The 2018 Annual Statement for Progressive Casualty Insurance Company is being amended due to the recording of a subsequent event that occurred after the March 1, 2019, issuance date. Additional information and disclosure surrounding this event is included within the Notes to Financial Statements.

The lines affected on the Assets, Liabilities, Surplus and Other Funds and the Statement of Income include the following:

Page 2 Line 8 Other Invested Assets

Page 2 Line 18.1 Current federal and foreign income tax recoverable and interest thereon

Page 2 Line 18.2 Net deferred tax asset

Page 3 Line 7.1 Current federal and foreign income taxes (including tax on realized capital gains(losses))

Page 3 Line 36 Unassigned Funds (surplus)

Page 4 Line 10 Net realized capital gains (losses)

Page 4 Line 19 Federal and foreign income taxes incurred

Page 4 Line 26 Changed in net deferred income tax

Page 4 Line 27 Change in nonadmitted assets

Subsequent pages and schedules affected as a result of the adjustments to the above pages include the following:

Actuarial Opinion

Page 12 Exhibit of capital gains (losses)

Page 13 Exhibit of nonadmitted assets

Notes to Financial Statements

Page 17 & 18 Five-year historical data

Page 29 Schedule F Part 6

Page 98 Schedule Y Part 2

S101 Summary Investment Schedule

S103 Schedule BA Verification

E07 Schedule BA Part 1

Risk Based Capital Report

* 2 4 2 6 0 2 0 1 8 2 0 1 0 0 1 0 5 *

ANNUAL STATEMENT

For the Year Ended December 31, 2018

of the Condition and Affairs of the

PROGRESSIVE CASUALTY INSURANCE COMPANY

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

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

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

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

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

OFFICERS

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

OTHER

PETER JAMES ALBERT	(VICE PRESIDENT)	MARY BETH ANDREANO	(VICE PRESIDENT)
KAREN BARONE BAILO	(VICE PRESIDENT)	KIARA COX BERGLUND	(VICE PRESIDENT)
ALAN JAY BLOCK	(VICE PRESIDENT)	TODD LOZON BRACKETT	(VICE PRESIDENT)
STEVEN ANTHONY BROZ	(VICE PRESIDENT)	CHARLES ERNEST CONOVER	(VICE PRESIDENT)
BRIAN DOUGLAS COURTNEY	(VICE PRESIDENT)	CHRISTINA LYNN CREWS	(ASST. SECRETARY)
HEATHER ELIZABETH DAY	(VICE PRESIDENT)	MATTHEW HERRICK DOWNING	(VICE PRESIDENT)
MICHAEL VINCENT ESPOSITO	(VICE PRESIDENT)	JAMES EDWARD GLENN, JR.	(VICE PRESIDENT)
JOHN CHARLES JONES	(VICE PRESIDENT)	JAMES LEE KUSMER	(ASST. TREASURER)
NEIL JOSEPH LENANE	(VICE PRESIDENT)	LYNN NAVARRE MAJOR	(VICE PRESIDENT)
RONALD PAUL MAROTTO	(VICE PRESIDENT)	HEATHER MARIE MURRAY	(VICE PRESIDENT)
ANDREW JOHN QUIGG	(VICE PRESIDENT)	CARRIE FISHER RADIVOYEVITCH	(VICE PRESIDENT)
JAY CHADWICK VANANTWERP	(VICE PRESIDENT)	VIDA PAULE ZIEDONIS	(VICE PRESIDENT)

DIRECTORS OR TRUSTEES

CHARLES ERNEST CONOVER	RICHARD RUSSELL CRAWLEY	JOHN ALLEN CURTISS, JR. #	HEATHER ELIZABETH DAY #
KATHRYN MARGARET LEMIEUX	MARK DONALD NIEHAUS	GEOFFREY THOMAS SOUSER	

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

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

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

Subscribed and sworn to before me
This 6TH day of MAY, 2019

a. Is this an original filing?		Yes [ ] No [X]
b. If no	1. State the amendment number	1
	2. Date filed	MAY 6, 2019
	3. Number of pages attached	25

ASSETS

	Current Year 1 Assets	Current Year 2 Nonadmitted Assets	Current Year 3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
1. Bonds (Schedule D)	5,168,102,729		5,168,102,729	3,837,741,050
2. Stocks (Schedule D):				
2.1 Preferred stocks	199,655,368		199,655,368	48,826,934
2.2 Common stocks	1,993,411,388		1,993,411,388	2,328,338,949
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)	452,402,570		452,402,570	527,269,899
4.2 Properties held for the production of income (less $.........0 encumbrances)			0	
4.3 Properties held for sale (less $.........0 encumbrances)	39,776,634		39,776,634	5,948,225
5. Cash ($.....(16,508,876), Schedule E-Part 1), cash equivalents ($.....377,698,414, Schedule E-Part 2) and short-term investments ($.....141,290,895, Schedule DA)	502,480,433		502,480,433	280,589,015
6. Contract loans (including $.........0 premium notes)			0	
7. Derivatives (Schedule DB)			0	
8. Other invested assets (Schedule BA)	165,590,419	3,453,336	162,137,083	179,440,914
9. Receivables for securities	17,422,818		17,422,818	10,233,727
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)	8,538,842,359	3,453,336	8,535,389,023	7,218,388,713
13. Title plants less $.........0 charged off (for Title insurers only)			0	
14. Investment income due and accrued	34,423,484		34,423,484	16,093,969
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	224,510,753	25,054,593	199,456,160	165,732,297
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $.........0 earned but unbilled premiums)	1,175,657,177		1,175,657,177	951,393,322
15.3 Accrued retrospective premiums ($.........0) and contracts subject to redetermination ($.........0)			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	38,901,677		38,901,677	43,064,056
16.2 Funds held by or deposited with reinsured companies			0	
16.3 Other amounts receivable under reinsurance contracts			0	
17. Amounts receivable relating to uninsured plans			0	
18.1 Current federal and foreign income tax recoverable and interest thereon			0	
18.2 Net deferred tax asset	122,397,209		122,397,209	3,022,242
19. Guaranty funds receivable or on deposit			0	
20. Electronic data processing equipment and software	226,669,559	188,451,417	38,218,142	23,772,824
21. Furniture and equipment, including health care delivery assets ($.........0)	91,785,323	91,785,323	0	
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	
23. Receivables from parent, subsidiaries and affiliates			0	
24. Health care ($.........0) and other amounts receivable			0	
25. Aggregate write-ins for other-than-invested assets	121,643,014	116,822,171	4,820,843	9,696,470
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	10,574,830,555	425,566,840	10,149,263,715	8,431,163,893
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	
28. TOTAL (Lines 26 and 27)	10,574,830,555	425,566,840	10,149,263,715	8,431,163,893

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. STATE UNEARNED SURCHARGE RECOVERABLE	2,545,843		2,545,843	2,036,467
2502. STATE TAX CREDITS	2,275,000		2,275,000	1,158,732
2503. PREPAID EXPENSES	107,822,024	107,822,024	0	
2598. Summary of remaining write-ins for Line 25 from overflow page	9,000,147	9,000,147	0	6,501,271
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	121,643,014	116,822,171	4,820,843	9,696,470

LIABILITIES, SURPLUS AND OTHER FUNDS

		1 Current Year	2 Prior Year
1.	Losses (Part 2A, Line 35, Column 8)	2,531,659,965	2,168,707,693
2.	Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	224,609,678	205,965,254
3.	Loss adjustment expenses (Part 2A, Line 35, Column 9)	546,006,187	460,128,356
4.	Commissions payable, contingent commissions and other similar charges	26,426,892	15,386,253
5.	Other expenses (excluding taxes, licenses and fees)	358,894,941	302,843,662
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)	68,162,724	56,761,652
7.1	Current federal and foreign income taxes (including $.....(6,638,258) on realized capital gains (losses))	227,568,065	35,766,766
7.2	Net deferred tax liability		
8.	Borrowed money $..........0 and interest thereon $..........0		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of $.....2,558,182,669 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)	2,456,345,258	2,069,990,530
10.	Advance premium	13,332,437	12,079,602
11.	Dividends declared and unpaid:		
	11.1 Stockholders		59,100,000
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)	75,548,630	20,066,589
13.	Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 20)		
14.	Amounts withheld or retained by company for account of others	7,824,812	7,371,893
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including $...........0 certified) (Schedule F, Part 3, Column 78)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding	148,414,583	127,671,159
19.	Payable to parent, subsidiaries and affiliates	1,023,882,339	740,384,836
20.	Derivatives		
21.	Payable for securities	13,627,396	13,001,660
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	15,775,059	11,125,915
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	7,738,078,966	6,306,351,820
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	7,738,078,966	6,306,351,820
29.	Aggregate write-ins for special surplus funds	0	0
30.	Common capital stock	3,000,000	3,000,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other-than-special surplus funds	0	0
33.	Surplus notes		
34.	Gross paid in and contributed surplus	1,021,775,643	977,666,203
35.	Unassigned funds (surplus)	1,386,409,106	1,144,145,870
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)	2,411,184,749	2,124,812,073
38.	TOTAL (Page 2, Line 28, Col. 3)	10,149,263,715	8,431,163,893

