
25.29	On deposit with other regulatory bodies	\$ _____ 0		
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	\$ _____ 0		
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	\$ _____ 0		
25.32	Other	\$ _____ 0		
25.3	For category (25.26) provide the following:			
	1 Nature of Restriction	2 Description	3 Amount	
			\$ _____	
26.1	Does the reporting entity have any hedging transactions reported on Schedule DB?	Yes [] No [X]		
26.2	If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.	Yes [] No [] N/A [X]		
27.1	Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?	Yes [] No [X]		
27.2	If yes, state the amount thereof at December 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 <i>Financial Condition Examiners Handbook</i> ?	Yes [X] No []		
28.01	For all agreements that comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , 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 <i>Financial Condition Examiners Handbook</i> , provide the name, location and a complete explanation			
	1 Name(s)	2 Location(s)	3 Complete Explanation(s)	
	NONE			
28.03	Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?	Yes [] No [X]		
28.04	If yes, give full and complete information relating thereto:			
	1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
	NONE			
28.05	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		

PROGRESSIVE SPECIALTY INSURANCE COMPANY**GENERAL INTERROGATORIES****PART 1 - COMMON INTERROGATORIES**

PROGRESSIVE CAPITAL MANAGEMENT CORP.	A
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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
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	482,720,643	482,642,924	(77,719)
30.2	Preferred Stocks	23,833,275	31,354,575	7,521,300
30.3	Totals	506,553,918	513,997,499	7,443,581

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

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

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

Yes [] No [X]

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

Yes [] No []

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

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC 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? \$ 61,406

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

1 Name	2 Amount Paid
INDEPENDENT STATISTICAL SVCS I	\$ 61,406

34.1 Amount of payments for legal expenses, if any? \$ 0

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

1 Name	2 Amount Paid
NONE	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 0

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

1 Name	2 Amount Paid
NONE	\$

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

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes []	No [X]
1.2	If yes, indicate premium earned on U.S. business only.	\$	0
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$	0
1.31	Reason for excluding:		
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$	0
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$	0
1.6	Individual policies:		
	Most current three years:		
1.61	Total premium earned	\$	0
1.62	Total incurred claims	\$	0
1.63	Number of covered lives		0
	All years prior to most current three years:		
1.64	Total premium earned	\$	0
1.65	Total incurred claims	\$	0
1.66	Number of covered lives		0
1.7	Group policies:		
	Most current three years:		
1.71	Total premium earned	\$	0
1.72	Total incurred claims	\$	0
1.73	Number of covered lives		0
	All years prior to most current three years:		
1.74	Total premium earned	\$	0
1.75	Total incurred claims	\$	0
1.76	Number of covered lives		0
2.	Health Test:		
		1 Current Year	2 Prior Year
2.1	Premium Numerator	\$ 0	\$ 0
2.2	Premium Denominator	\$ 772,594,011	\$ 705,023,357
2.3	Premium Ratio (2.1/2.2)		
2.4	Reserve Numerator	\$ 0	\$ 0
2.5	Reserve Denominator	\$ 578,554,816	\$ 513,788,558
2.6	Reserve Ratio (2.4/2.5)		
3.1	Does the reporting entity issue both participating and non-participating policies?	Yes []	No [X]
3.2	If yes, state the amount of calendar year premiums written on:		
3.21	Participating policies	\$ 0	
3.22	Non-participating policies	\$ 0	
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:		
4.1	Does the reporting entity issue assessable policies?	Yes []	No []
4.2	Does the reporting entity issue non-assessable policies?	Yes []	No []
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?		%
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$ 0	
5.	FOR RECIPROCAL EXCHANGES ONLY:		
5.1	Does the exchange appoint local agents?	Yes []	No []
5.2	If yes, is the commission paid:		
5.21	Out of Attorney's-in-fact compensation	Yes []	No []
5.22	As a direct expense of the exchange	Yes []	N/A []
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?	Yes []	No []
5.4	Has any Attorney-in-fact compensation, contingent on 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?		
	<u>THE COMPANY DOES NOT WRITE WORKERS' COMPENSATION INSURANCE.</u>		
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:		
	<u>THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE ESTIMATE OF THE PML WAS MADE EXCLUSIVELY BY PROGRESSIVE EMPLOYEES. THE COMPANY'S NET COMPREHENSIVE EXPOSURE IN THE CATASTROPHE PRONE STATES OF FLORIDA, LOUISIANA, TEXAS, MISSISSIPPI, ALABAMA, NEW YORK, NEW JERSEY AND CALIFORNIA IS LIMITED SINCE THE COMPANY IS A MEMBER OF A 100% POOLING REINSURANCE ARRANGEMENT WITH 11 OF ITS PROPERTY AND CASUALTY AFFILIATES. THE PRIMARY PROPERTY COVERAGE SOLD BY THE COMPANY IS COMPREHENSIVE FOR AUTOMOBILE AND INLAND MARINE FOR BOATS. THE ESTIMATE OF THE PML IS 6% OF THE SURPLUS.</u>		
6.3	What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?		
	<u>THE COMPANY'S ESTIMATED PML IS 6% OF THE SURPLUS. THE COMPANY CARRIES NO EXTERNAL CATASTROPHE REINSURANCE TO COVER ITS LIMITED CATASTROPHE EXPOSURE. THE COMPANY PARTICIPATES IN A POOLING ARRANGEMENT, WHICH SPREADS THE UNDERWRITING RISK INCLUDING THE CATASTROPHE EXPOSURE AMONG ALL PARTIES TO THE POOLING AGREEMENT.</u>		