DETAILS OF WRITE-INS

2501.	STATE PLAN LIABILITY	11,434,506	7,107,641
2502.	OTHER LIABILITIES	3,870,976	3,369,515
2503.	ESCHEATABLE PROPERTY	469,577	648,759
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)	15,775,059	11,125,915
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page	0	0
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)	0	0

STATEMENT OF INCOME

		1 Current Year	2 Prior Year
	UNDERWRITING INCOME		
1.	Premiums earned (Part 1, Line 35, Column 4)	7,426,202,877	6,232,910,182
	DEDUCTIONS:		
2.	Losses incurred (Part 2, Line 35, Column 7)	4,376,334,140	3,879,622,729
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	723,518,679	659,696,413
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2)	1,536,355,291	1,308,078,625
5.	Aggregate write-ins for underwriting deductions	(209,765)	26,890
6.	Total underwriting deductions (Lines 2 through 5)	6,635,998,345	5,847,424,657
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	790,204,532	385,485,525
	INVESTMENT INCOME		
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17)	338,818,577	121,662,716
10.	Net realized capital gains (losses) less capital gains tax of $.....9,369,266 (Exhibit of Capital Gains (Losses))	(51,444,807)	(33,892,844)
11.	Net investment gain (loss) (Lines 9 + 10)	287,373,770	87,769,872
	OTHER INCOME		
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered $.....1,526,759 amount charged off $.....54,649,106)	(53,122,347)	(44,469,936)
13.	Finance and service charges not included in premiums	22,602,042	21,028,082
14.	Aggregate write-ins for miscellaneous income	(12,546,152)	4,661,236
15.	Total other income (Lines 12 through 14)	(43,066,457)	(18,780,618)
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	1,034,511,845	454,474,779
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)	1,034,511,845	454,474,779
19.	Federal and foreign income taxes incurred	329,034,904	84,058,178
20.	Net income (Line 18 minus Line 19) (to Line 22)	705,476,941	370,416,601
	CAPITAL AND SURPLUS ACCOUNT		
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	2,124,812,073	1,818,890,349
22.	Net income (from Line 20)	705,476,941	370,416,601
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of $.....(40,332,094)	(147,053,202)	384,174,748
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	77,964,901	(95,396,337)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3)	8,929,825	(35,644,135)
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	44,109,440	62,063,583
	33.2 Transferred to capital (Stock Dividend)		
	33.3. Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders	(399,000,000)	(380,600,000)
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	(4,055,230)	907,264
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37)	286,372,675	305,921,724
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	2,411,184,749	2,124,812,073

DETAILS OF WRITE-INS

0501.	LOSS (GAIN) ON COMMUTATION	(209,765)	26,890
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)	(209,765)	26,890
1401.	FINANCE AND SERVICE CHARGE REVENUE ASSUMED	14,546,503	14,157,903
1402.	MISCELLANEOUS INCOME	7,665,861	3,284,629
1403.	SERVICE BUSINESS REVENUE	79,463	72,034
1498.	Summary of remaining write-ins for Line 14 from overflow page	(34,837,979)	(12,853,330)
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	(12,546,152)	4,661,236
3701.	CHANGE IN ELIMINATION IN DEFERRED UNREALIZED GAIN (LOSS) PER SSAP 25	(4,055,230)	907,264
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)	(4,055,230)	907,264

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a) 30,220,092	35,372,349
1.1	Bonds exempt from U.S. tax	(a) 4,132,571	3,267,897
1.2	Other bonds (unaffiliated)	(a) 78,869,250	89,762,093
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b) 2,889,761	6,069,313
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	20,156,353	20,062,298
2.21	Common stocks of affiliates	147,600,000	147,600,000
3.	Mortgage loans	(c)	
4.	Real estate	(d) 73,042,985	72,774,585
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 19,777,033	20,109,024
7.	Derivative instruments	(f)	
8.	Other invested assets	1,169,983	1,169,983
9.	Aggregate write-ins for investment income	0	0
10.	Total gross investment income	377,858,028	396,187,542
11.	Investment expenses		(g) 37,986,099
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 19,382,866
15.	Aggregate write-ins for deductions from investment income		0
16.	Total deductions (Lines 11 through 15)		57,368,965
17.	Net investment income (Line 10 minus Line 16)		338,818,577

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 $.....12,073,947 accrual of discount less $.....9,633,472 amortization of premium and less $.....10,538,747 paid for accrued interest on purchases.
(b) Includes $.....23,560 accrual of discount less $.....300,702 amortization of premium and less $.....1,796,623 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 $.....71,067,613 for company's occupancy of its own buildings; and excludes $..........0 interest on encumbrances.
(e) Includes $.....17,742,006 accrual of discount less $.....455,390 amortization of premium and less $.....155,388 paid for accrued interest on purchases.
(f) Includes $..........0 accrual of discount less $..........0 amortization of premium.
(g) Includes $..........0 investment expenses and $..........0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $..........0 interest on surplus notes and $..........0 interest on capital notes.
(i) Includes $.....19,382,866 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	(25,789,823)		(25,789,823)		
1.1	Bonds exempt from U.S. tax	1,161,607		1,161,607		
1.2	Other bonds (unaffiliated)	(1,385,883)		(1,385,883)	(5,310,876)	
1.3	Bonds of affiliates			0		
2.1	Preferred stocks (unaffiliated)	(52,247)		(52,247)	(2,356,000)	
2.11	Preferred stocks of affiliates			0		
2.2	Common stocks (unaffiliated)	88,436,801	(497,410)	87,939,391	(149,452,981)	
2.21	Common stocks of affiliates			0	4,672,293	
3.	Mortgage loans			0		
4.	Real estate	2,094,627	(29,803,271)	(27,708,644)		
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	(208,783)		(208,783)	20,511	
7.	Derivative instruments			0		
8.	Other invested assets	16,484,431	(92,515,589)	(76,031,158)	(34,958,244)	
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	80,740,730	(122,816,270)	(42,075,540)	(187,385,297)	0

DETAILS OF WRITE-INS

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income			0
4.3 Properties held for sale			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)	3,453,336	15,116,460	11,663,124
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)	3,453,336	15,116,460	11,663,124
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	25,054,593	21,002,365	(4,052,228)
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	188,451,417	150,575,686	(37,875,731)
21. Furniture and equipment, including health care delivery assets	91,785,323	87,010,892	(4,774,431)
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	116,822,171	160,791,262	43,969,091
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25)	425,566,840	434,496,665	8,929,825
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. TOTALS (Lines 26 and 27)	425,566,840	434,496,665	8,929,825

DETAILS OF WRITE-INS

1101.			0
1102.			0
1103.			0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. PREPAID EXPENSES	107,822,024	152,248,235	44,426,211
2502. MISCELLANEOUS OTHER ASSETS	9,000,147	8,543,027	(457,120)
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)	116,822,171	160,791,262	43,969,091

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

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

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

	SSAP #	F/S Page	F/S Line #	2018	2017
NET INCOME					
(1) PROGRESSIVE CASUALTY INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	$ 705,476,941	$ 370,416,601
(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	$ 705,476,941	$ 370,416,601
SURPLUS					
(5) PROGRESSIVE CASUALTY INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	$ 2,411,184,749	$ 2,124,812,073
(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	$ 2,411,184,749	$ 2,124,812,073

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.

C. Accounting Policy

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

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

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

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

In addition, the Company uses the following accounting policies:

Investments

- Cash and cash equivalents include bank accounts and certificates of deposit as well as short-term investments with original maturities of three months or less and securities acquired with remaining maturities of three months or less that are reported at amortized cost which approximates market value. Also includes money market mutual funds valued at fair value or net asset value (NAV) as a practical expedient.

- Short-term investments include securities acquired within one year of maturity, excluding those with 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 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 common stock of Progressive Specialty Insurance Company ("Specialty"), an insurance affiliate domiciled in Ohio, Progressive Gulf Insurance Company ("Gulf"), an insurance affiliate domiciled in Ohio, and PC Investment Company ("PCI"), a non-insurance affiliate. These investments are reported on the equity basis as described in the *Purposes and Procedures Manual of the Securities Valuation Office* of the NAIC.

- The Company owns a 99.0% interest of the Solar Eclipse Investment Fund XXVI, LLC., a non-insurance affiliate incorporated in California. Due to a federal investigation into the sponsor of this fund, the Company believes the sponsor did commit fraud and therefore the Company wrote-down the nonadmitted asset completely. (see Schedule BA, Notes 6.B, 9.D, and 21.C.1).

- The Company owns a 99.0% interest of the Solar Eclipse Investment Fund XXX, LLC., a non-insurance affiliate incorporated in California. Due to a federal investigation into the sponsor of this fund, the Company believes the sponsor did commit fraud and therefore the Company wrote-down the nonadmitted asset completely. (see Schedule BA, Notes 6.B, 9.D, and 21.C.1).

- The Company owns a 99.0% interest of the Solar Eclipse Investment Fund XXXIV, LLC., a non-insurance affiliate incorporated in California. Due to a federal investigation into the sponsor of this fund, the Company believes the sponsor did commit fraud and therefore the Company wrote-down the nonadmitted asset completely. (see Schedule BA, Notes 6.B, 9.D, and 21.C.1).

- The Company owns a 100% interest of the USB RETC Fund 2018-13, LLC, a non-insurance affiliate incorporated in Delaware. In accordance with SSAP No. 4 – Assets and Nonadmitted Assets, this investment is reported as other invested assets in the Company's statutory-basis financial statements (see Schedule BA). This investment is reported on the equity basis as prescribed in the *Accounting Practices and Procedures Manual* of the NAIC (see Notes 6.B and 21.C.1).

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

- The Company has no investments in derivatives.

- The Company may enter into repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. The Company did not have any open repurchase agreements at December 31, 2018 and December 31, 2017.

- The Company may enter into reverse repurchase commitment transactions. In these transactions, the Company loans cash to an accredited bank and receives U.S. Treasury Notes pledged as general collateral against the cash borrowed. The Company chooses to enter into these transactions as rates on general collateral are more attractive than other short-term rates available in the market. The Company's exposure to credit risk is limited, as these internally managed transactions are typically overnight arrangements. The income generated on these transactions is calculated at the then applicable general collateral rates on the value of U.S. Treasury securities received. The Company has counterparty exposure on reverse repurchase agreements in the event of a counterparty default to the extent the general collateral security's value is below the cash which was delivered to acquire the collateral. The short-term duration of the transactions (primarily overnight investing) reduces that default exposure**.** The Company did not have any open reverse repurchase commitment transactions at December 31, 2018 and December 31, 2017 (see Note 5.G).

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

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

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

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

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

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

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

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

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

Loss, Loss Adjustment Expense, and Premium Deficiency Reserves

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

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

Capitalization of Assets

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

Pharmaceutical Rebate Receivables

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

NOTES TO FINANCIAL STATEMENTS

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

4. At the end of the reporting period, the composition of fair value and gross unrealized losses on loan-backed and structured debt securities by the length of time that individual securities have been in a continuous unrealized loss position is as follows:

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	$	6,464,160
	2. 12 Months or Longer	$	5,407,083
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	$	1,083,552,032
	2. 12 Months or Longer	$	263,831,088

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. Dollar Repurchase Agreements and/or Securities Lending Transactions

Not Applicable

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Not Applicable

H. Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale

Not Applicable

J. Real Estate

1. Recognized Impairment Loss

The Company recognized impairment write-downs for its investments in real estate during the statement period. The amount of impairment recognized of $29,803,271 (see Schedule A, Part 1, Column 12) is reflected in realized capital gains (losses) in the Company's Statement of Income. The impairment losses primarily reflect write-downs associated with various call and claims service centers.

NOTES TO FINANCIAL STATEMENTS

2. Sold or Classified Real Estate Investments as Held for Sale

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

On April 5, 2018, the Company sold land to a third party and received $88,014 net of commissions and other expenses (Schedule A, Part 3, Column 15). In accordance with SSAP 40 – Real Estate Investments, the land was classified as “Property Held for Sale,” and therefore was measured at the lower of book/adjusted carrying value or fair market value less cost to sell. The Company recorded a realized net gain on the sale of $7,254 (Schedule A, Part 3, Column 17), which is included in realized capital gains (losses) in the Company’s Statement of Income

On June 12, 2018, the company sold property to a third party and received $4,156,574 net of commissions and other expenses (Schedule A, Part 3, Column 15). In accordance with SSAP 40 – Real Estate Investments, the land was classified as “Property Held for Sale,” and therefore was measured at the lower of book/adjusted carrying value or fair market value less cost to sell. The Company recorded a realized net gain on the sale of $2,087,373 (Schedule A, Part 3, Column 17), which is included in realized capital gains (losses) in the Company’s Statement of Income.

3. Changes to a Plan of Sale for an Investment in Real Estate

Not Applicable

4. Retail Land Sales Operations

Not Applicable

5. Real Estate Investments with Participating Mortgage Loan Features

Not Applicable

K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

L. Restricted Assets

1. Restricted Assets (Including Pledged)

	Gross (Admitted & Nonadmitted) Restricted							Current Year			
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
Restricted Asset Category	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Nonadmitted Restricted	Total Admitted Restricted (5 minus 8)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (c)	Admitted Restricted to Total Admitted Assets (d)
a. Subject to contractual obligation for which liability is not shown	$	$	$	$	$	$	$	$	$	%	%
b. Collateral held under security lending arrangements										%	%
c. Subject to repurchase agreements										%	%
d. Subject to reverse repurchase agreements										%	%
e. Subject to dollar repurchase agreements										%	%
f. Subject to dollar reverse repurchase agreements										%	%
g. Placed under option contracts										%	%
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock										%	%
i. FHLB capital stock										%	%
j. On deposit with states	4,950,292				4,950,292	4,978,439	(28,147)		4,950,292	%	%
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	146,215,450				146,215,450	116,587,491	29,627,959		146,215,450	1.4%	1.4%
n. Other restricted assets										%	%
o. Total Restricted Assets	$ 151,165,742	$	$	$	$ 151,165,742	$ 121,565,930	$ 29,599,812	$	$ 151,165,742	1.4%	1.5%

(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

NOTES TO FINANCIAL STATEMENTS

2. Detail of Assets Pledged as Collateral Not Captured in Other Categories (Contacts that Share Similar Characteristics, Such as Reinsurance and Derivatives, are Reported in the Aggregate)

	Gross (Admitted & Nonadmitted) Restricted							8	Percentage	
	Current Year					6	7		9	10
	1	2	3	4	5					
Description of Assets	Total General Account (G/A)	G/A Supporting Protected Cell Account Activity (a)	Total Protected Cell Account Restricted Assets	Protected Cell Account Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total From Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Aetna, Progressive County Mutual Insurance Company, and Morgan Stanley Trusts - See Note 21.C	$ 146,215,450	$	$	$	$ 146,215,450	$ 116,587,491	$ 29,627,959	$ 146,215,450	1.4%	1.4%
Total (c)	$ 146,215,450	$	$	$	$ 146,215,450	$ 116,587,491	$ 29,627,959	$ 146,215,450	1.4%	1.4%

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

3. Detail of Other Restricted Assets (Contracts that Share Similar Characteristics, such as Reinsurance and Derivatives, are Reported in the Aggregate)

Not Applicable

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

Not Applicable

M. Working Capital Finance Investments

Not Applicable

N. Offsetting and Netting of Assets and Liabilities

Not Applicable

O. Structured Notes

Not Applicable

P. 5GI Securities

Not Applicable

Q. Short Sales

Not Applicable

R. Prepayment Penalty and Acceleration Fees

Not Applicable

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

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

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

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

The Company holds a renewable energy investment, Solar Eclipse Investment Fund XXX, LLC. ("Solar Investment"). This investment is not considered part of the Company's investment portfolio (see Notes 1.C, 9.D and 21.C.1). Due to a federal investigation into the sponsor of this fund, the Company believes the sponsor did commit fraud and therefore recorded a write-down of $9,040,034 (see Page 12, Exhibit of Capital Gains (Losses)), to completely write-down the asset.

The Company holds a renewable energy investment, Solar Eclipse Investment Fund XXVI, LLC. ("Solar Investment"). This investment is not considered part of the Company's investment portfolio (see Notes 1.C, 9.D and 21.C.1). Due to a federal investigation into the sponsor of this fund, the Company believes the sponsor did commit fraud and therefore recorded a write-down of $3,912,562 (see Page 12, Exhibit of Capital Gains (Losses)), to completely write-down the asset.

The Company holds a renewable energy investment, Solar Eclipse Investment Fund XXXIV, LLC. ("Solar Investment"). This investment is not considered part of the Company's investment portfolio (see Notes 1.C, 9.D and 21.C.1). Due to a federal investigation into the sponsor of this fund, the Company believes the sponsor did commit fraud and therefore recorded a write-down of $60,254,766 (see Page 12, Exhibit of Capital Gains (Losses)), to completely write-down the asset.