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 uninsured catastrophic loss: <u>NONE</u>	
7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes [] No [X]
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 noncancelable by the reporting entity during the contract term;	
	(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;	
	(c) Aggregate stop loss reinsurance coverage;	
	(d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;	
	(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or	
	(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?	
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:	Yes [] No [X]
	(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, <i>Property and Casualty Reinsurance</i> , has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:	
	(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or	
	(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	Yes [] No [X]
9.5	If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.	
9.6	The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria:	
	(a) The entity does not utilize reinsurance; or,	Yes [] No [X]
	(b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or	Yes [] No [X]
	(c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.	Yes [] No [X]
10.	If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurance a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?	Yes [X] No [] N/A []
11.1	Has 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 [] No [X]

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	\$			0
12.62	Collateral and other funds	\$			0
13.1	Largest net aggregate amount insured in any one risk (excluding workers' compensation):	\$			3,500,000
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	2	3	4
		Direct Losses Incurred	Direct Losses Unpaid	Direct Written Premium	Direct Premium Unearned
16.11	Home	\$ 0 \$	0 \$	0 \$	0 \$
16.12	Products	\$ 0 \$	0 \$	0 \$	0
16.13	Automobile	\$ 0 \$	0 \$	0 \$	0
16.14	Other*	\$ 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).....	1,292,098,837	1,173,103,742	1,148,396,870	1,086,068,204	1,010,794,561
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	740,479,937	668,208,969	643,555,324	607,107,958	572,373,844
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	15,426,226	14,090,836	12,650,217	2,992,881	1,965,568
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	232	902	824	289	2,936
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	2,048,005,232	1,855,404,450	1,804,603,234	1,696,169,332	1,585,136,910
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).....	507,424,133	458,110,539	444,911,015	425,559,801	406,404,325
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	291,356,412	260,417,453	251,270,631	237,710,650	227,049,484
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,244,486	2,936,705	2,627,468	2,123,653	1,965,568
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	232	902	824	289	590
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	802,025,263	721,465,600	698,809,937	665,394,393	635,419,968
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	29,790,646	51,688,764	51,844,405	37,828,538	20,459,766
14. Net investment gain (loss) (Line 11).....	17,790,154	12,869,401	18,822,552	61,497,165	49,149,291
15. Total other income (Line 15).....	10,020,797	8,819,601	10,852,173	11,375,505	12,007,310
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	19,478,607	25,074,286	24,587,844	23,714,191	21,268,871
18. Net income (Line 20).....	38,122,990	48,303,480	56,931,286	86,987,017	60,347,496
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	943,046,635	864,748,854	880,174,181	941,276,707	994,299,409
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	33,213,805	33,346,964	30,688,424	29,439,310	26,394,451
20.2 Deferred and not yet due (Line 15.2).....	203,813,224	183,653,707	173,161,532	168,850,883	155,965,587
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	679,615,558	598,353,227	566,029,103	555,052,435	526,978,216
22. Losses (Page 3, Line 1).....	272,042,224	244,947,660	233,754,652	231,068,338	217,147,501
23. Loss adjustment expenses (Page 3, Line 3).....	56,758,329	51,556,346	47,969,298	45,220,509	43,354,212
24. Unearned premiums (Page 3, Line 9).....	245,453,885	216,022,632	199,580,391	195,733,501	189,117,054
25. Capital paid up (Page 3, Lines 30 & 31).....	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
26. Surplus as regards policyholders (Page 3, Line 37).....	263,431,077	266,395,627	314,145,078	386,224,272	467,321,193
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	80,984,463	69,292,150	62,597,041	61,371,938	71,278,229
Risk-Based Capital Analysis					
28. Total adjusted capital.....	263,431,077	266,395,627	314,145,078	386,224,272	467,321,193
29. Authorized control level risk-based capital.....	28,975,391	26,891,945	27,529,636	26,305,786	23,171,733
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).....	52.4	58.6	72.9	75.3	72.7
31. Stocks (Lines 2.1 & 2.2).....	27.2	28.1	27.1	24.6	25.8
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	20.4	13.3	0.0	0.1	1.5
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....		0.0			
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
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.....	8,288,276	8,582,565	8,831,854	9,021,042	9,210,431
48. Total of above lines 42 to 47.....	8,288,276	8,582,565	8,831,854	9,021,042	9,210,431
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).....	3.1	3.2	2.8	2.3	2.0

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).....	10,772,366	.....(2,696,361)	.....6,553,366	.....2,448,145	.....10,382,633
52. Dividends to stockholders (Line 35).....	.....(81,000,000)	.....(118,000,000)	.....(150,000,000)	.....(180,000,000)	.....(200,000,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	.....(2,964,550)	.....(47,749,451)	.....(72,079,194)	.....(81,096,921)	.....(107,416,803)
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).....	732,478,746	.....657,470,989	.....676,123,753	.....633,694,914	.....578,475,101
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	461,785,549	.....416,940,502	.....420,151,923	.....386,481,544	.....370,224,308
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	4,536,794	.....4,700,654	.....3,142,557	.....939,800	.....1,480,516
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....(1,432)	.....(14,464)	.....(4,418)	.....90,292	.....144,737
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....29,779	.....16,661	.....28,390	.....44,456	.....24,387
59. Total (Line 35).....	1,198,829,436	.....1,079,114,342	.....1,099,442,205	.....1,021,251,006	.....950,349,048
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).....	285,360,816	.....259,714,476	.....266,686,605	.....248,544,104	.....238,870,682
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	187,411,153	.....159,988,455	.....157,929,970	.....149,670,000	.....146,113,018
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,090,468	.....1,073,724	.....1,161,944	.....934,455	.....1,480,516
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	.....(1,432)	.....(14,464)	.....(4,418)	.....90,292	.....144,737
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	.....29,779	.....16,661	.....28,390	.....44,456	.....24,387
65. Total (Line 35).....	473,890,784	.....420,778,852	.....425,802,491	.....399,283,307	.....386,633,339
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).....	18.8	.....19.3	.....19.1	.....19.4	.....19.3
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).....	304.5	.....270.8	.....222.4	.....172.3	.....136.0
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).....	342	.....(9,252)	.....(1,351)	.....3,046	.....2,223
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	.....(2.9)	.....(0.4)	.....0.7	.....0.4
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).....	.....(10,033)	.....(3,204)	.....2,148	.....4,143	.....(6,249)
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).....	.....(3.2)	.....(0.8)	.....0.5	.....0.7	.....(0.8)

If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, *Accounting Changes and Correction of Errors*?

Yes No

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES**SCHEDULE P - PART 1 - SUMMARY**