The Company holds a renewable energy investment, USB RETC Fund XIII, LLC. ("Solar Investment"). The investment generates a return in part through the realization of Federal income tax credits, as well as other tax benefits, such as tax deductions from net operating losses, and distributions of positive cash flow. This investment is not considered part of the Company's investment portfolio and is reflected on Page 2, Assets, as an other invested asset and is nonadmitted (see Notes 1.C and 21.C.1). The Company recorded a write-down of $19,308,227 (see Page 12, Exhibit of Capital Gains (Losses)), reflecting the fact that the future pretax cash flows are expected to be less than the original carrying value of the Solar Investment.

Note 7 – Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 8 – Derivative Instruments

Not Applicable

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

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

	2018			2017			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	$292,807,272	$ 10,095,153	$302,902,425	$223,609,760	$ 20,066,527	$243,676,287	$ 69,197,512	$ (9,971,374)	$ 59,226,138
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	$292,807,272	$ 10,095,153	$302,902,425	$223,609,760	$ 20,066,527	$243,676,287	$ 69,197,512	$ (9,971,374)	$ 59,226,138
d. Deferred tax assets nonadmitted									
e. Subtotal net admitted deferred tax asset (1c-1d)	$292,807,272	$ 10,095,153	$302,902,425	$223,609,760	$ 20,066,527	$243,676,287	$ 69,197,512	$ (9,971,374)	$ 59,226,138
f. Deferred tax liabilities	69,518,978	110,986,238	180,505,216	52,054,148	188,599,897	240,654,045	17,464,830	(77,613,659)	(60,148,829)
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	$223,288,294	$(100,891,085)	$122,397,209	$171,555,612	$(168,533,370)	$ 3,022,242	$ 51,732,682	$ 67,642,285	$119,374,967

2. Admission Calculation Components SSAP No. 101

	2018			2017			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	$292,807,272	$ 10,095,153	$302,902,425	$193,647,335	$	$193,647,335	$ 99,159,937	$ 10,095,153	$109,255,090
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)				14,817,529		14,817,529	(14,817,529)		(14,817,529)
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date				14,817,529		14,817,529	(14,817,529)		(14,817,529)
2. Adjusted gross deferred tax assets allowed per limitation threshold			337,585,410			314,702,551			22,882,859
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				15,144,896	20,066,527	35,211,423	(15,144,896)	(20,066,527)	(35,211,423)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	$292,807,272	$ 10,095,153	$302,902,425	$223,609,760	$ 20,066,527	$243,676,287	$ 69,197,512	$ (9,971,374)	$ 59,226,138

NOTES TO FINANCIAL STATEMENTS

3. Other Admissibility Criteria

		2018	2017
a.	Ratio percentage used to determine recovery period and threshold limitation amount	571.5%	613.0%
b.	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	$ 2,250,569,398	$ 2,098,017,007

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.

	2018		2017		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)	$ 292,807,272	$ 10,095,153	$ 223,609,760	$ 20,066,527	$ 69,197,512	$ (9,971,374)
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)	$ 292,807,272	$ 10,095,153	$ 223,609,760	$ 20,066,527	$ 69,197,512	$ (9,971,374)
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

	1 2018	2 2017	3 (Col 1-2) Change
a. Federal	$ 329,034,904	$ 84,058,178	$ 244,976,726
b. Foreign			
c. Subtotal	$ 329,034,904	$ 84,058,178	$ 244,976,726
d. Federal income tax on net capital gains	9,369,266	5,150,011	4,219,255
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	$ 338,404,170	$ 89,208,189	$ 249,195,981

NOTES TO FINANCIAL STATEMENTS

2. Deferred Tax Assets

	1 2018	2 2017	3 (Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	$ 33,132,342	$ 11,330,077	$ 21,802,265
2. Unearned premium reserve	104,306,785	87,937,135	16,369,650
3. Policyholder reserves			
4. Investments	31,043,656		31,043,656
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	60,778,825	52,723,136	8,055,689
8. Compensation and benefits accrual	28,036,005	27,279,914	756,091
9. Pension accrual			
10. Receivables - nonadmitted	5,261,465	4,410,497	850,968
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (items <=5% and >5% of total ordinary tax assets)	30,248,194	39,929,001	(9,680,807)
Other (items listed individually >5%of total ordinary tax assets)			
Other assets nonadmitted	30,330,152		30,330,152
Bad debt reserve	2,974,986		2,974,986
99. Subtotal	292,807,272	223,609,760	69,197,512
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	292,807,272	223,609,760	69,197,512
e. Capital:			
1. Investments	$ 10,095,153	$ 20,066,527	$ (9,971,374)
2. Net capital loss carry-forward			
3. Real estate			
4. Other (items <=5% and >5% of total capital tax assets)			
Other (items listed individually >5% of total capital tax assets)			
99. Subtotal	$ 10,095,153	$ 20,066,527	$ (9,971,374)
f. Statutory valuation allowance adjustment			
g. Nonadmitted			
h. Admitted capital deferred tax assets (2e99-2f-2g)	10,095,153	20,066,527	(9,971,374)
i. Admitted deferred tax assets (2d+2h)	$ 302,902,425	$ 243,676,287	$ 59,226,138

3. Deferred Tax Liabilities

	1 2018	2 2017	3 (Col 1-2) Change
a. Ordinary:			
1. Investments	$ 5,573,766	$ 4,216,990	$ 1,356,776
2. Fixed assets	45,638,995	43,466,865	2,172,130
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	18,306,217	4,370,293	13,935,924
Other (items listed individually >5% of total ordinary tax liabilities)			
Prepaid expenses	2,060,157	3,295,557	(1,235,400)
Salvage and subrogation	1,096,605	560,356	536,249
Loss discounting transition adjustment	14,455,501		14,455,501
99. Subtotal	69,518,978	52,054,148	17,464,830
b. Capital:			
1. Investments	110,986,238	188,599,897	(77,613,659)
2. Real estate			
3. Other (Items <=5% and >5% of total capital tax liabilities)			
Other (items listed individually >5% of total capital tax liabilities)			
99. Subtotal	110,986,238	188,599,897	(77,613,659)
c. Deferred tax liabilities (3a99+3b99)	$ 180,505,216	$ 240,654,045	$ (60,148,829)
4. Net Deferred Tax Assets (2i – 3c)	$ 122,397,209	$ 3,022,242	$ 119,374,967

NOTES TO FINANCIAL STATEMENTS

The change in net deferred income tax is comprised of the following (this analysis excludes nonadmitted assets; the change in nonadmitted assets is reported separately from the change in net deferred income tax in the Statement of Income, Surplus section):

Description	December 31, 2018	December 31, 2017	Change
Total deferred tax assets	$ 302,902,425	$ 243,676,287	$ 59,226,138
Total deferred tax liabilities	180,505,216	240,654,045	(60,148,829)
Net deferred tax asset (liability)	$ 122,397,209	$ 3,022,242	$ 119,374,967
Tax effect of unrealized gains (losses)			41,410,066
Change in net deferred income tax			$ 77,964,901

On December 22, 2017, legislation commonly known as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), was signed into law and was generally effective beginning January 1, 2018. The Tax Act made several changes to the loss discounting rules that insurance companies must apply to their loss and loss adjustment expense reserves for tax purposes. At December 31, 2017, the Company did not record any amounts related to these changes because the IRS had not yet determined the interest rate or the loss payment patterns that must be applied to make these calculations and the Company was unable to make a reasonable estimate of such amounts. In December 2018, the IRS published the loss payment patterns, interest rate, and discount factors which enabled us to compute the adjustments. As a result, the Company recorded an increase to the deferred tax asset for discounting of unpaid losses of $17,091,657 and an increase to the deferred tax liability for salvage and subrogation of $571,085. The net increase of $16,520,572 was offset by a deferred tax liability in the same amount for the transition adjustment required by the Tax Act, and therefore there was no net impact on deferred taxes.

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	$ 219,215,034	21.0%
Exempt interest income	(511,311)	0.0%
Dividends received deduction	(1,436,912)	-0.1%
Impact of nonadmitted assets	1,875,263	0.2%
Intercompany dividend exclusion	(30,996,000)	-3.0%
Tax credits	(19,775,017)	-1.9%
Stock-based compensation	(11,607,672)	-1.1%
Prior year taxes and interest	106,529,002	10.2%
Other	(2,853,118)	-0.4%
Total	$ 260,439,269	24.9%
Federal and foreign income taxes incurred	$ 338,404,170	
Change in net deferred income tax	(77,964,901)	
Total statutory income taxes	$ 260,439,269	

From 2016 to 2018, the Company invested in federal renewable energy tax credit funds. In late December 2018 and during the first two months of 2019, the Company learned of allegations of potential fraudulent conduct by the sponsor of three of these tax credit fund investments, including information about ongoing federal investigations. Based on the continuing investigations and information that has become available, the Company now believes the sponsor did commit fraud through these three tax credit funds, that the tax credits and other tax benefits related to these investments are not valid, and that the Companies investments in these funds will not generate the cash flows that the Company anticipated. Total statutory income taxes include an increase of $106.5 million attributable to prior years, principally reflecting the reversal of the tax credits and other tax benefits from these investments, plus interest. Included in this amount is an increase to federal and foreign income taxes incurred of $149.7 million and an increase to the change in net deferred income tax of $43.2 million. In addition, no tax credits or benefits attributable to these investments have been recorded in the current year. (see Notes 1.C, 6.B, and 21.C.1).

E. Operating Loss Carryforwards and Income Taxes Available for Recoupment

1. During the reporting period, the Company did not have any unused operating loss carryforwards available to offset against future taxable income.

2. The following is income tax expense for current year and proceeding years that is available for recoupment in the event of future net losses:

Period	Amount
Current tax year:	$ 196,058,228
First preceding tax year:	$ 181,782,026

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”) and all its wholly-owned United States corporate subsidiaries. Effective 4/3/2018, ARX Holding Corp. ("ARX"), a holding company incorporated in Delaware and its corporate subsidiaries also became members of TPC’s consolidated federal income tax return filing group.

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.

H. Repatriation Transition Tax (RTT) - RTT owed under the TCJA

Not Applicable

I. Alternative Minimum Tax (AMT Credit)

Not Applicable

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

A. Nature of Relationships

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

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

On December 21, 2018, the Company received dividends of $135,600,000 and $12,000,000 from its subsidiaries Specialty and Gulf, respectively.

All significant transactions by the Company or any affiliated insurer with any affiliate are summarized in Schedule Y, Part 2.

C. Change in Terms of Intercompany Arrangements

Not Applicable

D. Amounts Due to or from Related Parties

The Company reported a $1,023,882,339 and $740,384,836 payable to parent, subsidiaries, and affiliates at December 31, 2018 and 2017, 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 $227,568,065 and $35,766,766 current Federal income tax payable at December 31, 2018 and 2017, respectively. These balances are due to TPC for the Company’s Federal income tax liability. The intercompany balances are settled by the end of the following quarter depending on the timing of investment cash transactions. These transactions are dependent upon market timing, investment needs and overall portfolio strategy as to the timing of such settlement transactions.

E. Guarantees or Contingencies for Related Parties

Not Applicable

F. Management, Service Contracts, Cost Sharing Arrangements

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

Effective January 18, 2018, the Company's Cash Management and Interest Agreements were amended to add the following affiliated companies: American Strategic Insurance Corp., Ark Royal Underwriters, LLC, ARX Holding Corp., ASI Assurance Corp., ASI Home Insurance Corp., ASI Lloyds, ASI Lloyds, Inc., ASI Preferred Insurance Corp., ASI Select Insurance Corp., ASI Services, Inc., ASI Underwriters Corp., ASI Underwriters of Texas, Inc., e-Ins, LLC, Progressive Property Insurance Company, PropertyPlus Insurance Agency, Inc., and Sunshine Security Insurance Agency, Inc. The Amendment was approved by the appropriate states of domicile.

Effective May 11, 2018, the Company entered into a Professional Services Agreement with e-Ins, LLC, a non-insurance affiliate domiciled in Florida. Under the terms of this agreement e-Ins, LLC will provide information technology related services and leverage the base functionality of Commercial Package Policy system (CPP), with enhancements, to support the business owners policy product.

Effective July 1, 2018, the Company entered into a Management (cost allocation) Agreement with Progressive Freedom Insurance Company, an insurance affiliate domiciled in Ohio. Under the terms of the agreement, the Company provides various management services and facilities. The agreement was approved by the Ohio DOI on June 27, 2018.

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

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

Effective June 1, 2018, the Company entered into a program administrator agreement with ASI Underwriters Corp. ("ASI"). Under the terms of the agreement, ASI will act as Program Administrator to design, implement and administer a manufactured home insurance program on behalf of the Company. The Program Administrator Agreement was approved by the Indiana, Ohio and Wisconsin Departments of Insurance. Additionally, at the request of the Ohio Department of Insurance, the Ohio-domiciled affiliates entered into a Reimbursement Agreement and a Termination Agreement with ASI that outlines certain circumstances that call for specified surplus contributions and for termination of the Program Administrator Agreement, respectively.

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

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

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

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

G. Nature of Relationships that Could Affect Operations

All outstanding shares of the Company are owned by DIH.

H. Amount Deducted for Investment in Upstream Company

Not Applicable

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

Not Applicable

J. Write-Downs for Impairment of Investments in Affiliates

Not Applicable

K. Investment in Foreign Insurance Subsidiary

Not Applicable

L. Investment in Downstream Non-Insurance Holding Company

Not Applicable

M. All SCA Investments

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

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
	%			
Total SSAP No. 97 8a Entities	XXX	$	$	$
b. SSAP No. 97 8b(ii) Entities				
PC Investment Company	100.000 %	702,696,755	702,696,755	
Total SSAP No. 97 8b(ii) Entities	XXX	$ 702,696,755	$ 702,696,755	$
c. SSAP No. 97 8b(iii) Entities				
	%			
Total SSAP No. 97 8b(iii) Entities	XXX	$	$	$
d. SSAP No. 97 8b(iv) Entities				
	%			
Total SSAP No. 97 8b(iv) Entities	XXX	$	$	$
e. Total SSAP No. 97 8b Entities (exception 8b(i) entities) (b + c + d)	XXX	$ 702,696,755	$ 702,696,755	$
f. Aggregate Total (a + e)	XXX	$ 702,696,755	$ 702,696,755	$

2. NAIC Filing Response Information

SCA Entity (Should be the same entities as shown in M(1) above)	Type of NAIC Filing*	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission Required Y/N	Code**
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities	XXX	XXX	$	XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
PC Investment Company	S2	12/31/2017	702,696,755			
Total SSAP No. 97 8b(ii) Entities	XXX	XXX	$ 702,696,755	XXX	XXX	XXX
c. SSAP No. 97 8b(iii) Entities						
Total SSAP No. 97 8b(iii) Entities	XXX	XXX	$	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
Total SSAP No. 97 8b(iv) Entities	XXX	XXX	$	XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (exception 8b(i) entities) (b + c + d)	XXX	XXX	$ 702,696,755	XXX	XXX	XXX
f. Aggregate Total (a + e)	XXX	XXX	$ 702,696,755	XXX	XXX	XXX

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

N. Investment in Insurance SCAs

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

O. SCA Loss Tracking

Not Applicable

Note 11 – Debt

Not Applicable

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

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

A. Defined Benefit Plans

Not Applicable

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

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

E. Defined Contribution Plans

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

F. Multiemployer Plans

Not Applicable

G. Consolidated / Holding Company Plans

TPC has a defined contribution pension plan ("401(k) Plan") that covers employees who 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's incentive compensation includes both non-equity incentive plans (cash) and equity incentive plans. Cash incentive compensation includes an annual cash incentive 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 unit awards to key members of management.

TPC grants equity-based awards under the 2015 and 2010 Equity Incentive Plans. The 2010 plan has expired however all outstanding awards issued under it will continue to vest if all of the provisions of the awards agreement are met.

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.

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 $23,961,928 and $21,443,871 in 2018 and 2017, respectively.

H. Postemployment Benefits and Compensated Absences

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

I. Impact of Medicare Modernization Act on Postretirement Benefits

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

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

1. Outstanding Shares

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

2. Dividend Rate of Preferred Stock

Not Applicable

3,4,5,6. Dividends

The maximum amount of dividends the Company can pay to DIH in 2019 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 $705,476,941 in 2019 without prior approval from the Ohio DOI, provided the dividend payment is not made within 12 months of the previous payment.

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

The Company paid dividends to DIH as follows:

Date Paid	Amount Paid		Dividend Type
January 10, 2018	$	59,100,000	Extraordinary
September 26, 2018	$	139,800,000	Ordinary
September 26, 2018	$	85,200,000	Extraordinary
December 21, 2018	$	86,300,000	Ordinary
December 21, 2018	$	87,700,000	Extraordinary
September 26, 2017	$	150,000,000	Ordinary
December 21, 2017	$	171,500,000	Ordinary

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: $1,409,212,090

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, 2018 and 2017, the Company's estimated liability for state guaranty fund and other assessments was $5,648,335 and $5,467,420, respectively. The Company did not recognize any premium tax benefit associated with its various assessments.