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported-Direct and Assumed	
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)		
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded				
1. Prior.....	....XXX.....	....XXX.....	....XXX.....	.....1,200	.....997	.....68	.....13	.....63	.....	.....72	.....321	....XXX.....
2. 2007.....	....606,781	.....8,948	....597,833	....354,628	....5,545	....9,570	....90	....63,061	....69	....32,980	....421,555	....XXX.....
3. 2008.....	....578,227	.....7,283	....570,944	....351,807	....5,126	....9,480	....288	....60,592	....105	....30,472	....416,360	....XXX.....
4. 2009.....	....579,230	.....7,706	....571,524	....340,779	....6,413	....9,603	....436	....52,862	....95	....28,717	....396,299	....XXX.....
5. 2010.....	....575,661	.....8,671	....566,990	....351,068	....7,513	....10,053	....339	....52,448	....15	....30,801	....405,702	....XXX.....
6. 2011.....	....592,974	.....7,938	....585,037	....368,862	....4,205	....9,119	....64	....51,947	....0	....34,127	....425,659	....XXX.....
7. 2012.....	....629,947	.....6,476	....623,471	....401,470	....3,834	....9,223	....21	....53,636	.....	....38,426	....460,474	....XXX.....
8. 2013.....	....665,304	.....6,526	....658,778	....402,151	....3,076	....8,717	....12	....54,843	.....	....38,609	....462,623	....XXX.....
9. 2014.....	....701,791	.....6,828	....694,963	....400,566	....2,168	....6,936	....7	....54,907	.....	....39,926	....460,234	....XXX.....
10. 2015.....	....712,063	.....7,040	....705,023	....385,683	....2,309	....4,100	....11	....54,921	.....	....39,378	....442,385	....XXX.....
11. 2016.....	....779,638	.....7,044	....772,594	....334,623	....1,868	....1,052	....1	....49,867	.....	....26,048	....383,672	....XXX.....
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....3,692,837	....43,054	....77,919	....1,282	....549,149	....284	....339,557	....4,275,285	....XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed	
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22				
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded	Direct and Assumed	Ceded				
1. Prior.....	....17,705	....16,408	....767	....186	....218	....22	....264	....186	....272	.....	.....	....2,425	....XXX.....
2. 2007.....	....3,464	....3,327	....1	.....	....31	.....	.....	.....	....72	.....	.....	....241	....XXX.....
3. 2008.....	....4,069	....3,766	....323	....322	....53	....0	.....	.....	....95	.....	.....	....451	....XXX.....
4. 2009.....	....3,501	....3,086	....1,372	....1,365	....75	....1	....5	....4	....109	.....	.....	....608	....XXX.....
5. 2010.....	....2,696	....1,997	....1,159	....1,155	....116	....1	....8	....7	....122	.....	.....	....943	....XXX.....
6. 2011.....	....4,552	....3,101	....634	....627	....238	....0	....5	....5	....192	.....	.....	....1,888	....XXX.....
7. 2012.....	....7,377	....3,564	....897	....892	....524	....0	....5	....5	....302	.....	.....	....4,643	....XXX.....
8. 2013.....12,7454,3003,8347231,376175731,0251,24114,711XXX.....
9. 2014.....21,8646786,6653,1313,825298412,0701,36331,597XXX.....
10. 2015.....52,9483,37312,1952,5556,86121,70725,2372,83373,017XXX.....
11. 2016.....139,7716,30638,2373,8749,95213,577616,92819,324198,278XXX.....
12. Totals.....	....270,693	....49,905	....66,083	....14,829	....23,270	....29	....7,312	....217	....26,423	....0	....24,761	....328,801	....XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
	Direct and Assumed	Ceded	Net	Direct and Assumed	Ceded	Net	Loss	Loss Expense		Losses Unpaid	Loss Expenses Unpaid
1. Prior..	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	.....	.....	....XXX.....	....1,879	....546
2. 2007.....	....430,827	....9,031	....421,795	....71.0	....100.9	....70.6	.....	.....	....7.00	....137	....103
3. 2008.....	....426,419	....9,608	....416,811	....73.7	....131.9	....73.0	.....	.....	....7.00	....303	....147
4. 2009.....	....408,307	....11,400	....396,907	....70.5	....147.9	....69.4	.....	.....	....7.00	....422	....185
5. 2010.....	....417,671	....11,026	....406,645	....72.6	....127.2	....71.7	.....	.....	....7.00	....704	....239
6. 2011.....	....435,549	....8,002	....427,547	....73.5	....100.8	....73.1	.....	.....	....7.00	....1,458	....430
7. 2012.....	....473,433	....8,315	....465,118	....75.2	....128.4	....74.6	.....	.....	....7.00	....3,818	....825
8. 2013.....	....485,448	....8,114	....477,334	....73.0	....124.3	....72.5	.....	.....	....7.00	....11,556	....3,155
9. 2014.....	....497,817	....5,985	....491,831	....70.9	....87.7	....70.8	.....	.....	....7.00	....24,721	....6,876
10. 2015.....	....523,653	....8,251	....515,402	....73.5	....117.2	....73.1	.....	.....	....7.00	....59,215	....13,802
11. 2016.....	....594,007	....12,056	....581,950	....76.2	....171.2	....75.3	.....	.....	....7.00	....167,828	....30,450
12. Totals.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....XXX.....	....0	....0	....XXX.....	....272,042	....56,758

Note: Parts 2 and 4 are gross of all discounting, including tabular discounting. Part 1 is gross of only nontabular discounting, which is reported in Columns 32 and 33 of

Part 1. The tabular discount, if any, is reported in the Notes to Financial Statements, which will reconcile Part 1 with Parts 2 and 4.