As of December 31, 2018 and 2017, the Company's estimated liability for various surcharges was $2,207,096 and $1,869,116, respectively.

C. Gain Contingencies

Not Applicable

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

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

	Direct
Claims related ECO and bad faith losses paid during the reporting period	$ 19,924,311

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 potential exposure relating to lawsuits due to its participation in various management agreements and a 100% pooling reinsurance agreement for which it is allocated litigation expenses (see Note 26).

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

There was one putative statewide class action lawsuits and four 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 alleging that the Company improperly uses non-driving factors in rating.

There was a putative class action lawsuit alleging that the Company's uninsured motorist coverage is illusory.

There were two putative lawsuits of which one was an individual lawsuit alleging that the Company undervalues total loss claims through the use of certain valuation tools.

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

There was a putative class action lawsuit challenging the Company's reimbursement to Medicare Advantage Plans on first-party medical claims and settlements with insureds.

There was a putative class action lawsuit alleging that the Company refuses to pay full measure for loss of use damages by not paying or offering to pay the reasonable rental value of a comparable vehicle.

There was a putative class action lawsuit alleging that the Company's snapshot device interferes with a vehicle's electrical system and battery.

There was one putative collective action lawsuit and one California Private Attorneys General Act action lawsuit alleging various wage-and-hour law violations.

There was one single plaintiff action lawsuit alleging employment practices violations. The Company does consider a loss from this case to be probable and a loss reserve was established accordingly.

Note 15 – Leases

A. Lessee Leasing Arrangements

1. The Company leases office facilities and equipment under various non-cancelable operating leases that expire through March 31, 2025. The Company is allocated a percentage of the Group's total rental expense based on the 100% pooling reinsurance agreement (see Note 26). In the current and prior reporting periods, the Company was allocated $17,742,460 and $17,913,702 , respectively, of rental expense. Future minimum rental payments on leases held by the Company are as follows:

Year	Amount
2019	$ 64,004,509
2020	65,404,237
2021	52,692,357
2022	24,309,327
2023	8,472,995
Thereafter	3,752,651
Total	$ 218,636,076

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

During the reporting period, the Company was allocated $226,724 in fees as a result of the early termination of various property leases associated with claims handling and house councel as well as fees for the early termination of electronic data processing equipment and software. This expense was reflected in both loss adjustment expenses and other underwriting expenses (see Page 4, Lines 3 and 4) on the Company's Statement of Income. No liability was recorded as a result of the early terminations.

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

Year	Amount
2019	$ 192,645
2020	192,645
2021	178,796
2022	45,750
Total	$ 609,836

3. In August 2005, the Company sold real estate located in Austin, Texas to a third party as part of a 15-year sale-leaseback agreement. In accordance with SSAP 22 – Leases, a liability was established to record the deferred gain on the sale, which is amortized on a monthly basis over the term of the lease. As the deferred gain is amortized, the liability is reduced. At the end of the reporting period, the liability remaining is $195,408..

B. Lessor Leasing Arrangements

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

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

Not Applicable

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

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 $2,461,781 of direct written premiums, which is less than 5% of the Company's surplus.

Note 20 – Fair Value Measurements

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

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

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

Level 1 - Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., U.S. government obligations, which are continually priced on a daily basis, active exchange-traded equity securities, and certain short-term securities).

Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly (e.g., certain corporate and municipal bonds and certain preferred stocks). 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.

A. Level 3 - Inputs that are unobservable. Unobservable inputs reflect our subjective evaluation about the assumptions market participants would use in pricing the financial instrument (e.g., certain structured securities and privately held investments).

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

Determining the fair value of the investment portfolio is the responsibility of management. As part of the responsibility, management evaluates whether a market is distressed or inactive in determining the fair value for our portfolio. Management reviews certain market level inputs to evaluate whether sufficient activity, volume, and new issuances exist to create an active market. Based on this evaluation, management concluded that there was sufficient activity related to the sectors and securities for which we obtained valuations.

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:

Description for Each Type of Asset or Liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
Assets at Fair Value					
Bonds industrial & miscellaneous	$	$ 136,035,081	$	$	$ 136,035,081
Common stock industrial & miscellaneous	$ 834,202,744	$	$	$	$ 834,202,744
Preferred stock industrial & miscellaneous	$	$ 77,785,500	$	$	$ 77,785,500
Total	$ 834,202,744	$ 213,820,581	$	$	$ 1,048,023,325
Liabilities at Fair Value					
	$	$	$	$	$
Total	$	$	$	$	$

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

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

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)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bonds	$5,157,092,482	$5,168,102,729	$1,378,683,509	$3,778,408,973	$	$	$
Cash equivalents	$ 377,698,414	$ 377,698,414	$ 377,698,414	$	$	$	$
Common stock	$ 834,202,744	$ 834,202,744	$ 834,202,744	$	$	$	$
Preferred stock	$ 196,877,462	$ 199,655,368	$ 9,416,000	$ 187,461,462	$	$	$
Short-term investments	$ 141,263,815	$ 141,290,895	$ 99,399,505	$ 41,864,310	$	$	$

D. Not Practicable to Estimate Fair Value

Not Applicable

E. NAV Practical Expedient Investments

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 the following:

Solar Eclipse Investment Fund XXVI, LLC
Solar Eclipse Investment Fund XXX, LLC
Solar Eclipse Investment Fund XXXIV, LLC
USB RETC Fund 2018-13, LLC

See Notes 1.C, 6.B, and 9.D

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

The minimum trust balance is calculated annually based on a percentage of County Mutual's total reinsurance recoverable from its annual statement Schedule F, Part 3, and its agents balances and uncollected premiums as reported in its annual statement. As of December 31, 2018, the Company had on deposit $129,957,100 (fair market value) of U.S. Treasury Notes in the trust account, which was adequate to meet the minimum trust balance requirement of $117,007,358.

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

The minimum trust balance is calculated annually and may be revised each year, with mutual agreement of the Company and Aetna. As of December 31, 2018, the Company had on deposit $7,997,360 (fair market value) of U.S.Treasury Notes in the trust account, which was adequate to meet the minimum trust balance requirement of $7,425,000.

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

The minimum trust balance is calculated annually and may be revised each year, with mutual agreement of the Company and Travelers. As of December 31, 2018, the Company had on deposit $7,197,075 (fair market value) of U.S. Treasury Notes in the trust account, which was adequate to meet the minimum trust balance requirement of $7,000,000.

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

At December 31, 2018 and 2017, the Company reported net admitted premiums and agents' balances in course of collection of $199,456,160 and $165,732,297 respectively. Of these amounts there were no premiums due from a controlled or controlling person as defined in Florida statute 625.012 (5).

D. Business Interruption Insurance Recoveries

Not Applicable

E. State Transferable and Non-Transferable Tax Credits

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

Description of State Transferable and Non-Transferable Tax Credits	State	Carrying Value	Unused Amount
Digital Media Production Tax Credit (T)	CT	$	$ 147,062
Low-Income Housing Tax Credit (NT)	MO	$ 2,275,000	$ 2,500,000
Total		$ 2,275,000	$ 2,647,062

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

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

4. State Tax Credits Admitted and Nonadmitted

		Total Admitted	Total Nonadmitted
a.	Transferable	$	$
b.	Non-Transferable	$ 2,275,000	$

F. Subprime Mortgage Related Risk Exposure

1. Exposure to Subprime Mortgage Related Risk

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

2. Direct Exposure Through Investments in Subprime Mortgage Loans

Not Applicable

3. Direct Exposure Through Other Investments

		Actual Cost	Book/Adjusted Carrying Value (Excluding Interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a.	Residential mortgage backed securities	$ 111,944,081	$ 120,788,269	$ 122,418,827	$
b.	Commercial mortgage backed securities				
c.	Collateralized debt obligations				
d.	Structured securities				
e.	Equity investments in SCAs*	12,181,507	12,406,630	12,438,716	
f.	Other assets				
g.	Total	$ 124,125,588	$ 133,194,899	$ 134,857,543	$

* The Company's subsidiaries, Progressive Specialty Insurance Company and PC Investment Company, have direct investments in subprime mortgages which comprises less than 1% of their combined net admitted assets.

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

Not Applicable

G. Insurance-Linked Securities (ILS) Contracts

Not Applicable

Note 22 – Events Subsequent

Subsequent events have been considered through February 14, 2019 for the statutory statement that was available for issuance by March 1, 2019.

Effective January 1 , 2019, The Company's intercompany pooling reinsurance agreement (see Note 26) with property-casualty affiliates was amended to include Progressive Freedom Insurance Company at a pooling percentage of .5% while reducing Progressive Bayside Insurance Company's percentage from 1 % to .5%. This amendment to the agreement was approved by the Ohio DOI, Wisconsin DOI, Indiana DOI, Michigan Department of Insurance and Financial Services, and Florida Department of Financial Services.

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)? Yes [ ] No [X]

Note 23 – Reinsurance

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

Reinsurer	NAIC Code	Federal ID #	Amount
Progressive American Insurance Company	24252	34-1094197	$ 227,367,000
Progressive Bayside Insurance Company	17350	31-1193845	113,682,000
Progressive Classic Insurance Company	42994	39-1453002	341,049,000
Progressive Gulf Insurance Company	42412	34-1374634	227,367,000
Progressive Michigan Insurance Company	10187	34-1787734	454,736,000
Progressive Mountain Insurance Company	35190	93-0935623	113,682,000
Progressive Northern Insurance Company	38628	34-1318335	1,364,205,000
Progressive Northwestern Insurance Company	42919	91-1187829	1,364,205,000
Progressive Preferred Insurance Company	37834	34-1287020	682,102,000
Progressive Southeastern Insurance Company	38784	59-1951700	113,682,000
Progressive Specialty Insurance Company	32786	34-1172685	795,785,000
Total			$ 5,797,862,000

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	$ 4,376,413,000	$	$ 2,556,602,000	$	$ 1,819,811,000	$
b.	All Other			1,579,000	251,000	(1,579,000)	(251,000)
c.	Total	$ 4,376,413,000	$	$ 2,558,181,000	$ 251,000	$ 1,818,232,000	$ (251,000)
d.	Direct Unearned Premium Reserves			$ 638,116,000			

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

F. Risk Sharing Provisions of the Affordable Care Act

1. Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions? Yes [ ] No [X]

Note 25 – Change in Incurred Losses and Loss Adjustment Expenses

A. Change in Incurred Losses and Loss Adjustment Expenses

Incurred losses and LAE attributable to insured events of prior accident years increased by $5,505,382 in 2018, which is less than 1% of the total prior year net unpaid losses and LAE of $2,628,836,049. The unfavorable development is primarily due to LAE. Defense and cost containment reserves developed unfavorably primarily due to higher than anticipated attorney costs, while adjusting and other reserves developed unfavorably primarily due to higher than anticipated claims costs.

B. Information about Significant Changes in Methodologies and Assumptions

Not Applicable

Note 26 – Intercompany Pooling Arrangements

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

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

Effective January 1 , 2019, The Company's pooling reinsurance agreement with property-casualty affiliates was amended to include Progressive Freedom Insurance Company (See Note 22).

NOTES TO FINANCIAL STATEMENTS

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

Company	NAIC Code	2018 Pool %	2017 Pool %
Progressive Casualty Insurance Company (Lead)	24260	49.0%	49.0%
Progressive Northern Insurance Company	38628	12.0	12.0
Progressive Northwestern Insurance Company	42919	12.0	12.0
Progressive Specialty Insurance Company	32786	7.0	7.0
Progressive Preferred Insurance Company	37834	6.0	6.0
Progressive Michigan Insurance Company	10187	4.0	4.0
Progressive Classic Insurance Company	42994	3.0	3.0
Progressive American Insurance Company	24252	2.0	2.0
Progressive Gulf Insurance Company	42412	2.0	2.0
Progressive Bayside Insurance Company	17350	1.0	1.0
Progressive Mountain Insurance Company	35190	1.0	1.0
Progressive Southeastern Insurance Company	38784	1.0	1.0
Progressive Hawaii Insurance Corp.	10067	--	--
National Continental Insurance Company	10243	--	--
		100.0%	100.0%

All business written by each Agency Pool participant is subject to pooling. Business ceded by Agency Pool members to non-affiliated reinsurers prior to pooling is primarily due to state-provided reinsurance programs. The Company does not participate in any intercompany sharing of the provision for reinsurance and the write-off of uncollectible reinsurance.

At the reporting period, amounts recoverable from and payable to the Company and all affiliates participating in the Agency Pool are as follows:

Company	Amounts Recoverable	Amounts Payable
Progressive Casualty Insurance Company (Lead)	$ 64,974,460	$ 111,771,863
Progressive Northern Insurance Company	28,112,548	8,935,470
Progressive Northwestern Insurance Company	20,671,359	8,935,470
Progressive Specialty Insurance Company	28,877,749	5,212,357
Progressive Preferred Insurance Company	10,154,728	4,467,734
Progressive Michigan Insurance Company	6,330,637	2,978,490
Progressive Classic Insurance Company	6,271,841	2,233,868
Progressive American Insurance Company	--	23,878,979
Progressive Gulf Insurance Company	5,160,318	1,489,244
Progressive Bayside Insurance Company	1,692,231	744,623
Progressive Mountain Insurance Company	4,477,361	4,252,683
Progressive Southeastern Insurance Company	--	1,838,386
Progressive Hawaii Insurance Corp.	--	7,156
National Continental Insurance Company	23,091	--
Total	$ 176,746,323	$ 176,746,323

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, 2018
3.	Was anticipated investment income utilized in the calculation?	Yes [X] No [ ]

Note 31 – High Deductibles

Not Applicable

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

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 33 – Asbestos/Environmental Reserves

Because the Company is primarily an insurer of motor vehicles, it has limited exposure for asbestos and environmental claims. In accordance with disclosure requirements, the amounts reported for direct, assumed, and net below reflect the Company's pooled share (see Note 26) of the Agency Pool's exposure to asbestos and environmental claims. The Agency Pool's exposure arises from the Company's participation in various reinsurance pools from 1972 to 1975, which underwrote general liability insurance, the Company's aggregate stop loss reinsurance agreement with Max for various reinsurance pools from 1972 to 1974, Progressive American Insurance Company's, an insurance affiliate domiciled in Ohio and Agency Pool member, exposure from a limited number of general liability policies issued from 1972 to 1975, and the Company's aggregate stop loss reinsurance agreement with National Continental for general liability business written on or before November 25, 1985. During 2018, the Company and Max entered a commutation agreement to commute various reinsurance pool reserves from 1965 to 1975. (see Note 10.F and 26).

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

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

(1) Direct

		2014	2015	2016	2017	2018
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	$ 100,449	$ 5,391	$ 5,391	$ 3,430,000	$ 3,430,000
b.	Incurred losses and loss adjustment expense	(95,058)		3,424,609		
c.	Calendar year payments for losses and loss adjustment expenses					
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	$ 5,391	$ 5,391	$ 3,430,000	$ 3,430,000	$ 3,430,000

(2) Assumed Reinsurance

		2014	2015	2016	2017	2018
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	$ 1,067,530	$ 1,881,845	$ 1,797,769	$ 1,720,231	$ 1,057,268
b.	Incurred losses and loss adjustment expense	975,207	10,656	53,134	(507,783)	1,714,465
c.	Calendar year payments for losses and loss adjustment expenses	160,892	94,732	130,672	155,180	566,085
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	$ 1,881,845	$ 1,797,769	$ 1,720,231	$ 1,057,268	$ 2,205,648

(3) Net of Ceded Reinsurance

		2014	2015	2016	2017	2018
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	$ 1,167,979	$ 1,887,236	$ 1,803,160	$ 2,247,607	$ 1,608,128
b.	Incurred losses and loss adjustment expense	880,149	10,656	575,119	(484,299)	1,714,465
c.	Calendar year payments for losses and loss adjustment expenses	160,892	94,732	130,672	155,180	566,085
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	$ 1,887,236	$ 1,803,160	$ 2,247,607	$ 1,608,128	$ 2,756,508

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

(1)	Direct basis	$ 2,190,040
(2)	Assumed reinsurance basis	1,820,586
(3)	Net of ceded reinsurance basis	$ 1,979,585

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

(1)	Direct basis	$ 1,715,000
(2)	Assumed reinsurance basis	398,367
(3)	Net of ceded reinsurance basis	$ 673,797

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

(1) Direct

		2014	2015	2016	2017	2018
a.	Beginning reserves	$ 25,042	$	$	$	$
b.	Incurred losses and loss adjustment expense	(25,042)				
c.	Calendar year payments for losses and loss adjustment expenses					
d.	Ending reserves	$	$	$	$	$

NOTES TO FINANCIAL STATEMENTS

(2) Assumed Reinsurance

		2014	2015	2016	2017	2018
a.	Beginning reserves	$ 3,959,702	$ 4,823,117	$ 4,581,404	$ 4,392,287	$ 5,149,173
b.	Incurred losses and loss adjustment expense	3,476,609	49,842	(34,886)	865,890	(1,632,636)
c.	Calendar year payments for losses and loss adjustment expenses	2,613,194	291,555	154,231	109,004	2,719,030
d.	Ending reserves	$ 4,823,117	$ 4,581,404	$ 4,392,287	$ 5,149,173	$ 797,507