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016	11 One Year	12 Two Year
1. Prior....	113,073	114,066	109,246	106,498	106,273	106,431	106,999	108,039	108,541	108,756	215	717
2. 2007....	362,277	362,671	363,369	361,668	358,668	358,681	358,887	358,728	358,703	358,731	28	3
3. 2008....	XXX....	358,789	358,653	359,246	357,292	355,616	356,298	356,251	356,273	356,229	(44)	(22)
4. 2009....	XXX....	XXX....	350,827	345,588	346,498	344,961	343,570	343,959	343,950	344,030	80	71
5. 2010....	XXX....	XXX....	XXX....	354,561	354,747	355,622	356,142	353,826	354,177	354,090	(87)	264
6. 2011....	XXX....	XXX....	XXX....	XXX....	372,454	376,844	378,181	378,169	375,316	375,408	92	(2,761)
7. 2012....	XXX....	XXX....	XXX....	XXX....	XXX....	412,371	413,497	413,703	414,110	411,180	(2,931)	(2,523)
8. 2013....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	421,421	420,967	420,719	421,466	747	499
9. 2014....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	441,135	433,735	434,854	1,119	(6,281)
10. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	454,120	455,244	1,123	XXX....
11. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	515,155	XXX....	XXX....
											12. Totals....	342
												(10,033)

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11 Number of Claims Closed With Loss Payment	12 Number of Claims Closed Without Loss Payment
	1 2007	2 2008	3 2009	4 2010	5 2011	6 2012	7 2013	8 2014	9 2015	10 2016		
1. Prior....	000....	59,392	86,148	97,059	101,382	103,611	104,618	105,527	106,346	106,603	XXX....	XXX....
2. 2007....	246,899	311,414	337,304	349,761	355,009	357,004	358,010	358,352	358,528	358,563	XXX....	XXX....
3. 2008....	XXX....	241,481	309,419	333,264	345,678	351,722	354,319	355,275	355,749	355,873	XXX....	XXX....
4. 2009....	XXX....	XXX....	230,657	295,252	320,356	333,222	339,494	342,131	343,081	343,532	XXX....	XXX....
5. 2010....	XXX....	XXX....	XXX....	233,388	301,403	329,477	343,591	350,027	352,348	353,269	XXX....	XXX....
6. 2011....	XXX....	XXX....	XXX....	XXX....	249,970	322,825	352,145	366,483	371,831	373,712	XXX....	XXX....
7. 2012....	XXX....	XXX....	XXX....	XXX....	XXX....	272,559	355,044	386,416	400,918	406,839	XXX....	XXX....
8. 2013....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	272,656	361,341	392,429	407,780	XXX....	XXX....
9. 2014....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	290,376	371,184	405,327	XXX....	XXX....
10. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	295,113	387,464	XXX....	XXX....
11. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	333,805	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....	15,797	7,376	2,994	.844	.615	.580	.443	.699	.700	.659
2. 2007....	29,307	8,637	4,286	2,432	.77	.43	131	.18	.11	.1
3. 2008....	XXX....	31,624	8,896	4,779	2,323	.72	146	.25	.17	.1
4. 2009....	XXX....	XXX....	29,096	9,158	5,047	2,840	114	.29	.13	.9
5. 2010....	XXX....	XXX....	XXX....	26,736	9,142	4,169	3,006	.49	.12	.5
6. 2011....	XXX....	XXX....	XXX....	XXX....	27,197	8,959	4,016	3,204	.13	.7
7. 2012....	XXX....	XXX....	XXX....	XXX....	XXX....	33,332	9,652	4,092	3,419	.5
8. 2013....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	35,803	10,656	4,378	3,866
9. 2014....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	33,783	10,955	4,518
10. 2015....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	32,733	11,345
11. 2016....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	XXX....	.37,934

PROGRESSIVE SPECIALTY INSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

States, Etc.	1 Active Status	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Purchasing Groups (Incl. in Col. 2)
		2 Direct Premiums Written	3 Direct Premiums Earned						
1. Alabama.....	AL L.....	171,491,377	164,228,020		91,911,922	98,134,666	62,653,677	2,713,688	
2. Alaska.....	AK L.....	21,712,395	21,541,006		12,815,249	14,200,125	9,120,899	436,047	
3. Arizona.....	AZ L.....								
4. Arkansas.....	AR L.....	240,527	242,916		152,962	174,293	76,386	3,386	
5. California.....	CA L.....								
6. Colorado.....	CO L.....	1,312,252	1,344,017		948,675	679,731	739,233	9,919	
7. Connecticut.....	CT L.....								
8. Delaware.....	DE L.....								
9. District of Columbia.....	DC L.....								
10. Florida.....	FL L.....				(4,447)	(4,447)			
11. Georgia.....	GA L.....								
12. Hawaii.....	HI L.....	1,100,555	1,125,763		779,154	696,003	782,090	6,835	
13. Idaho.....	ID L.....								
14. Illinois.....	IL L.....				(2,285)	(2,285)			
15. Indiana.....	IN L.....				(468)	(468)			
16. Iowa.....	IA L.....								
17. Kansas.....	KS L.....								
18. Kentucky.....	KY L.....								
19. Louisiana.....	LA N.....								
20. Maine.....	ME L.....								
21. Maryland.....	MD L.....	74,230,637	69,660,576		46,037,441	50,219,359	24,349,840	1,017,101	
22. Massachusetts.....	MA N.....								
23. Michigan.....	MI L.....								
24. Minnesota.....	MN L.....	9,096,662	9,509,861		5,423,673	4,191,733	2,434,912	84,978	
25. Mississippi.....	MS L.....								
26. Missouri.....	MO L.....				(377)	(1,666)			
27. Montana.....	MT L.....	216,238	219,697		103,309	36,573	20,570	3,208	
28. Nebraska.....	NE L.....								
29. Nevada.....	NV L.....	1,268,294	1,298,851		935,845	1,232,222	729,252	16,403	
30. New Hampshire.....	NH N.....								
31. New Jersey.....	NJ L.....								
32. New Mexico.....	NM L.....				(768)	(768)			
33. New York.....	NY L.....	213,501,680	210,249,370		117,653,833	123,412,723	75,795,632	7,124,139	
34. North Carolina.....	NC N.....								
35. North Dakota.....	ND L.....								
36. Ohio.....	OH L.....	401,961,081	394,891,628		238,448,736	238,040,254	108,881,136	9,284,631	
37. Oklahoma.....	OK L.....								
38. Oregon.....	OR L.....		2,548		5,694	5,991	(655)	10	
39. Pennsylvania.....	PA L.....	346,804,329	333,791,212		207,264,156	217,257,897	113,148,167	6,987,380	
40. Rhode Island.....	RI L.....								
41. South Carolina.....	SC L.....				(467)	(467)			
42. South Dakota.....	SD L.....								
43. Tennessee.....	TN L.....	(126)	(126)		(1,993)	(1,993)			
44. Texas.....	TX L.....								
45. Utah.....	UT L.....								
46. Vermont.....	VT L.....	265,252	607,340		461,740	322,802	120,197	8,922	
47. Virginia.....	VA L.....	2,778,815	2,895,217		2,010,640	1,659,454	741,110	41,911	
48. Washington.....	WA L.....				(3,571)	(3,571)			
49. West Virginia.....	WV L.....								
50. Wisconsin.....	WI L.....								
51. Wyoming.....	WY N.....								
52. American Samoa.....	AS N.....								
53. Guam.....	GU N.....								
54. Puerto Rico.....	PR N.....								
55. US Virgin Islands.....	VI N.....								
56. Northern Mariana Islands.....	MP N.....								
57. Canada.....	CAN N.....								
58. Aggregate Other Alien.....	OT XXX.....	0	0	0	0	0	0	0	0
59. Totals.....	(a) 46	1,245,979,968	1,211,607,896	0	724,938,653	750,248,161	399,592,446	27,738,558	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

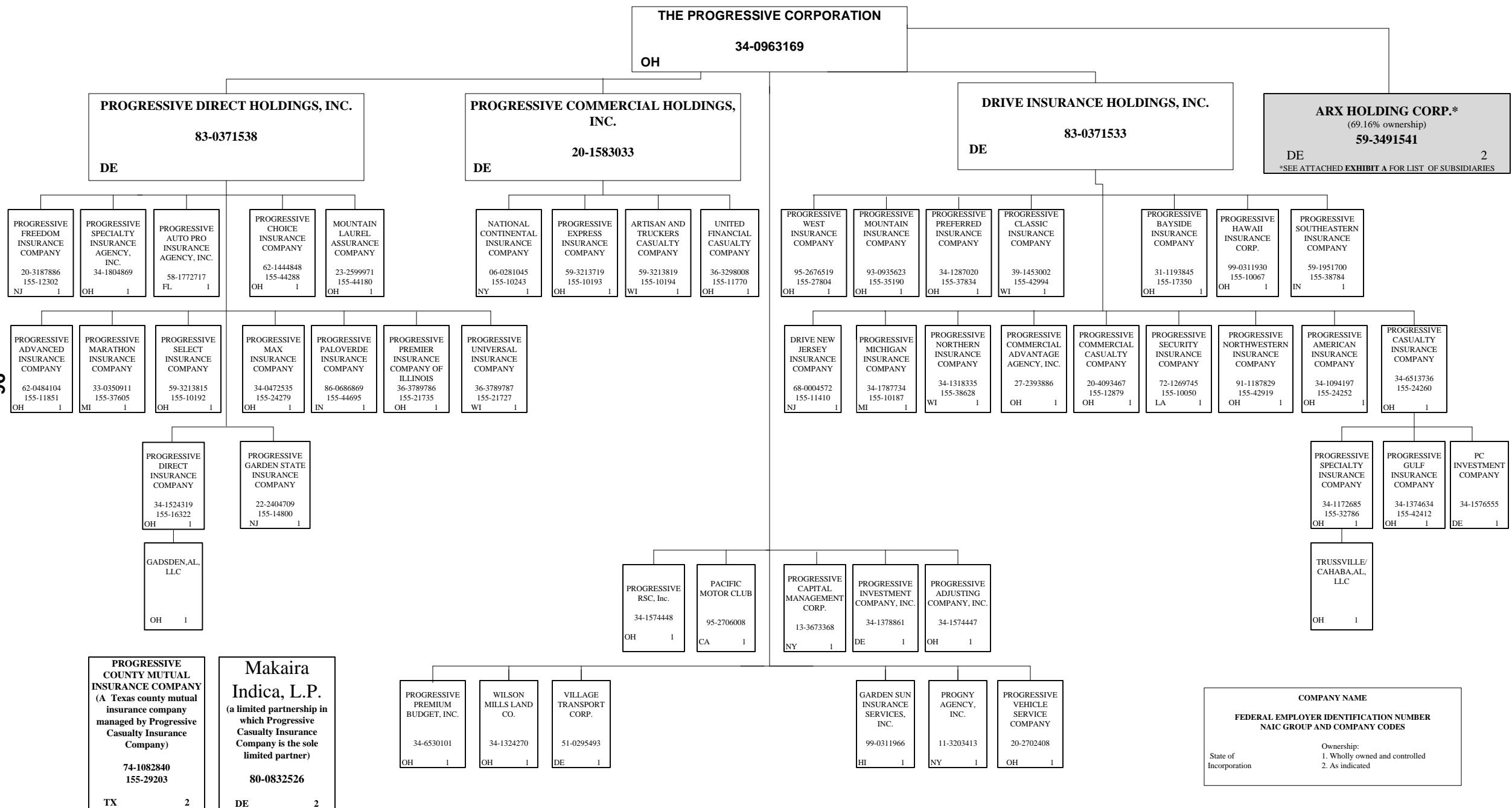
(a) Insert the number of "L" responses except for Canada and Other Alien.

(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

PROGRESSIVE COUNTY MUTUAL INSURANCE COMPANY
(A Texas county mutual insurance company managed by Progressive Casualty Insurance Company)
74-1082840
155-29203
TX 2

Makaira Indica, L.P.
(a limited partnership in which Progressive Casualty Insurance Company is the sole limited partner)
80-0832526
DE 2

PROGRESSIVE PREMIUM BUDGET, INC.
34-6530101
OH 1

WILSON MILLS LAND CO.
34-1324270
OH 1

VILLAGE TRANSPORT CORP.
51-0295493
DE 1

PROGRESSIVE RSC, Inc.
34-1574448
OH 1

PACIFIC MOTOR CLUB
95-2706008
CA 1

PROGRESSIVE CAPITAL MANAGEMENT CORP.
13-3673368
NY 1

PROGRESSIVE INVESTMENT COMPANY, INC.
34-1378861
DE 1

PROGRESSIVE ADJUSTING COMPANY, INC.
34-1574447
OH 1

GARDEN SUN INSURANCE SERVICES, INC.
99-0311966
HI 1

PROGNY AGENCY, INC.
11-3203413
NY 1

PROGRESSIVE VEHICLE SERVICE COMPANY
20-2702408
OH 1

COMPANY NAME
FEDERAL EMPLOYER IDENTIFICATION NUMBER
NAIC GROUP AND COMPANY CODES

State of Incorporation

Ownership:
1. Wholly owned and controlled
2. As indicated

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

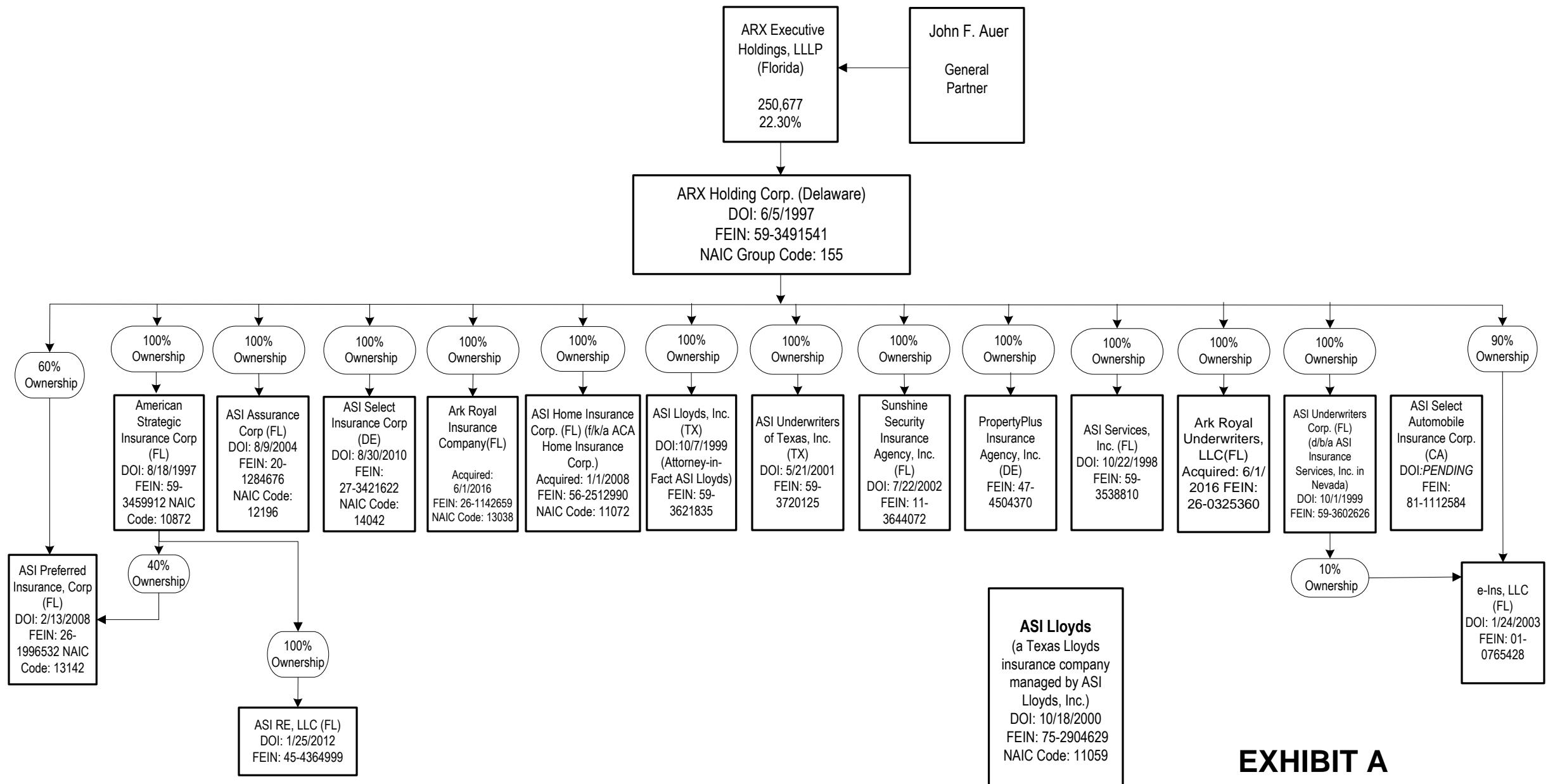


EXHIBIT A

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