(3) Net of Ceded Reinsurance

		2014	2015	2016	2017	2018
a.	Beginning reserves	$ 3,984,746	$ 4,823,117	$ 4,581,404	$ 4,392,287	$ 5,149,173
b.	Incurred losses and loss adjustment expense	3,451,565	49,842	(34,886)	865,890	(1,632,636)
c.	Calendar year payments for losses and loss adjustment expenses	2,613,194	291,555	154,231	109,004	2,719,030
d.	Ending reserves	$ 4,823,117	$ 4,581,404	$ 4,392,287	$ 5,149,173	$ 797,507

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

(1)	Direct basis	$
(2)	Assumed reinsurance basis	682,325
(3)	Net of ceded reinsurance basis	$ 682,325

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

(1)	Direct basis	$
(2)	Assumed reinsurance basis	182,219
(3)	Net of ceded reinsurance basis	$ 182,219

Note 34 – Subscriber Savings Accounts

Not Applicable

Note 35 – Multiple Peril Crop Insurance

Not Applicable

Note 36 – Financial Guaranty Insurance

Not Applicable

FIVE-YEAR HISTORICAL DATA

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

	1 2018	2 2017	3 2016	4 2015	5 2014
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)	10,179,728,070	8,571,970,913	7,250,516,594	6,546,206,823	6,358,261,865
2. Property lines (Lines 1, 2, 9, 12, 21 & 26)	5,710,960,484	4,816,550,370	4,162,234,459	3,720,250,670	3,589,660,870
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	56,112,834	51,579,380	46,349,801	41,952,910	37,535,883
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	31,101	9,766	3,311	12,886	11,765
5. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
6. Total (Line 35)	15,946,832,489	13,440,110,428	11,459,104,165	10,308,423,289	9,985,470,383
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)	4,986,676,426	4,199,335,158	3,551,968,928	3,206,773,769	3,114,377,105
8. Property lines (Lines 1, 2, 9, 12, 21 & 26)	2,798,370,637	2,360,109,681	2,039,494,885	1,822,922,171	1,758,894,417
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	27,495,289	25,273,896	22,711,402	20,556,937	18,392,273
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	15,253	4,785	1,622	6,314	5,765
11. Nonproportional reinsurance lines (Lines 31, 32 & 33)					
12. Total (Line 35)	7,812,557,605	6,584,723,521	5,614,176,838	5,050,259,192	4,891,669,560
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8)	790,204,532	385,485,525	208,534,520	361,821,352	362,910,840
14. Net investment gain (loss) (Line 11)	287,373,770	87,769,872	190,199,730	243,059,553	303,208,701
15. Total other income (Line 15)	(43,066,457)	(18,780,618)	(5,386,212)	665,033	6,791,803
16. Dividends to policyholders (Line 17)					
17. Federal and foreign income taxes incurred (Line 19)	329,034,904	84,058,178	71,831,206	154,741,610	144,915,154
18. Net income (Line 20)	705,476,941	370,416,601	321,516,832	450,804,328	527,996,190
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3)	10,149,263,715	8,431,163,893	6,967,107,398	6,245,560,407	6,061,656,758
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1)	199,456,160	165,732,297	143,167,297	116,685,904	110,650,500
20.2 Deferred and not yet due (Line 15.2)	1,175,657,177	951,393,322	766,789,955	677,962,232	640,854,583
20.3 Accrued retrospective premiums (Line 15.3)					
21. Total liabilities excluding protected cell business (Page 3, Line 26)	7,738,078,966	6,306,351,820	5,148,217,049	4,635,468,757	4,450,278,978
22. Losses (Page 3, Line 1)	2,531,659,965	2,168,707,693	1,904,295,566	1,714,633,621	1,636,282,568
23. Loss adjustment expenses (Page 3, Line 3)	546,006,187	460,128,356	397,308,302	360,894,421	335,785,088
24. Unearned premiums (Page 3, Line 9)	2,456,345,258	2,069,990,530	1,718,177,192	1,512,158,427	1,397,062,734
25. Capital paid up (Page 3, Lines 30 & 31)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
26. Surplus as regards policyholders (Page 3, Line 37)	2,411,184,749	2,124,812,073	1,818,890,349	1,610,091,650	1,611,377,780
Cash Flow (Page 5)					
27. Net cash from operations (Line 11)	1,669,773,006	1,134,071,267	577,452,985	587,294,907	608,227,826
Risk-Based Capital Analysis					
28. Total adjusted capital	2,411,184,749	2,124,812,073	1,818,890,349	1,610,091,650	1,611,377,780
29. Authorized control level risk-based capital	393,811,451	342,227,496	308,128,089	288,658,496	286,262,548
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)	60.5	53.2	38.4	39.0	41.3
31. Stocks (Lines 2.1 & 2.2)	25.7	32.9	34.6	37.7	37.0
32. Mortgage loans on real estate (Lines 3.1 & 3.2)					
33. Real estate (Lines 4.1, 4.2 & 4.3)	5.8	7.4	9.4	10.5	10.9
34. Cash, cash equivalents and short-term investments (Line 5)	5.9	3.9	14.8	10.3	7.6
35. Contract loans (Line 6)					
36. Derivatives (Line 7)					
37. Other invested assets (Line 8)	1.9	2.5	2.8	2.6	2.8
38 Receivables for securities (Line 9)	0.2	0.1	0.0		0.4
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)	1,159,208,646	1,154,536,353	989,627,577	946,928,471	990,418,484
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	161,937,083	179,240,914	167,521,573	139,580,760	144,076,303
48. Total of above lines 42 to 47	1,321,145,729	1,333,777,267	1,157,149,150	1,086,509,231	1,134,494,787
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)	54.8	62.8	63.6	67.5	70.4

FIVE-YEAR HISTORICAL DATA

(Continued)

	1 2018	2 2017	3 2016	4 2015	5 2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24)	(147,053,202)	384,174,748	108,148,523	(62,535,595)	(31,468,782)
52. Dividends to stockholders (Line 35)	(399,000,000)	(380,600,000)	(220,500,000)	(369,500,000)	(425,000,000)
53. Change in surplus as regards policyholders for the year (Line 38)	286,372,675	305,921,724	208,798,699	(1,286,130)	68,267,479
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)	5,047,625,572	4,444,550,292	4,078,037,363	3,738,482,870	3,841,188,809
55. Property lines (Lines 1, 2, 9, 12, 21 & 26)	3,121,694,605	2,916,240,871	2,677,302,190	2,285,579,071	2,256,171,433
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	19,201,538	21,103,674	15,578,111	15,338,921	16,599,196
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(60,955)	(401,967)	(40,788)	(412,771)	309,165
58. Nonproportional reinsurance lines (Lines 31, 32 & 33)	3,543,786	370,690	425,415	238,008	405,578
59. Total (Line 35)	8,192,004,547	7,381,863,561	6,771,302,291	6,039,226,099	6,114,674,181
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)	2,472,620,599	2,175,830,730	1,997,525,713	1,818,001,331	1,866,806,236
61. Property lines (Lines 1, 2, 9, 12, 21 & 26)	1,529,630,308	1,428,958,092	1,311,878,074	1,119,919,191	1,105,509,793
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27)	9,408,754	10,340,800	7,633,274	7,516,071	8,133,606
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34)	(14,245)	(100,660)	(10,023)	(101,251)	(30,928)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33)	1,736,455	181,638	208,453	116,624	198,733
65. Total (Line 35)	4,013,381,870	3,615,210,601	3,317,235,491	2,945,451,966	2,980,617,440
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)	58.9	62.2	64.8	61.3	61.7
68. Loss expenses incurred (Line 3)	9.7	10.6	10.5	10.4	10.1
69. Other underwriting expenses incurred (Line 4)	20.7	21.0	20.8	21.0	20.7
70. Net underwriting gain (loss) (Line 8)	10.6	6.2	3.9	7.3	7.5
Other Percentages					
71. Other underwriting expenses to net premiums written (Page 4, Lines 4 + 5 - 15 divided by Page 8, Part 1B, Col. 6, Line 35 x 100.0)	20.2	20.2	20.2	20.5	20.5
72. Losses and loss expenses incurred to premiums earned (Page 4, Lines 2 + 3 divided by Page 4, Line 1 x 100.0)	68.7	72.8	75.3	71.6	71.8
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)	324.0	309.9	308.7	313.7	303.6
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)	(3,087)	9,282	2,396	(64,765)	(9,460)
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)	0.5	0.1	(4.0)	(0.6)
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)	7,684	(654)	(70,233)	(22,429)	15,038
77. Percent of development of losses and loss expenses incurred to reported policyholders' surplus of second prior-year end (Line 76 above divided by Page 4, Line 21, Col. 2 x 100.0)	0.4	(0.0)	(4.4)	(1.5)	1.0

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: