



ANNUAL STATEMENT

For the Year Ended December 31, 2018
of the Condition and Affairs of the

PROGRESSIVE PREFERRED INSURANCE COMPANY

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

NAIC Company Code..... 37834

Employer's ID Number..... 34-1287020

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

Incorporated/Organized..... September 24, 1979

Commenced Business..... April 15, 1980

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)
CHRISTINA LYNN CREWS	(ASST. SECRETARY)	HEATHER ELIZABETH DAY #	(VICE PRESIDENT)
JAMES LEE KUSMER	(ASST. TREASURER)		

DIRECTORS OR TRUSTEES

CHARLES ERNEST CONOVER	JOHN ALLEN CURTISS, JR. #	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 13TH day of FEBRUARY, 2019

a. Is this an original filing? Yes [X] No []

b. If no

1. State the amendment number

2. Date filed

3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	788,435,577		788,435,577	611,134,455
2. Stocks (Schedule D):				
2.1 Preferred stocks.....			0	
2.2 Common stocks.....			0	
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens.....			0	
3.2 Other than first liens.....			0	
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$.....0 encumbrances).....			0	
4.2 Properties held for the production of income (less \$.....0 encumbrances).....			0	
4.3 Properties held for sale (less \$.....0 encumbrances).....			0	
5. Cash (\$.....0, Schedule E-Part 1), cash equivalents (\$.....299,315, Schedule E-Part 2) and short-term investments (\$.....20,842,161, Schedule DA).....	21,141,476		21,141,476	89,034,935
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives (Schedule DB).....			0	
8. Other invested assets (Schedule BA).....			0	
9. Receivables for securities.....	11,074,309		11,074,309	217,898
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).....	820,651,362	0	820,651,362	700,387,288
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	5,303,270		5,303,270	3,348,989
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	31,505,279	2,988,841	28,516,438	23,037,341
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	176,590,744		176,590,744	140,757,030
15.3 Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0).....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	5,647,791		5,647,791	5,960,000
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.....	16,078,478		16,078,478	13,788,237
19. Guaranty funds receivable or on deposit.....			0	
20. Electronic data processing equipment and software.....			0	
21. Furniture and equipment, including health care delivery assets (\$.....0).....			0	
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0	
23. Receivables from parent, subsidiaries and affiliates.....	63,434,856		63,434,856	43,668,330
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other-than-invested assets.....	148,244	132,742	15,502	151,094
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,119,360,024	3,121,583	1,116,238,441	931,098,309
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. TOTAL (Lines 26 and 27).....	1,119,360,024	3,121,583	1,116,238,441	931,098,309

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.....	15,502		15,502	13,811
2502. PREPAID EXPENSES.....	126,686	126,686	0	
2503. MISCELLANEOUS OTHER ASSETS.....	6,056	6,056	0	
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	137,283
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	148,244	132,742	15,502	151,094

PROGRESSIVE PREFERRED INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Year	2 Prior Year
1. Losses (Part 2A, Line 35, Column 8).....	309,999,179	265,556,044
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	4,467,734	4,811,881
3. Loss adjustment expenses (Part 2A, Line 35, Column 9).....	66,857,901	56,342,248
4. Commissions payable, contingent commissions and other similar charges.....	3,235,946	1,884,031
5. Other expenses (excluding taxes, licenses and fees).....	42,870,300	36,072,585
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	7,833,213	6,421,551
7.1 Current federal and foreign income taxes (including \$.....(235,509) on realized capital gains (losses)).....	6,167,055	8,917,697
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 \$.....350,651,903 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).....	300,776,970	253,468,228
10. Advance premium.....	7,351,855	6,658,569
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	192,760	156,048
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.....		
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.....	39,145,586	35,899,154
19. Payable to parent, subsidiaries and affiliates.....		
20. Derivatives.....		
21. Payable for securities.....	11,297,492	232
22. Payable for securities lending.....		
23. Liability for amounts held under uninsured plans.....		
24. Capital notes \$.....0 and interest thereon \$.....0.....		
25. Aggregate write-ins for liabilities.....	1,243,155	889,409
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	801,439,146	677,077,677
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	801,439,146	677,077,677
29. Aggregate write-ins for special surplus funds.....	0	0
30. Common capital stock.....	3,003,300	3,003,300
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.....	42,712,474	42,712,474
35. Unassigned funds (surplus).....	269,083,521	208,304,858
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).....	314,799,295	254,020,632
38. TOTAL (Page 2, Line 28, Col. 3).....	1,116,238,441	931,098,309

DETAILS OF WRITE-INS		
2501. STATE PLAN LIABILITY.....	698,087	316,093
2502. OTHER LIABILITIES.....	466,739	547,276
2503. ESCHEATABLE PROPERTY.....	78,329	26,040
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above).....	1,243,155	889,409
2901.		
2902.		
2903.		
2998. Summary of remaining write-ins for Line 29 from overflow page.....	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above).....	0	0
3201.		
3202.		
3203.		
3298. Summary of remaining write-ins for Line 32 from overflow page.....	0	0
3299. Totals (Lines 3201 through 3203 plus 3298) (Line 32 above).....	0	0

PROGRESSIVE PREFERRED INSURANCE COMPANY
STATEMENT OF INCOME

			1	2
UNDERWRITING INCOME			Current Year	Prior Year
1.	Premiums earned (Part 1, Line 35, Column 4).....		909,330,965	763,213,492
DEDUCTIONS:				
2.	Losses incurred (Part 2, Line 35, Column 7).....		535,877,650	475,055,844
3.	Loss adjustment expenses incurred (Part 3, Line 25, Column 1).....		88,594,124	80,779,153
4.	Other underwriting expenses incurred (Part 3, Line 25, Column 2).....		188,125,138	160,172,893
5.	Aggregate write-ins for underwriting deductions.....		(25,685)	3,293
6.	Total underwriting deductions (Lines 2 through 5).....		812,571,227	716,011,183
7.	Net income of protected cells.....			
8.	Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7).....		96,759,738	47,202,309
INVESTMENT INCOME				
9.	Net investment income earned (Exhibit of Net Investment Income, Line 17).....		20,199,092	13,767,451
10.	Net realized capital gains (losses) less capital gains tax of \$.....(348,835) (Exhibit of Capital Gains (Losses)).....		(1,312,199)	440,914
11.	Net investment gain (loss) (Lines 9 + 10).....		18,886,893	14,208,365
OTHER INCOME				
12.	Net gain (loss) from agents' or premium balances charged off (amount recovered \$.....613,456 amount charged off \$.....5,751,243).....		(5,137,787)	(4,347,496)
13.	Finance and service charges not included in premiums.....		12,245,649	10,509,470
14.	Aggregate write-ins for miscellaneous income.....		2,220,078	905,188
15.	Total other income (Lines 12 through 14).....		9,327,940	7,067,162
16.	Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....		124,974,571	68,477,836
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).....		124,974,571	68,477,836
19.	Federal and foreign income taxes incurred.....		26,714,049	24,887,474
20.	Net income (Line 18 minus Line 19) (to Line 22).....		98,260,522	43,590,362
CAPITAL AND SURPLUS ACCOUNT				
21.	Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2).....		254,020,632	221,667,357
22.	Net income (from Line 20).....		98,260,522	43,590,362
23.	Net transfers (to) from Protected Cell accounts.....			
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....(90,558).....		(340,671)	(661,323)
25.	Change in net unrealized foreign exchange capital gain (loss).....			
26.	Change in net deferred income tax.....		2,019,876	(6,607,174)
27.	Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Column 3).....		(161,064)	(468,590)
28.	Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1).....			
29.	Change in surplus notes.....			
30.	Surplus (contributed to) withdrawn from Protected Cells.....			
31.	Cumulative effect of changes in accounting principles.....			
32.	Capital changes:			
32.1	Paid in.....			
32.2	Transferred from surplus (Stock Dividend).....			
32.3	Transferred to surplus.....			
33.	Surplus adjustments:			
33.1	Paid in.....			
33.2	Transferred to capital (Stock Dividend).....			
33.3.	Transferred from capital.....			
34.	Net remittances from or (to) Home Office.....			
35.	Dividends to stockholders.....		(39,000,000)	(3,500,000)
36.	Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1).....			
37.	Aggregate write-ins for gains and losses in surplus.....		0	0
38.	Change in surplus as regards policyholders for the year (Lines 22 through 37).....		60,778,663	32,353,275
39.	Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37).....		314,799,295	254,020,632
DETAILS OF WRITE-INS				
0501.	LOSS (GAIN) ON COMMUTATION.....		(25,685)	3,293
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).....		(25,685)	3,293
1401.	INTEREST INCOME ON INTERCOMPANY BALANCES.....		1,271,670	494,168
1402.	MISCELLANEOUS INCOME.....		938,678	402,200
1403.	SERVICE BUSINESS REVENUE.....		9,730	8,820
1498.	Summary of remaining write-ins for Line 14 from overflow page.....		0	0
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above).....		2,220,078	905,188
3701.	.....			
3702.	.....			
3703.	.....			
3798.	Summary of remaining write-ins for Line 37 from overflow page.....		0	0
3799.	Totals (Lines 3701 through 3703 plus 3798) (Line 37 above).....		0	0

CASH FLOW

	1 Current Year	2 Prior Year
CASH FROM OPERATIONS		
1. Premiums collected net of reinsurance.....	915,395,794	755,979,240
2. Net investment income.....	24,166,909	18,632,585
3. Miscellaneous income.....	9,648,504	7,218,838
4. Total (Lines 1 through 3).....	949,211,207	781,830,663
5. Benefit and loss related payments.....	491,466,453	442,566,393
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		
7. Commissions, expenses paid and aggregate write-ins for deductions.....	256,616,834	224,750,252
8. Dividends paid to policyholders.....		
9. Federal and foreign income taxes paid (recovered) net of \$.....(243,205) tax on capital gains (losses).....	29,115,856	20,991,539
10. Total (Lines 5 through 9).....	777,199,143	688,308,184
11. Net cash from operations (Line 4 minus Line 10).....	172,012,063	93,522,479
CASH FROM INVESTMENTS		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds.....	399,426,479	334,763,965
12.2 Stocks.....		
12.3 Mortgage loans.....		
12.4 Real estate.....		
12.5 Other invested assets.....		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....	(1,792)	(8,961)
12.7 Miscellaneous proceeds.....	11,297,260	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	410,721,947	334,755,004
13. Cost of investments acquired (long-term only):		
13.1 Bonds.....	584,739,967	415,443,737
13.2 Stocks.....		
13.3 Mortgage loans.....		
13.4 Real estate.....		
13.5 Other invested assets.....		
13.6 Miscellaneous applications.....	10,856,411	114,490
13.7 Total investments acquired (Lines 13.1 to 13.6).....	595,596,378	415,558,227
14. Net increase (decrease) in contract loans and premium notes.....		
15. Net cash from investments (Line 12.8 minus Lines 13.7 minus Line 14).....	(184,874,431)	(80,803,223)
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes.....		
16.2 Capital and paid in surplus, less treasury stock.....		
16.3 Borrowed funds.....		
16.4 Net deposits on deposit-type contracts and other insurance liabilities.....		
16.5 Dividends to stockholders.....	39,000,000	3,500,000
16.6 Other cash provided (applied).....	(16,031,091)	(5,965,790)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6).....	(55,031,091)	(9,465,790)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	(67,893,459)	3,253,466
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	89,034,935	85,781,469
19.2 End of year (Line 18 plus Line 19.1).....	21,141,476	89,034,935

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

20.0001		
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PROGRESSIVE PREFERRED INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS EARNED

Line of Business		1 Net Premiums Written per Column 6, Part 1B	2 Unearned Premiums December 31 Prior Year- per Col. 3, Last Year's Part 1	3 Unearned Premiums December 31 Current Year- per Col. 5, Part 1A	4 Premiums Earned During Year (Cols. 1 + 2 - 3)
1.	Fire.....	0	.....	.....0	0
2.	Allied lines.....	0	.....	.....0	0
3.	Farmowners multiple peril.....	0	.....	.....0	0
4.	Homeowners multiple peril.....	3,366,770	1,613,766	1,749,992	3,230,544
5.	Commercial multiple peril.....	0	.....	.....0	0
6.	Mortgage guaranty.....	0	.....	.....0	0
8.	Ocean marine.....	0	.....	.....0	0
9.	Inland marine.....	13,818,373	5,970,833	6,656,816	13,132,391
10.	Financial guaranty.....	0	.....	.....0	0
11.1	Medical professional liability - occurrence.....	0	.....	.....0	0
11.2	Medical professional liability - claims-made.....	1,800	163	168	1,795
12.	Earthquake.....	0	.....	.....0	0
13.	Group accident and health.....	0	.....	.....0	0
14.	Credit accident and health (group and individual).....	0	.....	.....0	0
15.	Other accident and health.....	0	.....	.....0	0
16.	Workers' compensation.....	0	.....	.....0	0
17.1	Other liability - occurrence.....	4,635,264	2,086,809	2,243,186	4,478,886
17.2	Other liability - claims-made.....	16,500	1,492	1,537	16,455
17.3	Excess workers' compensation.....	0	.....	.....0	0
18.1	Products liability - occurrence.....	0	.....	.....0	0
18.2	Products liability - claims-made.....	0	.....	.....0	0
19.1, 19.2	Private passenger auto liability.....	523,870,330	125,776,766	146,398,615	503,248,481
19.3, 19.4	Commercial auto liability.....	82,089,549	32,658,520	42,003,719	72,744,351
21.	Auto physical damage.....	328,839,256	85,359,621	101,721,755	312,477,121
22.	Aircraft (all perils).....	0	.....	.....0	0
23.	Fidelity.....	0	.....	.....0	0
24.	Surety.....	1,865	259	1,182	941
26.	Burglary and theft.....	0	.....	.....0	0
27.	Boiler and machinery.....	0	.....	.....0	0
28.	Credit.....	0	.....	.....0	0
29.	International.....	0	.....	.....0	0
30.	Warranty.....	0	.....	.....0	0
31.	Reinsurance - nonproportional assumed property.....	0	.....	.....0	0
32.	Reinsurance - nonproportional assumed liability.....	0	.....	.....0	0
33.	Reinsurance - nonproportional assumed financial lines.....	0	.....	.....0	0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0
35.	TOTALS.....	956,639,707	253,468,228	300,776,970	909,330,965

DETAILS OF WRITE-INS

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

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

Line of Business		1	2	3	4	5
		Amount Unearned (Running One Year or Less from Date of Policy) (a)	Amount Unearned (Running More Than One Year from Date of Policy) (a)	Earned But Unbilled Premium	Reserve for Rate Credits and Retrospective Adjustments Based on Experience	Total Reserve for Unearned Premiums Cols. 1 + 2 + 3 + 4
1.	Fire.....					0
2.	Allied lines.....					0
3.	Farmowners multiple peril.....					0
4.	Homeowners multiple peril.....	1,749,992				1,749,992
5.	Commercial multiple peril.....					0
6.	Mortgage guaranty.....					0
8.	Ocean marine.....					0
9.	Inland marine.....	6,656,816				6,656,816
10.	Financial guaranty.....					0
11.1	Medical professional liability - occurrence.....					0
11.2	Medical professional liability - claims-made.....	168				168
12.	Earthquake.....					0
13.	Group accident and health.....					0
14.	Credit accident and health (group and individual).....					0
15.	Other accident and health.....					0
16.	Workers' compensation.....					0
17.1	Other liability - occurrence.....	2,243,186				2,243,186
17.2	Other liability - claims-made.....	1,537				1,537
17.3	Excess workers' compensation.....					0
18.1	Products liability - occurrence.....					0
18.2	Products liability - claims-made.....					0
19.1, 19.2	Private passenger auto liability.....	146,398,615				146,398,615
19.3, 19.4	Commercial auto liability.....	42,003,719				42,003,719
21.	Auto physical damage.....	101,721,755				101,721,755
22.	Aircraft (all perils).....					0
23.	Fidelity.....					0
24.	Surety.....	1,182				1,182
26.	Burglary and theft.....					0
27.	Boiler and machinery.....					0
28.	Credit.....					0
29.	International.....					0
30.	Warranty.....					0
31.	Reinsurance - nonproportional assumed property.....					0
32.	Reinsurance - nonproportional assumed liability.....					0
33.	Reinsurance - nonproportional assumed financial lines.....					0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0
35.	TOTALS.....	300,776,970	0	0	0	300,776,970
36.	Accrued retrospective premiums based on experience.....					
37.	Earned but unbilled premiums.....					0
38.	Balance (sum of Lines 35 through 37).....					300,776,970

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

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

PROGRESSIVE PREFERRED INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 1B - PREMIUMS WRITTEN

Line of Business	1 Direct Business (a)	Reinsurance Assumed		Reinsurance Ceded		6 Net Premiums Written (Cols. 1 + 2 + 3 - 4 - 5)
		2 From Affiliates	3 From Non-Affiliates	4 To Affiliates	5 To Non-Affiliates	
1. Fire.....						0
2. Allied lines.....						0
3. Farmowners multiple peril.....						0
4. Homeowners multiple peril.....	5,271,504	3,366,770		5,271,504		3,366,770
5. Commercial multiple peril.....						0
6. Mortgage guaranty.....						0
8. Ocean marine.....						0
9. Inland marine.....	18,211,396	13,818,373		18,211,396		13,818,373
10. Financial guaranty.....						0
11.1 Medical professional liability - occurrence.....						0
11.2 Medical professional liability - claims-made.....		1,800				1,800
12. Earthquake.....						0
13. Group accident and health.....						0
14. Credit accident and health (group and individual).....						0
15. Other accident and health.....						0
16. Workers' compensation.....						0
17.1 Other liability - occurrence.....	7,478,143	4,635,264		6,501,755	976,388	4,635,264
17.2 Other liability - claims-made.....		16,500				16,500
17.3 Excess workers' compensation.....						0
18.1 Products liability - occurrence.....						0
18.2 Products liability - claims-made.....						0
19.1, 19.2 Private passenger auto liability.....	573,215,614	523,870,330		573,215,614		523,870,330
19.3, 19.4 Commercial auto liability.....	78,929,850	82,089,549		78,609,207	320,643	82,089,549
21. Auto physical damage.....	385,153,047	328,839,256		385,153,047		328,839,256
22. Aircraft (all perils).....						0
23. Fidelity.....						0
24. Surety.....		1,865				1,865
26. Burglary and theft.....						0
27. Boiler and machinery.....						0
28. Credit.....						0
29. International.....						0
30. Warranty.....						0
31. Reinsurance - nonproportional assumed property.....	XXX					0
32. Reinsurance - nonproportional assumed liability.....	XXX					0
33. Reinsurance - nonproportional assumed financial lines.....	XXX					0
34. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
35. TOTALS.....	1,068,259,554	956,639,707	0	1,066,962,523	1,297,031	956,639,707

DETAILS OF WRITE-INS

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

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - LOSSES PAID AND INCURRED

Line of Business		Losses Paid Less Salvage				5 Net Losses Unpaid Current Year (Part 2A, Col. 8)	6 Net Losses Unpaid Prior Year	7 Losses Incurred Current Year (Cols. 4 + 5 - 6)	8 Percentage of Losses Incurred (Col. 7, Part 2) to Premiums Earned (Col. 4, Part 1)
		1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Recovered	4 Net Payments (Cols. 1 + 2 - 3)				
1.	Fire.....				0	0		0	0.0
2.	Allied lines.....				0	0		0	0.0
3.	Farmowners multiple peril.....				0	0		0	0.0
4.	Homeowners multiple peril.....	1,828,528	1,152,092	1,828,528	1,152,092	320,150	338,776	1,133,466	35.1
5.	Commercial multiple peril.....				0	0		0	0.0
6.	Mortgage guaranty.....				0	0		0	0.0
8.	Ocean marine.....				0	0		0	0.0
9.	Inland marine.....	8,800,832	6,886,971	8,800,832	6,886,971	965,424	833,127	7,019,267	53.5
10.	Financial guaranty.....				0	0		0	0.0
11.1	Medical professional liability - occurrence.....				0	0		0	0.0
11.2	Medical professional liability - claims-made.....				0	90	90	0	0.0
12.	Earthquake.....				0	0		0	0.0
13.	Group accident and health.....				0	0		0	0.0
14.	Credit accident and health (group and individual).....				0	0		0	0.0
15.	Other accident and health.....				0	0		0	0.0
16.	Workers' compensation.....		8,337		8,337	100,376	108,686	27	0.0
17.1	Other liability - occurrence.....	1,461,534	1,589,591	1,461,534	1,589,591	2,833,950	2,934,469	1,489,072	33.2
17.2	Other liability - claims-made.....		903,658		903,658	958,534	904,990	957,202	5,817.2
17.3	Excess workers' compensation.....				0	0		0	0.0
18.1	Products liability - occurrence.....				0	0		0	0.0
18.2	Products liability - claims-made.....				0	0		0	0.0
19.1, 19.2	Private passenger auto liability.....	294,459,963	270,220,804	294,459,963	270,220,804	243,211,368	211,054,097	302,378,075	60.1
19.3, 19.4	Commercial auto liability.....	26,754,761	30,047,480	26,754,761	30,047,480	59,486,846	47,781,908	41,752,417	57.4
21.	Auto physical damage.....	230,552,760	180,414,699	230,552,760	180,414,699	2,051,170	1,258,646	181,207,224	58.0
22.	Aircraft (all perils).....				0	0		0	0.0
23.	Fidelity.....		(1,744)		(1,744)	0	121	(1,865)	0.0
24.	Surety.....				0	0	15	(15)	(1.6)
26.	Burglary and theft.....				0	0		0	0.0
27.	Boiler and machinery.....				0	0		0	0.0
28.	Credit.....				0	0		0	0.0
29.	International.....				0	0		0	0.0
30.	Warranty.....				0	0		0	0.0
31.	Reinsurance - nonproportional assumed property.....	XXX			0	0		0	0.0
32.	Reinsurance - nonproportional assumed liability.....	XXX	212,627		212,627	71,272	341,118	(57,219)	0.0
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0	0		0	0.0
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0.0
35.	TOTALS.....	563,858,377	491,434,515	563,858,377	491,434,515	309,999,179	265,556,044	535,877,650	58.9
DETAILS OF WRITE-INS									
3401.	.....				0	0		0	0.0
3402.	.....				0	0		0	0.0
3403.	.....				0	0		0	0.0
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	XXX
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

		Reported Losses				Incurred But Not Reported			8	9
		1	2	3	4	5	6	7		
Line of Business		Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding Incurred but not Reported (Cols. 1 + 2 - 3)	Direct	Reinsurance Assumed	Reinsurance Ceded	Net Losses Unpaid (Cols. 4 + 5 + 6 - 7)	Net Unpaid Loss Adjustment Expenses
1.	Fire.....				0				0	
2.	Allied lines.....				0				0	
3.	Farmowners multiple peril.....				0				0	
4.	Homeowners multiple peril.....	339,767	196,891	339,767	196,891	189,526	123,259	189,526	320,150	54,110
5.	Commercial multiple peril.....				0				0	
6.	Mortgage guaranty.....				0				0	
8.	Ocean marine.....				0				0	
9.	Inland marine.....	1,293,546	682,578	1,293,546	682,578	357,754	282,846	357,754	965,424	184,931
10.	Financial guaranty.....				0				0	
11.1	Medical professional liability - occurrence.....				0				0	
11.2	Medical professional liability - claims-made.....				0		90		90	79
12.	Earthquake.....				0				0	
13.	Group accident and health.....				0				(a).....0	
14.	Credit accident and health (group and individual).....				0				0	
15.	Other accident and health.....				0				(a).....0	
16.	Workers' compensation.....		100,376		100,376				100,376	4,490
17.1	Other liability - occurrence.....	2,958,155	1,836,524	2,958,155	1,836,524	2,222,638	997,426	2,222,638	2,833,950	445,403
17.2	Other liability - claims-made.....		10,726		10,726		947,807		958,534	16,193
17.3	Excess workers' compensation.....				0				0	
18.1	Products liability - occurrence.....				0				0	
18.2	Products liability - claims-made.....				0				0	
19.1, 19.2	Private passenger auto liability.....	219,206,992	182,554,110	219,206,992	182,554,110	65,620,786	60,657,258	65,620,786	243,211,368	54,070,170
19.3, 19.4	Commercial auto liability.....	40,554,734	50,229,044	40,554,734	50,229,044	7,151,665	9,257,802	7,151,665	59,486,846	8,859,026
21.	Auto physical damage.....	14,014,766	11,648,427	14,014,766	11,648,427	(11,565,312)	(9,597,256)	(11,565,312)	2,051,170	3,223,499
22.	Aircraft (all perils).....				0				0	
23.	Fidelity.....				0				0	
24.	Surety.....				0				0	
26.	Burglary and theft.....				0				0	
27.	Boiler and machinery.....				0				0	
28.	Credit.....				0				0	
29.	International.....				0				0	
30.	Warranty.....				0				0	
31.	Reinsurance - nonproportional assumed property.....	XXX			0	XXX			0	
32.	Reinsurance - nonproportional assumed liability.....	XXX	21,690		21,690	XXX	49,582		71,272	
33.	Reinsurance - nonproportional assumed financial lines.....	XXX			0	XXX			0	
34.	Aggregate write-ins for other lines of business.....	0	0	0	0	0	0	0	0	0
35.	TOTALS.....	278,367,961	247,280,366	278,367,961	247,280,366	63,977,058	62,718,813	63,977,058	309,999,179	66,857,901
DETAILS OF WRITE-INS										
3401.	.....				0				0	
3402.	.....				0				0	
3403.	.....				0				0	
3498.	Summary of remaining write-ins for Line 34 from overflow page.....	0	0	0	0	0	0	0	0	0
3499.	Totals (Lines 3401 through 3403 plus 3498) (Line 34 above).....	0	0	0	0	0	0	0	0	0

(a) Including \$.....0 for present value of life indemnity claims.

PROGRESSIVE PREFERRED INSURANCE COMPANY
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - EXPENSES

	1	2	3	4
	Loss Adjustment Expenses	Other Underwriting Expenses	Investment Expenses	Total
1. Claim adjustment services:				
1.1 Direct.....	12,866,606			12,866,606
1.2 Reinsurance assumed.....	15,284,100			15,284,100
1.3 Reinsurance ceded.....	12,866,606			12,866,606
1.4 Net claim adjustment services (1.1 + 1.2 - 1.3).....	15,284,100	0	0	15,284,100
2. Commission and brokerage:				
2.1 Direct, excluding contingent.....		109,429,077		109,429,077
2.2 Reinsurance assumed, excluding contingent.....		90,077,631		90,077,631
2.3 Reinsurance ceded, excluding contingent.....		109,429,077		109,429,077
2.4 Contingent - direct.....		4,772,018		4,772,018
2.5 Contingent - reinsurance assumed.....		3,920,463		3,920,463
2.6 Contingent - reinsurance ceded.....		4,772,018		4,772,018
2.7 Policy and membership fees.....				0
2.8 Net commission and brokerage (2.1 + 2.2 - 2.3 + 2.4 + 2.5 - 2.6 + 2.7).....	0	93,998,094	0	93,998,094
3. Allowances to manager and agents.....		287,012		287,012
4. Advertising.....	1,368	10,662,254		10,663,621
5. Boards, bureaus and associations.....	200,085	319,968	9,291	529,345
6. Surveys and underwriting reports.....		5,523,416		5,523,416
7. Audit of assureds' records.....				0
8. Salary and related items:				
8.1 Salaries.....	50,272,557	34,029,889	390,735	84,693,180
8.2 Payroll taxes.....	3,520,446	2,184,609	12,717	5,717,773
9. Employee relations and welfare.....	8,027,227	5,046,483	17,752	13,091,462
10. Insurance.....	135,831	73,740		209,571
11. Directors' fees.....				0
12. Travel and travel items.....	1,857,507	631,118	3,509	2,492,134
13. Rent and rent items.....	2,495,396	2,205,496	8,403	4,709,295
14. Equipment.....	226,104	767,888		993,992
15. Cost or depreciation of EDP equipment and software.....	3,592,560	6,126,985	2,489	9,722,035
16. Printing and stationery.....	212,305	428,475	611	641,391
17. Postage, telephone and telegraph, exchange and express.....	2,209,834	4,989,668	3,395	7,202,897
18. Legal and auditing.....	458,281	550,708	16,848	1,025,837
19. Totals (Lines 3 to 18).....	73,209,502	73,827,710	465,751	147,502,963
20. Taxes, licenses and fees:				
20.1 State and local insurance taxes deducting guaranty association credits of \$.....7,164.....		15,667,528		15,667,528
20.2 Insurance department licenses and fees.....	80,176	690,491		770,666
20.3 Gross guaranty association assessments.....		109,394		109,394
20.4 All other (excluding federal and foreign income and real estate).....	17,895	2,982,403		3,000,298
20.5 Total taxes, licenses and fees (20.1 + 20.2 + 20.3 + 20.4).....	98,071	19,449,815	0	19,547,886
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Reimbursements by uninsured plans.....				0
24. Aggregate write-ins for miscellaneous expenses.....	2,451	849,518	76,576	928,544
25. Total expenses incurred.....	88,594,124	188,125,138	542,326	(a).....277,261,588
26. Less unpaid expenses - current year.....	66,857,901	53,936,268	3,191	120,797,359
27. Add unpaid expenses - prior year.....	56,342,248	44,375,177	2,989	100,720,413
28. Amounts receivable relating to uninsured plans, prior year.....				0
29. Amounts receivable relating to uninsured plans, current year.....				0
30. TOTAL EXPENSES PAID (Lines 25 - 26 + 27 - 28 + 29).....	78,078,471	178,564,047	542,124	257,184,642

DETAILS OF WRITE-INS

2401. MISCELLANEOUS EXPENSES.....	2,451	849,518	76,576	928,544
2402.				0
2403.				0
2498. Summary of remaining write-ins for Line 24 from overflow page.....	0	0	0	0
2499. Totals (Lines 2401 through 2403 plus 2498) (Line 24 above).....	2,451	849,518	76,576	928,544

(a) Includes management fees of \$.....148,431,507 to affiliates and \$.....0 to non-affiliates.

PROGRESSIVE PREFERRED INSURANCE COMPANY
EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. government bonds.....	(a).....5,298,748	6,239,555
1.1 Bonds exempt from U.S. tax.....	(a).....1,125,898	816,879
1.2 Other bonds (unaffiliated).....	(a).....11,710,425	12,905,046
1.3 Bonds of affiliates.....	(a).....	.....
2.1 Preferred stocks (unaffiliated).....	(b).....	.....
2.11 Preferred stocks of affiliates.....	(b).....	.....
2.2 Common stocks (unaffiliated).....	.....	.....
2.21 Common stocks of affiliates.....	.....	.....
3. Mortgage loans.....	(c).....	.....
4. Real estate.....	(d).....	.....
5. Contract loans.....	.....	.....
6. Cash, cash equivalents and short-term investments.....	(e).....652,067	779,939
7. Derivative instruments.....	(f).....	.....
8. Other invested assets.....	.....	.....
9. Aggregate write-ins for investment income.....	0	0
10. Total gross investment income.....	18,787,138	20,741,419
11. Investment expenses.....	.....	(g).....542,327
12. Investment taxes, licenses and fees, excluding federal income taxes.....	.....	(g).....
13. Interest expense.....	.....	(h).....
14. Depreciation on real estate and other invested assets.....	.....	(i).....0
15. Aggregate write-ins for deductions from investment income.....	.....	.....0
16. Total deductions (Lines 11 through 15).....	.....	.....542,327
17. Net investment income (Line 10 minus Line 16).....	.....	.....20,199,092

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 \$.....709,907 accrual of discount less \$.....6,631,803 amortization of premium and less \$.....1,736,503 paid for accrued interest on purchases.
- (b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.
- (c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.
- (d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.
- (e) Includes \$.....312,956 accrual of discount less \$.....123,726 amortization of premium and less \$.....79,014 paid for accrued interest on purchases.
- (f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.
- (g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.
- (i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. government bonds.....	(1,454,986)	.....	.....(1,454,986)	.....	.....
1.1 Bonds exempt from U.S. tax.....	70,547	.....	.....70,547	.....	.....
1.2 Other bonds (unaffiliated).....	(274,803)	.....	.....(274,803)	(431,228)	.....
1.3 Bonds of affiliates.....	.....	.....	.....0	.....	.....
2.1 Preferred stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.11 Preferred stocks of affiliates.....	.....	.....	.....0	.....	.....
2.2 Common stocks (unaffiliated).....	.....	.....	.....0	.....	.....
2.21 Common stocks of affiliates.....	.....	.....	.....0	.....	.....
3. Mortgage loans.....	.....	.....	.....0	.....	.....
4. Real estate.....	.....	.....	.....0	.....	.....
5. Contract loans.....	.....	.....	.....0	.....	.....
6. Cash, cash equivalents and short-term investments.....	(1,792)	.....	.....(1,792)	.....	.....
7. Derivative instruments.....	.....	.....	.....0	.....	.....
8. Other invested assets.....	.....	.....	.....0	.....	.....
9. Aggregate write-ins for capital gains (losses).....	0	0	0	0	0
10. Total capital gains (losses).....	(1,661,034)	0	(1,661,034)	(431,228)	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

PROGRESSIVE PREFERRED INSURANCE COMPANY
EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....			0
2. Stocks (Schedule D):			
2.1 Preferred stocks.....			0
2.2 Common stocks.....			0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens.....			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company.....			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale.....			0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....			0
6. Contract loans.....			0
7. Derivatives (Schedule DB).....			0
8. Other invested assets (Schedule BA).....			0
9. Receivables for securities.....			0
10. Securities lending reinvested collateral assets (Schedule DL).....			0
11. Aggregate write-ins for invested assets.....	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11).....	0	0	0
13. Title plants (for Title insurers only).....			0
14. Investment income due and accrued.....			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	2,988,841	2,648,305	(340,536)
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.....		179,808	179,808
19. Guaranty funds receivable or on deposit.....			0
20. Electronic data processing equipment and software.....			0
21. Furniture and equipment, including health care delivery assets.....			0
22. Net adjustment in assets and liabilities due to foreign exchange rates.....			0
23. Receivables from parent, subsidiaries and affiliates.....			0
24. Health care and other amounts receivable.....			0
25. Aggregate write-ins for other-than-invested assets.....	132,742	132,407	(335)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	3,121,583	2,960,520	(161,063)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0
28. TOTALS (Lines 26 and 27).....	3,121,583	2,960,520	(161,063)

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.....	126,686	119,268	(7,418)
2502. MISCELLANEOUS OTHER ASSETS.....	6,056	13,139	7,083
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).....	132,742	132,407	(335)

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 Preferred 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 PREFERRED INSURANCE COMPANY state basis (Page 4, Line 20, Columns 1 & 2)	XXX	XXX	XXX	\$ 98,260,522	\$ 43,590,362
(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	\$ 98,260,522	\$ 43,590,362
SURPLUS					
(5) PROGRESSIVE PREFERRED INSURANCE COMPANY state basis (Page 3, line 37, Columns 1 & 2)	XXX	XXX	XXX	\$ 314,799,295	\$ 254,020,632
(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	\$ 314,799,295	\$ 254,020,632

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.

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 has no investments in joint ventures, partnerships, or limited liability companies.
- The Company has no investments in derivatives.

NOTES TO FINANCIAL STATEMENTS

- The Company may enter into repurchase agreements in which it borrows cash by providing certain underlying securities as collateral for the arrangement. The cash borrowed is invested in cash equivalents and an offsetting liability is established. The cash equivalent investment maturities and the term of the borrowing arrangement on the collateralized securities match, eliminating duration risk exposure to the Company. The Company did not have any open repurchase agreements at December 31, 2018 and December 31, 2017.
- Realized gains and losses on sales of securities are computed based on the first-in, first-out method.
- The Company's management routinely monitors individual securities in its investment portfolio for pricing changes that might indicate potential impairments and performs detailed reviews of securities with unrealized losses based on predetermined guidelines to determine whether a decline in the value of a security is other-than-temporary. A review for other-than-temporary impairment ("OTTI") requires making certain judgments regarding the materiality of the decline, its effect on the financial statements, the probability, extent, and timing of a valuation recovery, and the Company's ability and intent to hold the security. The scope of this review is broad and requires a forward-looking assessment of the fundamental characteristics of a security, as well as the market-related prospects of the issuer and its industry.

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

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

Loss, Loss Adjustment Expense, and Premium Deficiency Reserves

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

Capitalization of Assets

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

Pharmaceutical Rebate Receivables

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

D. Going Concern

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

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.

NOTES TO FINANCIAL STATEMENTS

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

a. The aggregate amount of unrealized losses:	1. Less than 12 Months	\$ 1,215,742
	2. 12 Months or Longer	\$ 977,987
b. The aggregate related fair value of securities with unrealized losses:	1. Less than 12 Months	\$ 97,228,161
	2. 12 Months or Longer	\$ 54,458,610

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

Not Applicable

K. Low-Income Housing Tax Credits (LIHTC)

Not Applicable

NOTES TO FINANCIAL STATEMENTS

L. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross (Admitted & Nonadmitted) Restricted						Current Year				
	Current Year					6	7	8	9	Percentage	
	1	2	3	4	5					10	11
	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)		
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	5,077,047				5,077,047	5,085,586	(8,539)		5,077,047	0.5%	0.5%
k. On deposit with other regulatory bodies										%	%
l. Pledged as collateral to FHLB (including assets backing funding agreements)										%	%
m. Pledged as collateral not captured in other categories										%	%
n. Other restricted assets										%	%
o. Total Restricted Assets	\$ 5,077,047	\$	\$	\$	\$ 5,077,047	\$ 5,085,586	\$ (8,539)	\$	\$ 5,077,047	0.5%	0.5%

- (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

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)

Not Applicable

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

NOTES TO FINANCIAL STATEMENTS

Note 6 – Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

Note 7 – Investment Income

A. Accrued Investment Income

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

B. Amounts Nonadmitted

Not Applicable

Note 8 – Derivative Instruments

Not Applicable

Note 9 – Income Taxes

A. Deferred Tax Assets/(Liabilities)

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

	2018			2017			Change		
	1	2	3	4	5	6	7	8	9
	Ordinary	Capital	(Col 1+2) Total	Ordinary	Capital	(Col 4+5) Total	(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
a. Gross deferred tax assets	\$ 21,577,428	\$ 268,741	\$ 21,846,169	\$ 16,792,440	\$ 179,827	\$ 16,972,267	\$ 4,784,988	\$ 88,914	\$ 4,873,902
b. Statutory valuation allowance adjustment									
c. Adjusted gross deferred tax assets (1a-1b)	\$ 21,577,428	\$ 268,741	\$ 21,846,169	\$ 16,792,440	\$ 179,827	\$ 16,972,267	\$ 4,784,988	\$ 88,914	\$ 4,873,902
d. Deferred tax assets nonadmitted					179,808	179,808		(179,808)	(179,808)
e. Subtotal net admitted deferred tax asset (1c-1d)	\$ 21,577,428	\$ 268,741	\$ 21,846,169	\$ 16,792,440	\$ 19	\$ 16,792,459	\$ 4,784,988	\$ 268,722	5,053,710
f. Deferred tax liabilities	5,767,182	509	5,767,691	3,004,203	19	3,004,222	2,762,979	490	2,763,469
g. Net admitted deferred tax assets/(net deferred tax liability) (1e-1f)	\$ 15,810,246	\$ 268,232	\$ 16,078,478	\$ 13,788,237	\$	\$ 13,788,237	\$ 2,022,009	\$ 268,232	\$ 2,290,241

NOTES TO FINANCIAL STATEMENTS

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	\$ 21,577,428	\$ 268,741	\$ 21,846,169	\$ 16,407,270	\$	\$ 16,407,270	\$ 5,170,158	\$ 268,741	\$ 5,438,899
b. Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lesser of 2(b)1 and 2(b)2 below)									
1. Adjusted gross deferred tax assets expected to be realized following the balance sheet date									
2. Adjusted gross deferred tax assets allowed per limitation threshold			44,808,123			36,034,859			8,773,264
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				385,170	19	385,189	(385,170)	(19)	(385,189)
d. Deferred tax assets admitted as the result of application of SSAP 101. Total (2(a)+2(b)+2(c))	\$ 21,577,428	\$ 268,741	\$ 21,846,169	\$ 16,792,440	\$ 19	\$ 16,792,459	\$ 4,784,988	\$ 268,722	\$ 5,053,710

3. Other Admissibility Criteria

	2018	2017
a. Ratio percentage used to determine recovery period and threshold limitation amount	881.0%	976.2%
b. Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b)2 above	\$ 298,720,817	\$ 240,232,395

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)	\$ 21,577,428	\$ 268,741	\$ 16,792,440	\$ 179,827	\$ 4,784,988	\$ 88,914
2. Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0 %	100.0%	0 %	100.0%	0 %	0 %
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	\$ 21,577,428	\$ 268,741	\$ 16,792,440	\$ 19	\$ 4,784,988	\$ 268,722
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

NOTES TO FINANCIAL STATEMENTS

B. Deferred Tax Liabilities Not Recognized

Not Applicable

C. Current and Deferred Income Taxes

1. Current Income Tax

	1	2	3
	2018	2017	(Col 1-2) Change
a. Federal	\$ 26,714,049	\$ 24,887,474	\$ 1,826,575
b. Foreign			
c. Subtotal	\$ 26,714,049	\$ 24,887,474	\$ 1,826,575
d. Federal income tax on net capital gains	(348,835)	239,536	(588,371)
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and Foreign income taxes incurred	\$ 26,365,214	\$ 25,127,010	\$ 1,238,204

2. Deferred Tax Assets

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Discounting of unpaid losses	\$ 4,057,021	\$ 1,387,356	\$ 2,669,665
2. Unearned premium reserve	12,772,259	10,767,812	2,004,447
3. Policyholder reserves			
4. Investments			
5. Deferred acquisition costs			
6. Policyholder dividends accrual			
7. Fixed assets	236,217	346,525	(110,308)
8. Compensation and benefits accrual	3,432,980	3,340,398	92,582
9. Pension accrual			
10. Receivables - nonadmitted	627,657	556,144	71,513
11. Net operating loss carry-forward			
12. Tax credit carry-forward			
13. Other (items <=5% and >5% of total ordinary tax assets)	451,294	394,205	57,089
Other (items listed individually >5%of total ordinary tax assets)			
Other assets nonadmitted	27,876	27,805	71
Bad debt reserve	358,610	291,292	67,318
99. Subtotal	21,577,428	16,792,440	4,784,988
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99-2b-2c)	21,577,428	16,792,440	4,784,988
e. Capital:			
1. Investments	\$ 268,741	\$ 179,827	\$ 88,914
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	\$ 268,741	\$ 179,827	\$ 88,914
f. Statutory valuation allowance adjustment			
g. Nonadmitted		179,808	(179,808)
h. Admitted capital deferred tax assets (2e99-2f-2g)	268,741	19	268,722
i. Admitted deferred tax assets (2d+2h)	\$ 21,846,169	\$ 16,792,459	\$ 5,053,710

NOTES TO FINANCIAL STATEMENTS

3. Deferred Tax Liabilities

	1	2	3
	2018	2017	(Col 1-2) Change
a. Ordinary:			
1. Investments	\$ 144,971	\$ 75,244	\$ 69,727
2. Fixed assets	3,390,018	2,393,821	996,197
3. Deferred and uncollected premium			
4. Policyholder reserves			
5. Other (items <=5% and >5% of total ordinary tax liabilities)	2,232,193	535,138	1,697,055
Other (items listed individually >5% of total ordinary tax liabilities)			
Prepaid expenses	252,264	403,538	(151,274)
Salvage and subrogation	134,278	68,615	65,663
Loss discounting transition adjustment	1,760,677		1,760,677
99. Subtotal	5,767,182	3,004,203	2,762,979
b. Capital:			
1. Investments	509	19	490
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	509	19	490
c. Deferred tax liabilities (3a99+3b99)	\$ 5,767,691	\$ 3,004,222	\$ 2,763,469
4. Net Deferred Tax Assets (2i – 3c)	\$ 16,078,478	\$ 13,788,237	\$ 2,290,241

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	\$ 21,846,169	\$ 16,972,267	\$ 4,873,902
Total deferred tax liabilities	5,767,691	3,004,222	2,763,469
Net deferred tax asset (liability)	\$ 16,078,478	\$ 13,968,045	\$ 2,110,433
Tax effect of unrealized gains (losses)			90,557
Change in net deferred income tax			\$ 2,019,876

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 \$2,082,114 and an increase to the deferred tax liability for salvage and subrogation of \$69,912. The net increase of \$2,012,202 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	\$ 26,171,405	21.0%
Exempt interest income	(128,657)	-0.1%
Impact of nonadmitted assets	(71,583)	-0.1%
Tax credits	(204,000)	-0.2%
Stock-based compensation	(1,421,348)	-1.1%
Other	(479)	0.0%
Total	\$ 24,345,338	19.5%
Federal and foreign income taxes incurred	\$ 26,365,214	
Change in net deferred income tax	(2,019,876)	
Total statutory income taxes	\$ 24,345,338	

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:	\$ 26,568,855
First preceding tax year:	\$ 25,194,076

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.

NOTES TO FINANCIAL STATEMENTS

- F. Consolidated Federal Income Tax Return
1.

The Company's Federal income tax return is consolidated with The Progressive Corporation ("TPC") 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
- All significant transactions by the Company or any affiliated insurer with any affiliate are summarized in Schedule Y, Part 2.
- See Note 13.4
- C. Change in Terms of Intercompany Arrangements
- Not Applicable
- D. Amounts Due to or from Related Parties
- The Company reported a \$63,434,856 and \$43,668,330 receivable from 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 \$6,167,055 and \$8,917,697 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
- Management, operations and claims services are provided under a management agreement with Progressive Casualty Insurance Company ("Casualty"), an insurance affiliate domiciled in Ohio. Under the terms of the agreement, the Company is provided underwriting and loss adjustment services for business produced in exchange for a management fee based on the Company's use of services.
- The Company participates in an investment services agreement with Progressive Capital Management Corp., a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services.
- The Company participates in a program administrator agreement with ASI Underwriters Corp. ("ASIU"), a non-insurance affiliate. Under the terms of the agreement, ASIU charges a fee for designing, implementing, and administrating the Company's renters insurance program (see Note 19).
- 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.
- 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

NOTES TO FINANCIAL STATEMENTS

- K.

Investment in Foreign Insurance Subsidiary

Not Applicable
- L.

Investment in Downstream Non-Insurance Holding Company

Not Applicable
- M.

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

Not Applicable
- N.

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

Not Applicable
- 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

Not Applicable

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

1.

Outstanding Shares

The Company has 750 shares of \$4,700 par value common stock authorized and 639 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 \$98,260,522 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
December 12, 2018	\$ 39,000,000	Ordinary
December 12, 2017	\$ 3,500,000	Ordinary
7.

Mutual Surplus Advances

Not Applicable
8.

Company Stock Held for Special Purposes

Not Applicable
9.

Changes in Special Surplus Funds

Not Applicable
10.

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and losses is: \$(1,268,345)
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

NOTES TO FINANCIAL STATEMENTS

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 \$500,913 and \$441,846, 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 \$428,001 and \$430,828, respectively.

C. Gain Contingencies

Not Applicable

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

PROGRESSIVE PREFERRED 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	\$ 270,233

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

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

Indicate whether claim count information is disclosed per claim or per claimant:

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

E. Product Warranties

Not Applicable

F. Joint and Several Liabilities

Not Applicable

G. All Other Contingencies

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

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

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

There were three 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's uninsured motorist coverage is illusory.

There was a putative class action lawsuit alleging the Company improperly reduces or terminates Med-Pay and/or personal injury protection benefits.

Note 15 – Leases

Not Applicable

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

Not Applicable

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

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 administering the Company's renters insurance program. The renters insurance program provides tenants with coverage for damage to personal property, personal liability and medical payments to others. The renters insurance program generated \$1,394,498 of direct written premiums, which is less than 5% of the Company's surplus.

NOTES TO FINANCIAL STATEMENTS

Note 20 – Fair Value Measurements

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

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

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

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

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	\$	\$ 14,727,150	\$	\$	\$ 14,727,150
Common stock industrial & miscellaneous	\$	\$	\$	\$	\$
Preferred stock industrial & miscellaneous	\$	\$	\$	\$	\$
Total	\$	\$ 14,727,150	\$	\$	\$ 14,727,150
Liabilities at Fair Value					
	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$

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	\$ 783,696,960	\$ 788,435,577	\$ 294,181,055	\$ 489,515,905	\$	\$	\$
Cash equivalents	\$ 299,315	\$ 299,315	\$ 299,315	\$	\$	\$	\$
Common stock	\$	\$	\$	\$	\$	\$	\$
Preferred stock	\$	\$	\$	\$	\$	\$	\$
Short-term investments	\$ 20,838,312	\$ 20,842,161	\$	\$ 20,838,312	\$	\$	\$

D. Not Practicable to Estimate Fair Value

Not Applicable

E. NAV Practical Expedient Investments

Not Applicable

NOTES TO FINANCIAL STATEMENTS

Note 21 – Other Items

- A. Unusual or Infrequent Items
- Not Applicable
- B. Troubled Debt Restructuring Debtors
- Not Applicable

- C. Other Disclosures
- Not Applicable

- 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
Low Income Housing Tax Credit (NT)	GA	\$	\$ 3,623
Total		\$	\$ 3,623

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
- Not Applicable

- F. Subprime Mortgage Related Risk Exposure

1. Exposure to Subprime Mortgage Related Risk

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

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

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

In 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	\$ 7,649,886	\$ 7,586,750	\$ 7,575,787	\$
b.	Commercial mortgage backed securities				
c.	Collateralized debt obligations				
d.	Structured securities				
e.	Equity investments in SCAs*				
f.	Other assets				
g.	Total	\$ 7,649,886	\$ 7,586,750	\$ 7,575,787	\$

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.

NOTES TO FINANCIAL STATEMENTS

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 Casualty Insurance Company	24260	34-6513736	\$ 756,076,000
Total			\$ 756,076,000

B. Reinsurance Recoverable in Dispute

Not Applicable

C. Reinsurance Assumed and Ceded

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

		Assumed Reinsurance		Ceded Reinsurance		Net	
		Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
a.	Affiliates	\$ 300,777,000	\$	\$ 350,013,000	\$	\$ (49,236,000)	\$
b.	All Other			639,000	138,000	(639,000)	(138,000)
c.	Total	\$ 300,777,000	\$	\$ 350,652,000	\$ 138,000	\$ (49,875,000)	\$ (138,000)
d.	Direct Unearned Premium Reserves			\$ 350,652,000			

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 \$674,128 in 2018, which is less than 1% of the total prior year net unpaid losses and LAE of \$321,898,292. 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

NOTES TO FINANCIAL STATEMENTS

Note 26 – Intercompany Pooling Arrangements

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

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

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).

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 []

NOTES TO FINANCIAL STATEMENTS

Note 31 – High Deductibles

Not Applicable

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

Not Applicable

Note 33 – Asbestos/Environmental Reserves

Because the Company is primarily an insurer of motor vehicles, it has limited exposure for asbestos and environmental claims. In accordance with disclosure requirements, the amounts reported for direct, assumed, and net below reflect the Company's pooled share (see Note 26) of the Agency Pool's exposure to asbestos and environmental claims. The Agency Pool's exposure arises from Casualty's participation in various reinsurance pools from 1972 to 1975, which underwrote general liability insurance, Casualty'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 Casualty's aggregate stop loss reinsurance agreement with National Continental for general liability business written on or before November 25, 1985. During 2018, Casualty 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)	\$ 12,300	\$ 660	\$ 660	\$ 420,000	\$ 420,000
b.	Incurred losses and loss adjustment expense	(11,640)		419,340		
c.	Calendar year payments for losses and loss adjustment expenses					
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 660	\$ 660	\$ 420,000	\$ 420,000	\$ 420,000

(2) Assumed Reinsurance

		2014	2015	2016	2017	2018
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 130,720	\$ 230,432	\$ 220,137	\$ 210,640	\$ 129,462
b.	Incurred losses and loss adjustment expense	119,413	1,305	6,504	(62,176)	209,934
c.	Calendar year payments for losses and loss adjustment expenses	19,701	11,600	16,001	19,002	69,317
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 230,432	\$ 220,137	\$ 210,640	\$ 129,462	\$ 270,079

(3) Net of Ceded Reinsurance

		2014	2015	2016	2017	2018
a.	Beginning reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 143,022	\$ 231,092	\$ 220,797	\$ 275,217	\$ 196,914
b.	Incurred losses and loss adjustment expense	107,771	1,305	70,421	(59,301)	209,934
c.	Calendar year payments for losses and loss adjustment expenses	19,701	11,600	16,001	19,002	69,317
d.	Ending reserves (including Case, Bulk + IBNR Loss & LAE)	\$ 231,092	\$ 220,797	\$ 275,217	\$ 196,914	\$ 337,531

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

(1)	Direct basis	\$ 268,168
(2)	Assumed reinsurance basis	222,929
(3)	Net of ceded reinsurance basis	\$ 242,398

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

(1)	Direct basis	\$ 210,000
(2)	Assumed reinsurance basis	48,780
(3)	Net of ceded reinsurance basis	\$ 82,506

NOTES TO FINANCIAL STATEMENTS

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

(1) Direct

		2014	2015	2016	2017	2018
a.	Beginning reserves	\$ 3,066	\$	\$	\$	\$
b.	Incurred losses and loss adjustment expense	(3,066)				
c.	Calendar year payments for losses and loss adjustment expenses					
d.	Ending reserves	\$	\$	\$	\$	\$

(2) Assumed Reinsurance

		2014	2015	2016	2017	2018
a.	Beginning reserves	\$ 484,862	\$ 590,586	\$ 560,988	\$ 537,831	\$ 630,511
b.	Incurred losses and loss adjustment expense	425,707	6,103	(4,272)	106,028	(199,915)
c.	Calendar year payments for losses and loss adjustment expenses	319,983	35,701	18,885	13,348	332,942
d.	Ending reserves	\$ 590,586	\$ 560,988	\$ 537,831	\$ 630,511	\$ 97,654

(3) Net of Ceded Reinsurance

		2014	2015	2016	2017	2018
a.	Beginning reserves	\$ 487,928	\$ 590,586	\$ 560,988	\$ 537,831	\$ 630,511
b.	Incurred losses and loss adjustment expense	422,641	6,103	(4,272)	106,028	(199,915)
c.	Calendar year payments for losses and loss adjustment expenses	319,983	35,701	18,885	13,348	332,942
d.	Ending reserves	\$ 590,586	\$ 560,988	\$ 537,831	\$ 630,511	\$ 97,654

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

(1)	Direct basis	\$
(2)	Assumed reinsurance basis	83,550
(3)	Net of ceded reinsurance basis	\$ 83,550

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

(1)	Direct basis	\$
(2)	Assumed reinsurance basis	22,313
(3)	Net of ceded reinsurance basis	\$ 22,313

Note 34 – Subscriber Savings Accounts

Not Applicable

Note 35 – Multiple Peril Crop Insurance

Not Applicable

Note 36 – Financial Guaranty Insurance

Not Applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

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

Yes [X] No []

1.2

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

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

1.3

State regulating? OHIO

1.4

Is the reporting entity publicly traded or a member of publicly traded group?

Yes [X] No []

1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

0000080661

2.1

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

Yes [] No [X]

2.2

If yes, date of change:

3.1

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

12/31/2017

3.2

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

12/31/2012

3.3

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

08/06/2013

3.4

By what department or departments?
OHIO

3.5

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

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

3.6

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

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

4.1

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

4.11

sales of new business?

Yes [] No [X]

4.12

renewals?

Yes [] No [X]

4.2

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

4.21

sales of new business?

Yes [] No [X]

4.22

renewals?

Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
If the answer is YES, complete and file the merger history data file with the NAIC.

Yes [] No [X]

5.2

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

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

6.1

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

Yes [] No [X]

6.2

If yes, give full information:

7.1

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

Yes [] No [X]

7.2

If yes,

7.21

State the percentage of foreign control

%

7.22

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

1	2
Nationality	Type of Entity

8.1

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

Yes [] No [X]

8.2

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

8.3

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

Yes [] No [X]

8.4

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

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

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PRICEWATERHOUSECOOPERS, LLP 200 PUBLIC SQUARE, 19TH FLOOR CLEVELAND, OH 44114-2301

10.1

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

Yes [] No [X]

10.2

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

10.3

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

Yes [] No [X]

10.4

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

10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

10.6

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

11.

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

12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

12.11

Name of real estate holding company

12.12

Number of parcels involved

0

12.13

Total book/adjusted carrying value

\$0

12.2

If yes, provide explanation

13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1

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

13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []

13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []

13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []

14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

14.11

If the response to 14.1 is no, please explain:

14.2

Has the code of ethics for senior managers been amended?

Yes [X] No []

14.21

If the response to 14.2 is yes, provide information related to amendment(s).
ON AUGUST 3, 2018, THE BOARD OF DIRECTORS APPROVED CHANGES TO THE COMPANY'S CODE OF BUSINESS CONDUCT AND ETHICS AND THE CEO/SENIOR FINANCIAL OFFICE CODE OF CONDUCT TO PROVIDE THAT PROHIBITIONS IN THE "GIFTS AND ENTERTAINMENT" POLICY DO NOT APPLY TO THE CHIEF EXECUTIVE OFFICER, THE EXECUTIVES THAT REPORT TO HER, AND CERTAIN OTHER SENIOR LEADERS, IN CONNECTION WITH HOSTING OF, OR ATTENDANCE AT, EVENTS THAT ARE INTENDED TO FACILITATE BUSINESS GOALS AND ARE REASONABLE GIVEN THE CONTEXT. IN ADDITION, THE AMENDMENTS PROVIDE A MECHANISM FOR OTHER EMPLOYEES TO OBTAIN EXCEPTIONS TO THOSE PROHIBITIONS IN APPROPRIATE CIRCUMSTANCES.

14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]

14.31

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

15.1

Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes [] No [X]

15.2

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

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

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinator committee thereof?

Yes [X] No []

17.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [X] No []

18.

Has the reporting entity an established procedure for disclosure to its Board of Directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

19.

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

Yes [] No [X]

20.1

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

20.11

To directors or other officers

\$0

20.12

To stockholders not officers

\$0

20.13

Trustees, supreme or grand (Fraternal only)

\$0

20.2

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

20.21

To directors or other officers

\$0

20.22

To stockholders not officers

0

20.23

Trustees, supreme or grand (Fraternal only)

0

21.1

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

Yes [] No [X]

21.2

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

21.21

Rented from others

\$0

21.22

Borrowed from others

\$0

21.23

Leased from others

\$0

21.24

Other

\$0

22.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]

22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$0

22.22

Amount paid as expenses

\$0

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

22.23	Other amounts paid	\$	0
23.1	Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?	Yes [X]	No []
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount:	\$	0

INVESTMENT

24.01	Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date (other than securities lending programs addressed in 24.03)?	Yes [X]	No []												
24.02	If no, give full and complete information, relating thereto:														
24.03	For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet (an alternative is to reference Note 17 where this information is also provided). N/A														
24.04	Does the company's security lending program meet the requirements for a conforming program as outlined in the <i>Risk-Based Capital Instructions</i> ?	Yes []	No [] N/A [X]												
24.05	If answer to 24.04 is yes, report amount of collateral for conforming programs.	\$	0												
24.06	If answer to 24.04 is no, report amount of collateral for other programs	\$	0												
24.07	Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?	Yes []	No [] N/A [X]												
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes []	No [] N/A [X]												
24.09.	Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?	Yes []	No [] N/A [X]												
24.10	For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:														
24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$	0												
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2:	\$	0												
24.103	Total payable for securities lending reported on the liability page:	\$	0												
25.1	Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is current in force? (Exclude securities subject to Interrogatory 21.1 and 24.03.)	Yes [X]	No []												
25.2	If yes, state the amount thereof at December 31 of the current year:														
25.21	Subject to repurchase agreements	\$	0												
25.22	Subject to reverse repurchase agreements	\$	0												
25.23	Subject to dollar repurchase agreements	\$	0												
25.24	Subject to reverse dollar repurchase agreements	\$	0												
25.25	Placed under option agreements	\$	0												
25.26	Letter stock or securities restricted as sale – excluding FHLB Capital Stock	\$	0												
25.27	FHLB Capital Stock	\$	0												
25.28	On deposit with states	\$	5,077,047												
25.29	On deposit with other regulatory bodies	\$	0												
25.30	Pledged as collateral – excluding collateral pledged to an FHLB	\$	0												
25.31	Pledged as collateral to FHLB – including assets backing funding agreements	\$	0												
25.32	Other	\$	0												
25.3	For category (25.26) provide the following:														
<table><tr><td>1</td><td>2</td><td>3</td></tr><tr><td>Nature of Restriction</td><td>Description</td><td>Amount</td></tr><tr><td></td><td></td><td>\$</td></tr></table>				1	2	3	Nature of Restriction	Description	Amount			\$			
1	2	3													
Nature of Restriction	Description	Amount													
		\$													
26.1	Does the reporting entity have any hedging transactions reported on Schedule DB?	Yes []	No [X]												
26.2	If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.	Yes []	No [] N/A [X]												
27.1	Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?	Yes []	No [X]												
27.2	If yes, state the amount thereof at December 31 of the current year:	\$	0												
28.	Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC <i>Financial Condition Examiners Handbook</i> ?	Yes [X]	No []												
28.01	For agreements that comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , complete the following:														
<table><tr><td>1</td><td>2</td></tr><tr><td>Name of Custodian(s)</td><td>Custodian's Address</td></tr><tr><td>CITIBANK, N.A.</td><td>338 GREENWICH STREET, NEW YORK, NY 10013</td></tr></table>				1	2	Name of Custodian(s)	Custodian's Address	CITIBANK, N.A.	338 GREENWICH STREET, NEW YORK, NY 10013						
1	2														
Name of Custodian(s)	Custodian's Address														
CITIBANK, N.A.	338 GREENWICH STREET, NEW YORK, NY 10013														
28.02	For all agreements that do not comply with the requirements of the NAIC <i>Financial Condition Examiners Handbook</i> , provide the name, location and a complete explanation														
<table><tr><td>1</td><td>2</td><td>3</td></tr><tr><td>Name(s)</td><td>Location(s)</td><td>Complete Explanation(s)</td></tr><tr><td>NONE</td><td></td><td></td></tr></table>				1	2	3	Name(s)	Location(s)	Complete Explanation(s)	NONE					
1	2	3													
Name(s)	Location(s)	Complete Explanation(s)													
NONE															
28.03	Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?	Yes []	No [X]												
28.04	If yes, give full and complete information relating thereto:														
<table><tr><td>1</td><td>2</td><td>3</td><td>4</td></tr><tr><td>Old Custodian</td><td>New Custodian</td><td>Date of Change</td><td>Reason</td></tr><tr><td>NONE</td><td></td><td></td><td></td></tr></table>				1	2	3	4	Old Custodian	New Custodian	Date of Change	Reason	NONE			
1	2	3	4												
Old Custodian	New Custodian	Date of Change	Reason												
NONE															
28.05	Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts", "... handle securities"].														

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

1	2
Name of Firm or Individual	Affiliation
PROGRESSIVE CAPITAL MANAGEMENT CORP	A

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

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

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

1	2	3	4	5
Central Registration Depository Number	Name of Firm or Individual	Legal Entity Identifier (LEI)	Registered With	Investment Management Agreement (IMA) Filed
N/A	PROGRESSIVE CAPITAL MANAGEMENT CORP		N/A	DS

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

29.2 If yes, complete the following schedule:

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

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

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
		\$	

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

		1	2	3
		Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1	Bonds	\$ 809,577,053	\$ 804,834,586	\$ (4,742,467)
30.2	Preferred Stocks	\$ 0	\$ 0	\$ 0
30.3	Totals	\$ 809,577,053	\$ 804,834,586	\$ (4,742,467)

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

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

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

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

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

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

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

33. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designation 5GI security:
a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
b. Issuer or obligor is current on all contracted interest and principal payments.
c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
Has the reporting entity self-designated 5GI securities? Yes [] No [X]

34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
Has the reporting entity self-designated PLGI securities? Yes [] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 51,265

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

1	2
---	---

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

	Name	Amount Paid
	INDEPENDENT STATISTICAL SVCS I	\$ 51,265
36.1	Amount of payments for legal expenses, if any?	\$ 0
36.2	List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.	
	1 Name	2 Amount Paid
	NONE	\$
37.1	Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?	\$ 0
37.2	List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.	
	1 Name	2 Amount Paid
	NONE	\$

PROGRESSIVE PREFERRED INSURANCE COMPANY
GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?		Yes []	No [X]	
1.2	If yes, indicate premium earned on U.S. business only.	\$		0	
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$		0	
1.31	Reason for excluding:				
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$		0	
1.5	Indicate total incurred claims on all Medicare Supplement insurance.	\$		0	
1.6	Individual policies:				
	Most current three years:				
1.61	Total premium earned	\$		0	
1.62	Total incurred claims	\$		0	
1.63	Number of covered lives			0	
	All years prior to most current three years:				
1.64	Total premium earned	\$		0	
1.65	Total incurred claims	\$		0	
1.66	Number of covered lives			0	
1.7	Group policies:				
	Most current three years:				
1.71	Total premium earned	\$		0	
1.72	Total incurred claims	\$		0	
1.73	Number of covered lives			0	
	All years prior to most current three years:				
1.74	Total premium earned	\$		0	
1.75	Total incurred claims	\$		0	
1.76	Number of covered lives			0	
2.	Health Test:				
		1	2		
		Current Year	Prior Year		
2.1	Premium Numerator	\$	0	\$	0
2.2	Premium Denominator	\$	909,330,965	\$	763,213,492
2.3	Premium Ratio (2.1/2.2)		0.0%		0.0%
2.4	Reserve Numerator	\$	0	\$	0
2.5	Reserve Denominator	\$	682,101,784	\$	580,178,401
2.6	Reserve Ratio (2.4/2.5)		0.0%		0.0%
3.1	Does the reporting entity issue both participating and non-participating policies?		Yes []	No [X]	
3.2	If yes, state the amount of calendar year premiums written on:				
3.21	Participating policies		\$	0	
3.22	Non-participating policies		\$	0	
4.	FOR MUTUAL REPORTING ENTITIES AND RECIPROCAL EXCHANGES ONLY:				
4.1	Does the reporting entity issue assessable policies?		Yes []	No []	
4.2	Does the reporting entity issue non-assessable policies?		Yes []	No []	
4.3	If assessable policies are issued, what is the extent of the contingent liability of the policyholders?			%	
4.4	Total amount of assessments paid or ordered to be paid during the year on deposit notes or contingent premiums.	\$		0	
5.	FOR RECIPROCAL EXCHANGES ONLY:				
5.1	Does the exchange appoint local agents?		Yes []	No []	
5.2	If yes, is the commission paid:				
5.21	Out of Attorney's-in-fact compensation		Yes []	No []	N/A []
5.22	As a direct expense of the exchange		Yes []	No []	N/A []
5.3	What expenses of the exchange are not paid out of the compensation of the Attorney-in-fact?				
5.4	Has any Attorney-in-fact compensation, contingent on fulfillment of certain conditions, been deferred?		Yes []	No []	
5.5	If yes, give full information:				
6.1	What provision has this reporting entity made to protect itself from an excessive loss in the event of a catastrophe under a workers' compensation contract issued without limit of loss?				
	THE COMPANY DOES NOT WRITE WORKERS' COMPENSATION INSURANCE.				
6.2	Describe the method used to estimate this reporting entity's probable maximum insurance loss, and identify the type of insured exposures comprising that probable maximum loss, the locations of concentrations of those exposures and the external resources (such as consulting firms or computer software models), if any, used in the estimation process:				
	THE COMPANY'S PROBABLE MAXIMUM LOSS (PML) IS ESTIMATED BY ANALYZING HISTORICAL MAJOR OCCURRENCES AND ESTIMATING FREQUENCY OF LOSS AND SEVERITY BASED ON THE POTENTIAL FORCE OF AN OCCURRENCE AND THE TOTAL NUMBER OF AUTOS AND BOATS EXPOSED. THE ESTIMATE OF THE PML WAS MADE EXCLUSIVELY BY PROGRESSIVE EMPLOYEES. THE COMPANY'S NET COMPREHENSIVE EXPOSURE IN THE CATASTROPHE PRONE STATES OF FLORIDA, LOUISIANA, TEXAS, MISSISSIPPI, ALABAMA, NEW YORK, AND CALIFORNIA IS LIMITED SINCE THE COMPANY IS A MEMBER OF A 100% POOLING REINSURANCE ARRANGEMENT WITH 11 OF ITS PROPERTY AND CASUALTY AFFILIATES. THE PRIMARY PROPERTY COVERAGE SOLD BY THE COMPANY IS COMPREHENSIVE FOR AUTOMOBILE AND INLAND MARINE FOR BOATS. THE ESTIMATE OF THE PML IS 7% OF THE SURPLUS.				
6.3	What provision has this reporting entity made (such as catastrophic reinsurance program) to protect itself from an excessive loss arising from the types and concentrations of insured exposures comprising its probable maximum property insurance loss?				
	THE COMPANY'S ESTIMATED PML IS 7% OF THE SURPLUS. THE COMPANY CARRIES NO EXTERNAL CATASTROPHE REINSURANCE TO COVER ITS LIMITED CATASTROPHE EXPOSURE. THE COMPANY PARTICIPATES IN A POOLING ARRANGEMENT, WHICH SPREADS THE UNDERWRITING RISK INCLUDING THE CATASTROPHE EXPOSURE AMONG ALL PARTIES TO THE POOLING AGREEMENT.				

GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

6.4	Does the reporting entity carry catastrophe reinsurance protection for at least one reinstatement, in an amount sufficient to cover its estimated probable maximum loss attributable to a single loss event or occurrence?	Yes [☐]	No [☒]
6.5	If no, describe any arrangements or mechanisms employed by the reporting entity to supplement its catastrophe reinsurance program or to hedge its exposure to uninsured catastrophic loss: <u>NONE</u>		
7.1	Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?	Yes [☐]	No [☒]
7.2	If yes, indicate the number of reinsurance contracts containing such provisions.	0	
7.3	If yes, does the amount of reinsurance credit taken reflect the reduction in quota share coverage caused by any applicable limiting provision(s)?	Yes [☐]	No [☐]
8.1	Has this reporting entity reinsured any risk with any other entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on this risk, or portion thereof, reinsured?	Yes [☐]	No [☒]
8.2	If yes, give full information		
9.1	Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results: (a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term; (b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer; (c) Aggregate stop loss reinsurance coverage; (d) A unilateral right by either party (or both parties) to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party; (e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or (f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity?	Yes [☐]	No [☒]
9.2	Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates), for which, during the period covered by the statement, it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member where: (a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or (b) Twenty-five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.	Yes [☐]	No [☒]
9.3	If yes to 9.1 or 9.2, please provide the following information in the Reinsurance Summary Supplemental Filing for General Interrogatory 9: (a) The aggregate financial statement impact gross of all such ceded reinsurance contracts on the balance sheet and statement of income; (b) A summary of the reinsurance contract terms and indicate whether it applies to the contracts meeting the criteria in 9.1 or 9.2; and (c) A brief discussion of management's principle objectives in entering into the reinsurance contract including the economic purpose to be achieved.		
9.4	Except for transactions meeting the requirements of paragraph 31 of <i>SSAP No. 62R, Property and Casualty Reinsurance</i> , has the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either: (a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?	Yes [☐]	No [☒]
9.5	If yes to 9.4, explain in the Reinsurance Summary Supplemental Filing for General Interrogatory 9 (Section D) why the contract(s) is treated differently for GAAP and SAP.		
9.6	The reporting entity is exempt from the Reinsurance Attestation Supplement under one or more of the following criteria: (a) The entity does not utilize reinsurance; or, (b) The entity only engages in a 100% quota share contract with an affiliate and the affiliated or lead company has filed an attestation supplement; or (c) The entity has no external cessions and only participates in an intercompany pool and the affiliated or lead company has filed an attestation supplement.	Yes [☐]	No [☒]
10.	If the reporting entity has assumed risks from another entity, there should be charged on account of such reinsurances a reserve equal to that which the original entity would have been required to charge had it retained the risks. Has this been done?	Yes [☒]	No [☐] N/A [☐]
11.1	Has the reporting entity guaranteed policies issued by any other entity and now in force?	Yes [☐]	No [☒]
11.2	If yes, give full information		
12.1	If the reporting entity recorded accrued retrospective premiums on insurance contracts on Line 15.3 of the assets schedule, Page 2, state the amount of corresponding liabilities recorded for: 12.11 Unpaid losses 12.12 Unpaid underwriting expenses (including loss adjustment expenses)	\$	0
		\$	0
12.2	Of the amount on Line 15.3, Page 2, state the amount that is secured by letters of credit, collateral and other funds?	\$	0
12.3	If the reporting entity underwrites commercial insurance risks, such as workers' compensation, are premium notes or promissory notes accepted from its insureds covering unpaid premiums and/or unpaid losses?	Yes [☐]	No [☒] N/A [☐]
12.4	If yes, provide the range of interest rates charged under such notes during the period covered by this statement: 12.41 From 12.42 To		%
			%
12.5	Are letters of credit or collateral and other funds received from insureds being utilized by the reporting entity to secure premium notes or promissory notes taken by a reporting entity, or to secure any of the reporting entity's reported direct unpaid loss reserves, including unpaid losses under loss deductible features of commercial policies?	Yes [☐]	No [☒]

PROGRESSIVE PREFERRED INSURANCE COMPANY
GENERAL INTERROGATORIES

PART 2 – PROPERTY & CASUALTY INTERROGATORIES

12.6

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

12.61

Letters of Credit

\$0

12.62

Collateral and other funds

\$0

13.1

Largest net aggregate amount insured in any one risk (excluding workers' compensation):

\$3,000,000

13.2

Does any reinsurance contract considered in the calculation of this amount include an aggregate limit of recovery without also including a reinstatement provision?

Yes []No [X]

13.3

State the number of reinsurance contracts (excluding individual facultative risk certificates, but including facultative programs, automatic facilities or facultative obligatory contracts) considered in the calculation of the amount.

3

14.1

Is the reporting entity a cedant in a multiple cedant reinsurance contract?

Yes []No [X]

14.2

If yes, please describe the method of allocating and recording reinsurance among the cedants:

14.3

If the answer to 14.1 is yes, are the methods described in item 14.2 entirely contained in the respective multiple cedant reinsurance contracts?

Yes []No []

14.4

If the answer to 14.3 is no, are all the methods described in 14.2 entirely contained in written agreements?

Yes []No []

14.5

If the answer to 14.4 is no, please explain:

15.1

Has the reporting entity guaranteed any financed premium accounts?

Yes []No [X]

15.2

If yes, give full information

16.1

Does the reporting entity write any warranty business?

Yes []No [X]

If yes, disclose the following information for each of the following types of warranty coverage:

1

2

3

4

5

Direct Losses Incurred

Direct Losses Unpaid

Direct Written Premium

Direct Premium Unearned

Direct Premium Earned

16.11

Home

\$0

\$0

\$0

\$0

\$0

16.12

Products

\$0

\$0

\$0

\$0

\$0

16.13

Automobile

\$0

\$0

\$0

\$0

\$0

16.14

Other*

\$0

\$0

\$0

\$0

\$0

* Disclose type of coverage:

17.1

Does the reporting entity include amounts recoverable on unauthorized reinsurance in Schedule F-Part 3 that is exempt from the statutory provision for unauthorized reinsurance?

Yes []No [X]

Incurring but not reported losses on contracts in force prior to July 1, 1984, and not subsequently renewed are exempt from the statutory provision for unauthorized reinsurance. Provide the following information for this exemption:

17.11

Gross amount of unauthorized reinsurance in Schedule F-Part 3 exempt from the statutory provision for unauthorized reinsurance

\$0

17.12

Unfunded portion of Interrogatory 17.11

\$0

17.13

Paid losses and loss adjustment expenses portion of Interrogatory 17.11

\$0

17.14

Case reserves portion of Interrogatory 17.11

\$0

17.15

Incurring but not reported portion of Interrogatory 17.11

\$0

17.16

Unearned premium portion of Interrogatory 17.11

\$0

17.17

Contingent commission portion of Interrogatory 17.11

\$0

18.1

Do you act as a custodian for health savings accounts?

Yes []No [X]

18.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$0

18.3

Do you act as an administrator for health savings accounts?

Yes []No [X]

18.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$0

19.

Is the reporting entity licensed or chartered, registered, qualified, eligible, or writing business in at least 2 states?

Yes [X]No []

19.1

If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes []No []

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).....	1,270,237,050	1,063,830,737	905,716,396	809,686,505	779,142,754
2. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	746,022,072	622,641,733	534,283,576	472,266,349	452,056,882
3. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	8,638,274	7,687,650	6,901,519	6,038,815	2,622,699
4. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,865	586	199	773	706
5. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
6. Total (Line 35).....	2,024,899,260	1,694,160,706	1,446,901,689	1,287,992,442	1,233,823,040
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).....	610,613,443	514,204,305	434,934,972	392,666,176	381,352,299
8. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	342,657,629	288,993,022	249,734,068	223,214,960	215,374,827
9. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	3,366,770	3,094,763	2,780,988	2,517,176	2,252,115
10. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	1,865	586	199	773	706
11. Nonproportional reinsurance lines (Lines 31, 32 & 33).....					
12. Total (Line 35).....	956,639,707	806,292,676	687,450,226	618,399,085	598,979,946
Statement of Income (Page 4)					
13. Net underwriting gain (loss) (Line 8).....	96,759,738	47,202,309	25,534,840	44,304,656	44,438,063
14. Net investment gain (loss) (Line 11).....	18,886,893	14,208,365	12,050,558	13,857,727	18,299,613
15. Total other income (Line 15).....	9,327,940	7,067,162	6,967,329	6,414,248	7,112,388
16. Dividends to policyholders (Line 17).....					
17. Federal and foreign income taxes incurred (Line 19).....	26,714,049	24,887,474	16,996,007	21,560,706	20,232,302
18. Net income (Line 20).....	98,260,522	43,590,362	27,556,720	43,015,925	49,617,762
Balance Sheet Lines (Pages 2 and 3)					
19. Total admitted assets excluding protected cell business (Page 2, Line 26, Col. 3).....	1,116,238,441	931,098,309	793,204,659	705,544,828	677,110,908
20. Premiums and considerations (Page 2, Col. 3):					
20.1 In course of collection (Line 15.1).....	28,516,438	23,037,341	2,145,705	4,288,414	8,459,470
20.2 Deferred and not yet due (Line 15.2).....	176,590,744	140,757,030	110,398,791	95,719,066	79,771,896
20.3 Accrued retrospective premiums (Line 15.3).....					
21. Total liabilities excluding protected cell business (Page 3, Line 26).....	801,439,146	677,077,677	571,537,302	506,835,531	481,234,475
22. Losses (Page 3, Line 1).....	309,999,179	265,556,044	233,179,049	209,955,137	200,361,131
23. Loss adjustment expenses (Page 3, Line 3).....	66,857,901	56,342,248	48,649,997	44,191,154	41,116,542
24. Unearned premiums (Page 3, Line 9).....	300,776,970	253,468,228	210,389,044	185,162,256	171,068,906
25. Capital paid up (Page 3, Lines 30 & 31).....	3,003,300	3,003,300	3,003,300	3,003,300	3,003,300
26. Surplus as regards policyholders (Page 3, Line 37).....	314,799,295	254,020,632	221,667,357	198,709,297	195,876,433
Cash Flow (Page 5)					
27. Net cash from operations (Line 11).....	172,012,063	93,522,479	73,972,250	59,160,566	61,122,127
Risk-Based Capital Analysis					
28. Total adjusted capital.....	314,799,295	254,020,632	221,667,357	198,709,297	195,876,433
29. Authorized control level risk-based capital.....	33,922,847	24,610,164	22,108,410	20,618,399	21,134,063
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).....	96.1	87.3	86.2	95.2	95.5
31. Stocks (Lines 2.1 & 2.2).....					
32. Mortgage loans on real estate (Lines 3.1 & 3.2).....					
33. Real estate (Lines 4.1, 4.2 & 4.3).....					
34. Cash, cash equivalents and short-term investments (Line 5).....	2.6	12.7	13.8	4.8	4.5
35. Contract loans (Line 6).....					
36. Derivatives (Line 7).....					
37. Other invested assets (Line 8).....					
38. Receivables for securities (Line 9).....	1.3	0.0	0.0	0.0	
39. Securities lending reinvested collateral assets (Line 10).....					
40. Aggregate write-ins for invested assets (Line 11).....					
41. Cash, cash equivalents and invested assets (Line 12).....	100.0	100.0	100.0	100.0	100.0
Investments in Parent, Subsidiaries and Affiliates					
42. Affiliated bonds (Sch. D, Summary, Line 12, Col. 1).....					
43. Affiliated preferred stocks (Sch. D, Summary, Line 18, Col. 1).....					
44. Affiliated common stocks (Sch. D, Summary, Line 24, Col. 1).....					
45. Affiliated short-term investments (subtotals included in Schedule DA, Verification, Column 5, Line 10).....					
46. Affiliated mortgage loans on real estate.....					
47. All other affiliated.....					
48. Total of above lines 42 to 47.....	0	0	0	0	0
49. Total investment in parent included in Lines 42 to 47 above.....					
50. Percentage of investments in parent, subsidiaries and affiliates to surplus as regards policyholders (Line 48 above divided by Page 3, Col. 1, Line 37 x 100.0).....	0.0				

PROGRESSIVE PREFERRED INSURANCE COMPANY
FIVE-YEAR HISTORICAL DATA

(Continued)

	1	2	3	4	5
	2018	2017	2016	2015	2014
Capital and Surplus Accounts (Page 4)					
51. Net unrealized capital gains (losses) (Line 24).....	(340,671)	(661,323)	43,952	(1,570)	(38,076)
52. Dividends to stockholders (Line 35).....	(39,000,000)	(3,500,000)	(6,700,000)	(40,500,000)	(36,700,000)
53. Change in surplus as regards policyholders for the year (Line 38).....	60,778,663	32,353,275	22,958,060	2,832,864	12,147,695
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).....	625,446,127	549,500,707	500,355,182	458,271,698	488,663,500
55. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	426,655,262	372,663,837	334,365,731	285,788,806	292,537,176
56. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	2,980,620	3,372,596	2,165,431	1,339,417	1,634,335
57. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(1,744)	(12,326)	(1,227)	(12,398)	(3,787)
58. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	212,627	22,241	25,525	14,280	24,335
59. Total (Line 35).....	1,055,292,892	925,547,056	836,910,642	745,401,803	782,855,558
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).....	302,769,869	266,428,253	244,594,985	222,612,408	228,588,519
61. Property lines (Lines 1, 2, 9, 12, 21 & 26).....	187,301,670	174,974,460	160,638,131	137,132,962	135,368,546
62. Property and liability combined lines (Lines 3, 4, 5, 8, 22 & 27).....	1,152,092	1,266,220	934,687	920,335	995,952
63. All other lines (Lines 6, 10, 13, 14, 15, 23, 24, 28, 29, 30 & 34).....	(1,744)	(12,326)	(1,227)	(12,398)	(3,787)
64. Nonproportional reinsurance lines (Lines 31, 32 & 33).....	212,627	22,241	25,525	14,280	24,335
65. Total (Line 35).....	491,434,515	442,678,849	406,192,101	360,667,587	364,973,564
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).....	18.7	19.0	19.1	19.5	19.4
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).....	303.9	317.4	310.1	311.2	305.8
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).....	(378)	1,137	293	(7,930)	(1,158)
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).....	941	(80)	(8,600)	(2,746)	1,841
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)	1.1

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

Yes[] No[]

If no, please explain:

SCHEDULE P - ANALYSIS OF LOSSES AND LOSS EXPENSES

SCHEDULE P - PART 1 - SUMMARY

(\$000 Omitted)

Years in Which Premiums Were Earned and Losses Were Incurred	Premiums Earned			Loss and Loss Expense Payments								12 Number of Claims Reported- Direct and Assumed
	1 Direct and Assumed	2 Ceded	3 Net (Cols. 1 - 2)	Loss Payments		Defense and Cost Containment Payments		Adjusting and Other Payments		10 Salvage and Subrogation Received	11 Total Net Paid (Cols. 4 - 5 + 6 - 7 + 8 - 9)	
				4 Direct and Assumed	5 Ceded	6 Direct and Assumed	7 Ceded	8 Direct and Assumed	9 Ceded			
1. Prior.....	XXX.....	XXX.....	XXX.....	2,134	1,280	126	11	89	.....	.....77	1,059	XXX.....
2. 2009.....	496,483	6,605	489,878	293,184	6,092	8,365	400	45,392	81	24,679	340,369	XXX.....
3. 2010.....	493,424	7,432	485,991	301,631	6,791	8,769	293	45,062	13	26,471	348,365	XXX.....
4. 2011.....	508,264	6,804	501,460	317,332	4,018	8,119	58	44,687	0	29,372	366,062	XXX.....
5. 2012.....	539,954	5,551	534,403	346,931	3,689	8,485	20	46,301	.....	.....33,143	398,007	XXX.....
6. 2013.....	570,261	5,594	564,667	351,186	3,247	8,712	18	47,666	.....	.....33,474	404,299	XXX.....
7. 2014.....	601,535	5,852	595,683	360,140	2,185	8,883	11	48,525	.....	.....34,959	415,352	XXX.....
8. 2015.....	610,340	6,034	604,306	371,259	2,675	8,777	13	50,778	.....	.....35,898	428,125	XXX.....
9. 2016.....	668,261	6,038	662,223	406,407	3,518	7,464	21	55,410	.....	.....39,192	465,743	XXX.....
10. 2017.....	770,094	6,881	763,213	408,274	2,485	4,211	8	58,539	.....	.....43,454	468,531	XXX.....
11. 2018.....	916,952	7,621	909,331	344,545	1,346	1,009	1	50,779	.....	.....31,014	394,985	XXX.....
12. Totals.....	XXX.....	XXX.....	XXX.....	3,503,023	37,325	72,920	855	493,229	94	331,733	4,030,897	XXX.....

	Losses Unpaid				Defense and Cost Containment Unpaid				Adjusting and Other Unpaid		23 Salvage and Subrogation Anticipated	24 Total Net Losses and Expenses Unpaid	25 Number of Claims Outstanding-Direct and Assumed
	Case Basis		Bulk + IBNR		Case Basis		Bulk + IBNR		21	22			
	13 Direct and Assumed	14 Ceded	15 Direct and Assumed	16 Ceded	17 Direct and Assumed	18 Ceded	19 Direct and Assumed	20 Ceded					
1. Prior.....	18,520	17,213	419	147	299	75	181	102	377	.....	.....	.....2,259	XXX.....
2. 2009.....	2,287	2,176	0		47	0			85	.....	.....	.....243	XXX.....
3. 2010.....	1,577	1,387	219	219	44	0			72	.....	.....	.....307	XXX.....
4. 2011.....	2,548	2,302	1,338	1,338	68	0	2	2	76	.....	.....	.....391	XXX.....
5. 2012.....	3,415	2,608	1,405	1,405	143	0	1	1	156	.....	.....	.....1,106	XXX.....
6. 2013.....	4,079	2,560	1,132	1,132	285	0	0	0	230	.....	.....	.....2,035	XXX.....
7. 2014.....	3,725	434	1,517	1,516	603	0	0	0	412	.....	.....	.....4,305	XXX.....
8. 2015.....	10,645	1,555	4,916	2,326	1,642	0	734	0	1,299	.....	.....1,263	15,354	XXX.....
9. 2016.....	29,852	4,727	6,289	2,597	4,613	1	984	0	2,653	.....	.....1,291	37,064	XXX.....
10. 2017.....	60,591	2,753	15,089	4,299	8,045	2	1,937	2	6,374	.....	.....3,134	84,980	XXX.....
11. 2018.....	149,697	1,941	52,118	6,743	11,591	1	4,421	7	19,678	.....	.....21,028	228,812	XXX.....
12. Totals...	286,937	39,656	84,442	21,723	27,380	80	8,261	115	31,412	0	26,716	376,857	XXX.....

	Total Losses and Loss Expenses Incurred			Loss and Loss Expense Percentage (Incurred/Premiums Earned)			Nontabular Discount		34 Inter-Company Pooling Participation Percentage	Net Balance Sheet Reserves after Discount	
	26 Direct and Assumed	27 Ceded	28 Net	29 Direct and Assumed	30 Ceded	31 Net	32 Loss	33 Loss Expense		35 Losses Unpaid	36 Loss Expenses Unpaid
1. Prior..	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	.....	.....	.....XXX.....	1,578	681
2. 2009.	349,361	8,749	340,612	70.4	132.5	69.5	.....	.....	.....	.....111	131
3. 2010.	357,375	8,702	348,672	72.4	117.1	71.7	.....	.....	.....	.....191	116
4. 2011.	374,172	7,718	366,454	73.6	113.4	73.1	.....	.....	.....	.....247	145
5. 2012.	406,836	7,723	399,113	75.3	139.1	74.7	.....	.....	.....	.....807	298
6. 2013.	413,292	6,958	406,334	72.5	124.4	72.0	.....	.....	.....	.....1,520	516
7. 2014.	423,804	4,147	419,657	70.5	70.9	70.4	.....	.....	.....	.....3,291	1,015
8. 2015.	450,050	6,571	443,479	73.7	108.9	73.4	.....	.....	.....	.....11,679	3,675
9. 2016.	513,672	10,865	502,807	76.9	180.0	75.9	.....	.....	.....	.....28,817	8,248
10. 2017.	563,059	9,548	553,511	73.1	138.8	72.5	.....	.....	.....	.....68,628	16,352
11. 2018.	633,837	10,040	623,798	69.1	131.7	68.6	.....	.....	.....	.....193,131	35,682
12. Totals	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	0	0	XXX.....	309,999	66,858

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

SCHEDULE P - PART 2 - SUMMARY

Years in Which Losses Were Incurred	Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										DEVELOPMENT	
	1	2	3	4	5	6	7	8	9	10	11	12
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	One Year	Two Year
1. Prior.....	84,340	81,035	76,596	75,306	76,553	77,269	77,697	77,867	77,876	78,757	880	890
2. 2009.....	300,709	296,218	296,999	295,681	294,488	294,822	294,814	294,883	295,190	295,217	26	334
3. 2010.....	XXX.....	303,910	304,069	304,819	305,264	303,279	303,580	303,505	303,510	303,551	42	46
4. 2011.....	XXX.....	XXX.....	319,247	323,009	324,155	324,145	321,699	321,778	321,740	321,690	(50)	(88)
5. 2012.....	XXX.....	XXX.....	XXX.....	353,461	354,426	354,602	354,952	352,440	352,759	352,657	(102)	217
6. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	361,218	360,829	360,617	361,257	358,196	358,437	241	(2,819)
7. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	378,116	371,773	372,732	373,519	370,719	(2,799)	(2,013)
8. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	389,246	390,209	391,508	391,402	(106)	1,193
9. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	441,561	443,071	444,744	1,672	3,182
10. 2017.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	488,781	488,599	(182)	XXX.....
11. 2018.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	553,341	XXX.....	XXX.....
12. Totals.....											(378)	941

SCHEDULE P - PART 3 - SUMMARY

Years in Which Losses Were Incurred	Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)										11	12
	1	2	3	4	5	6	7	8	9	10	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
1. Prior.....	000.....	40,468	59,312	68,113	72,065	73,956	75,215	75,572	75,906	76,875	XXX.....	XXX.....
2. 2009.....	197,706	253,073	274,590	285,619	290,995	293,255	294,070	294,456	294,993	295,058	XXX.....	XXX.....
3. 2010.....	XXX.....	200,047	258,345	282,409	294,507	300,023	302,013	302,802	303,174	303,316	XXX.....	XXX.....
4. 2011.....	XXX.....	XXX.....	214,260	276,707	301,838	314,128	318,712	320,324	321,090	321,375	XXX.....	XXX.....
5. 2012.....	XXX.....	XXX.....	XXX.....	233,622	304,323	331,214	343,644	348,719	350,721	351,707	XXX.....	XXX.....
6. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	233,705	309,721	336,367	349,526	354,778	356,632	XXX.....	XXX.....
7. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	248,894	318,158	347,423	361,270	366,826	XXX.....	XXX.....
8. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	252,954	332,112	362,513	377,347	XXX.....	XXX.....
9. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	286,119	374,748	410,332	XXX.....	XXX.....
10. 2017.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	311,196	409,992	XXX.....	XXX.....
11. 2018.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	344,207	XXX.....	XXX.....

SCHEDULE P - PART 4 - SUMMARY

Years in Which Losses Were Incurred	Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 omitted)									
	1	2	3	4	5	6	7	8	9	10
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Prior.....	13,865	6,904	2,585	596	617	636	623	566	518	351
2. 2009.....	24,939	7,850	4,326	2,434	98	25	12	7	3	0
3. 2010.....	XXX.....	22,916	7,836	3,573	2,577	42	10	5	5	0
4. 2011.....	XXX.....	XXX.....	23,311	7,680	3,442	2,747	11	6	3	1
5. 2012.....	XXX.....	XXX.....	XXX.....	28,570	8,273	3,508	2,931	4	3	0
6. 2013.....	XXX.....	XXX.....	XXX.....	XXX.....	30,689	9,134	3,752	3,314	3	0
7. 2014.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	28,957	9,390	3,872	3,254	0
8. 2015.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	28,057	9,724	4,194	3,323
9. 2016.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	32,514	10,788	4,675
10. 2017.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	41,189	12,725
11. 2018.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	XXX.....	49,788

PROGRESSIVE PREFERRED INSURANCE COMPANY
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

		1 Active Status (a)	Gross Premiums, Including Policy and Membership Fees Less Return Premiums and Premiums on Policies Not Taken		4 Dividends Paid or Credited to Policyholders on Direct Business	5 Direct Losses Paid (Deducting Salvage)	6 Direct Losses Incurred	7 Direct Losses Unpaid	8 Finance and Service Charges not Included in Premiums	9 Direct Premiums Written for Federal Pur- chasing Groups (Incl. in Col. 2)
			2 Direct Premiums Written	3 Direct Premiums Earned						
States, Etc.										
1.	Alabama.....AL	N								
2.	Alaska.....AK	L								
3.	Arizona.....AZ	L	248,977,704	230,810,808		124,156,648	139,380,168	70,113,742	3,482,876	
4.	Arkansas.....AR	N								
5.	California.....CA	N								
6.	Colorado.....CO	L	192,926,973	182,239,723		119,663,476	130,452,981	70,875,548	2,088,201	
7.	Connecticut.....CT	N								
8.	Delaware.....DE	L								
9.	District of Columbia.....DC	L								
10.	Florida.....FL	N								
11.	Georgia.....GA	L	3,852,224	4,003,817		3,934,524	3,410,529	2,137,031	28,114	
12.	Hawaii.....HI	L	24,157,968	21,507,578		8,916,152	12,475,604	6,124,838	195,390	
13.	Idaho.....ID	L								
14.	Illinois.....IL	N								
15.	Indiana.....IN	L				(43)	(43)			
16.	Iowa.....IA	L								
17.	Kansas.....KS	N								
18.	Kentucky.....KY	L								
19.	Louisiana.....LA	N								
20.	Maine.....ME	L								
21.	Maryland.....MD	L								
22.	Massachusetts.....MA	N								
23.	Michigan.....MI	L								
24.	Minnesota.....MN	L	383,975,729	368,442,488		211,430,391	222,791,069	113,751,724	4,435,343	
25.	Mississippi.....MS	L								
26.	Missouri.....MO	L	14,271,050	14,747,915		7,240,771	6,621,850	4,158,712	177,131	
27.	Montana.....MT	L								
28.	Nebraska.....NE	L								
29.	Nevada.....NV	L	596,343	1,680,605		1,344,253	829,227	455,364	15,361	
30.	New Hampshire.....NH	N								
31.	New Jersey.....NJ	L								
32.	New Mexico.....NM	L	1,636,305	1,649,444		709,119	908,047	655,388	14,710	
33.	New York.....NY	L				200,447	(133,343)	511,173		
34.	North Carolina.....NC	L								
35.	North Dakota.....ND	N								
36.	Ohio.....OH	L	127,426,475	115,869,418		50,926,237	59,440,404	52,020,670	1,185,471	
37.	Oklahoma.....OK	L								
38.	Oregon.....OR	L	(101)	572		13,288	(9,900)	(145)		
39.	Pennsylvania.....PA	L	63,739,901	61,308,008		34,533,288	32,670,969	20,608,278	583,982	
40.	Rhode Island.....RI	L								
41.	South Carolina.....SC	L								
42.	South Dakota.....SD	L								
43.	Tennessee.....TN	L								
44.	Texas.....TX	L								
45.	Utah.....UT	L	6,585,742	2,145,135		729,577	1,614,418	884,841	38,037	
46.	Vermont.....VT	N								
47.	Virginia.....VA	L				(10,394)	(10,394)			
48.	Washington.....WA	L	113,241	128,681		70,640	68,273	47,852	1,033	
49.	West Virginia.....WV	L								
50.	Wisconsin.....WI	N								
51.	Wyoming.....WY	N								
52.	American Samoa.....AS	N								
53.	Guam.....GU	N								
54.	Puerto Rico.....PR	N								
55.	US Virgin Islands.....VI	N								
56.	Northern Mariana Islands.....MP	N								
57.	Canada.....CAN	N								
58.	Aggregate Other Alien.....OT	XXX	0	0	0	0	0	0	0	0
59.	Totals.....	XXX	1,068,259,554	1,004,534,192	0	563,858,374	610,509,859	342,345,016	12,245,649	0

DETAILS OF WRITE-INS

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

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

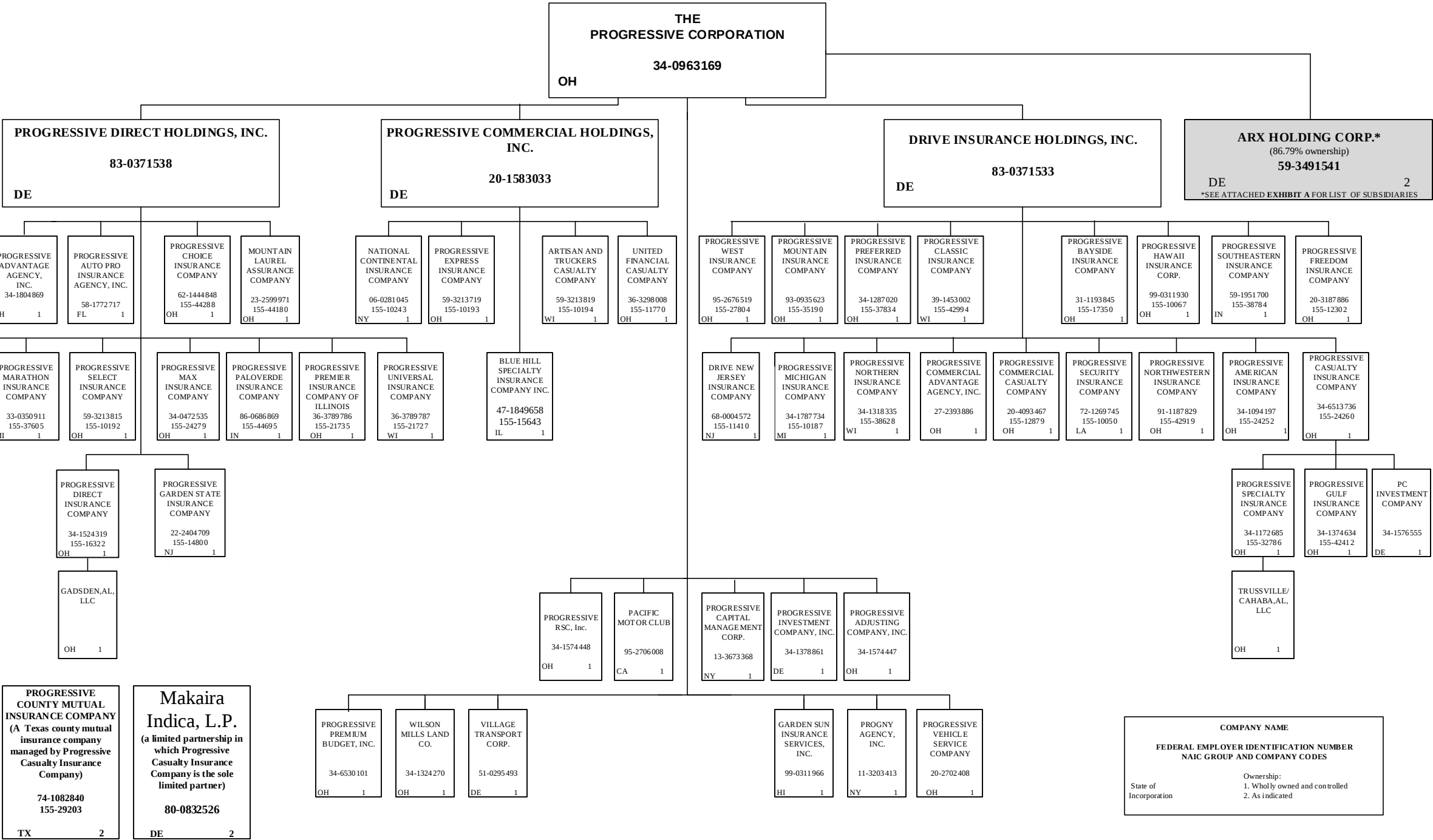
Allocation on the basis of the location where the vehicle is principally garaged and used.

(a) Active Status Counts:					
L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....		37	R - Registered - Non-domiciled RRGs.....		0
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile - See DSLI).....		0	Q - Qualified - Qualified or accredited reinsurer.....		0
D - Domestic Surplus Lines Insurer (DSLI) - Reporting entities authorized to write surplus lines in the state of domicile.....		0	N - None of the above - Not allowed to write business in the state.....		20

PROGRESSIVE PREFERRED INSURANCE COMPANY

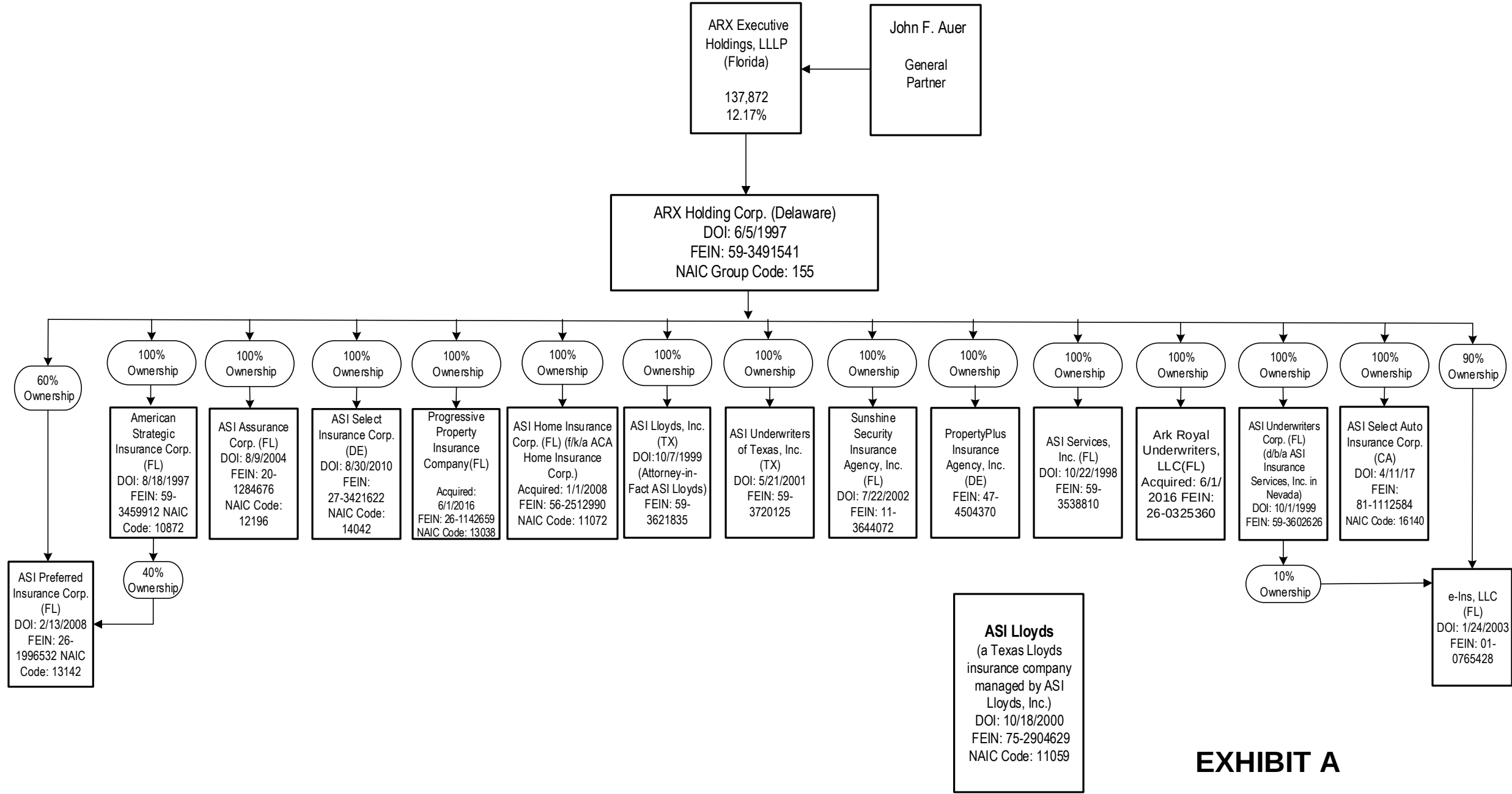
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP -- PART 1 – ORGANIZATIONAL CHART

96



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

96.1



2018 ALPHABETICAL INDEX -- PROPERTY & CASUALTY ANNUAL STATEMENT BLANK

Assets	2	Schedule P-Part 2H-Section 2-Other Liability-Claims-Made	58
Cash Flow	5	Schedule P-Part 2I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	59
Exhibit of Capital Gains (Losses)	12	Schedule P-Part 2J-Auto Physical Damage	59
Exhibit of Net Investment Income	12	Schedule P-Part 2K-Fidelity, Surety	59
Exhibit of Nonadmitted Assets	13	Schedule P-Part 2L-Other (Including Credit, Accident and Health)	59
Exhibit of Premiums and Losses (State Page)	19	Schedule P-Part 2M-International	59
Five-Year Historical Data	17	Schedule P-Part 2N-Reinsurance – Nonproportional Assumed Property	60
General Interrogatories	15	Schedule P-Part 2O-Reinsurance – Nonproportional Assumed Liability	60
Jurat Page	1	Schedule P-Part 2P-Reinsurance – Nonproportional Assumed Financial Lines	60
Liabilities, Surplus and Other Funds	3	Schedule P-Part 2R-Section 1-Products Liability-Occurrence	61
Notes To Financial Statements	14	Schedule P-Part 2R-Section 2-Products Liability-Claims-Made	61
Overflow Page For Write-ins	100	Schedule P-Part 2S-Financial Guaranty/Mortgage Guaranty	61
Schedule A-Part 1	E01	Schedule P-Part 2T-Warranty	61
Schedule A-Part 2	E02	Schedule P-Part 3A-Homeowners/Farmowners	62
Schedule A-Part 3	E03	Schedule P-Part 3B-Private Passenger Auto Liability/Medical	62
Schedule A-Verification Between Years	SI02	Schedule P-Part 3C-Commercial Auto/Truck Liability/Medical	62
Schedule B-Part 1	E04	Schedule P-Part 3D-Workers' Compensation (Excluding Excess Workers Compensation)	62
Schedule B-Part 2	E05	Schedule P-Part 3E-Commercial Multiple Peril	62
Schedule B-Part 3	E06	Schedule P-Part 3F-Section 1 –Medical Professional Liability-Occurrence	63
Schedule B-Verification Between Years	SI02	Schedule P-Part 3F-Section 2-Medical Professional Liability-Claims-Made	63
Schedule BA-Part 1	E07	Schedule P-Part 3G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	63
Schedule BA-Part 2	E08	Schedule P-Part 3H-Section 1-Other Liability-Occurrence	63
Schedule BA-Part 3	E09	Schedule P-Part 3H-Section 2-Other Liability-Claims-Made	63
Schedule BA-Verification Between Years	SI03	Schedule P-Part 3I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary, Theft)	64
Schedule D-Part 1	E10	Schedule P-Part 3J-Auto Physical Damage	64
Schedule D-Part 1A-Section 1	SI05	Schedule P-Part 3K-Fidelity/Surety	64
Schedule D-Part 1A-Section 2	SI08	Schedule P-Part 3L-Other (Including Credit, Accident and Health)	64
Schedule D-Part 2-Section 1	E11	Schedule P-Part 3M-International	64
Schedule D-Part 2-Section 2	E12	Schedule P-Part 3N-Reinsurance – Nonproportional Assumed Property	65
Schedule D-Part 3	E13	Schedule P-Part 3O-Reinsurance – Nonproportional Assumed Liability	65
Schedule D-Part 4	E14	Schedule P-Part 3P-Reinsurance – Nonproportional Assumed Financial Lines	65
Schedule D-Part 5	E15	Schedule P-Part 3R-Section 1-Products Liability-Occurrence	66
Schedule D-Part 6-Section 1	E16	Schedule P-Part 3R-Section 2-Products Liability-Claims-Made	66
Schedule D-Part 6-Section 2	E16	Schedule P-Part 3S-Financial Guaranty/Mortgage Guaranty	66
Schedule D-Summary By Country	SI04	Schedule P-Part 3T-Warranty	66
Schedule D-Verification Between Years	SI03	Schedule P-Part 4A-Homeowners/Farmowners	67
Schedule DA-Part 1	E17	Schedule P-Part 4B-Private Passenger Auto Liability/Medical	67
Schedule DA-Verification Between Years	SI10	Schedule P-Part 4C-Commercial Auto/Truck Liability/Medical	67
Schedule DB-Part A-Section 1	E18	Schedule P-Part 4D-Workers' Compensation (Excluding Excess Workers Compensation)	67
Schedule DB-Part A-Section 2	E19	Schedule P-Part 4E-Commercial Multiple Peril	67
Schedule DB-Part A-Verification Between Years	SI11	Schedule P-Part 4F-Section 1-Medical Professional Liability-Occurrence	68
Schedule DB-Part B-Section 1	E20	Schedule P-Part 4F-Section 2-Medical Professional Liability-Claims-Made	68
Schedule DB-Part B-Section 2	E21	Schedule P-Part 4G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	68
Schedule DB-Part B-Verification Between Years	SI11	Schedule P-Part 4H-Section 1-Other Liability-Occurrence	68
Schedule DB-Part C-Section 1	SI12	Schedule P-Part 4H-Section 2-Other Liability-Claims-Made	68
Schedule DB-Part C-Section 2	SI13	Schedule P-Part 4I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	69
Schedule DB-Part D-Section 1	E22	Schedule P-Part 4J-Auto Physical Damage	69
Schedule DB-Part D-Section 2	E23	Schedule P-Part 4K-Fidelity/Surety	69
Schedule DB-Verification	SI14	Schedule P-Part 4L-Other (Including Credit, Accident and Health)	69
Schedule DL-Part 1	E24	Schedule P-Part 4M-International	69
Schedule DL-Part 2	E25	Schedule P-Part 4N-Reinsurance – Nonproportional Assumed Property	70
Schedule E-Part 1-Cash	E26	Schedule P-Part 4O-Reinsurance – Nonproportional Assumed Liability	70
Schedule E-Part 2-Cash Equivalents	E27	Schedule P-Part 4P-Reinsurance – Nonproportional Assumed Financial Lines	70
Schedule E-Verification Between Years	SI15	Schedule P-Part 4R-Section 1-Products Liability-Occurrence	71
Schedule E-Part 3-Special Deposits	E28	Schedule P-Part 4R-Section 2-Products Liability-Claims-Made	71
Schedule F-Part 1	20	Schedule P-Part 4S-Financial Guaranty/Mortgage Guaranty	71
Schedule F-Part 2	21	Schedule P-Part 4T-Warranty	71
Schedule F-Part 3	22	Schedule P-Part 5A-Homeowners/Farmowners	72
Schedule F-Part 4	27	Schedule P-Part 5B-Private Passenger Auto Liability/Medical	73
Schedule F-Part 5	28	Schedule P-Part 5C-Commercial Auto/Truck Liability/Medical	74
Schedule F-Part 6	29	Schedule P-Part 5D-Workers' Compensation (Excluding Excess Workers Compensation)	75
Schedule H-Accident and Health Exhibit-Part 1	30	Schedule P-Part 5E-Commercial Multiple Peril	76
Schedule H-Part 2, Part 3 and Part 4	31	Schedule P-Part 5F-Medical Professional Liability-Claims-Made	78
Schedule H-Part 5-Health Claims	32	Schedule P-Part 5F-Medical Professional Liability-Occurrence	77
Schedule P-Part 1-Summary	33	Schedule P-Part 5H-Other Liability-Claims-Made	80
Schedule P-Part 1A-Homeowners/Farmowners	35	Schedule P-Part 5H-Other Liability-Occurrence	79
Schedule P-Part 1B-Private Passenger Auto Liability/Medical	36	Schedule P-Part 5R-Products Liability-Claims-Made	82
Schedule P-Part 1C-Commercial Auto/Truck Liability/Medical	37	Schedule P-Part 5R-Products Liability-Occurrence	81
Schedule P-Part 1D-Workers' Compensation (Excluding Excess Workers Compensation)	38	Schedule P-Part 5T-Warranty	83
Schedule P-Part 1E-Commercial Multiple Peril	39	Schedule P-Part 6C-Commercial Auto/Truck Liability/Medical	84
Schedule P-Part 1F-Section 1-Medical Professional Liability-Occurrence	40	Schedule P-Part 6D-Workers' Compensation (Excluding Excess Workers Compensation)	84
Schedule P-Part 1F-Section 2-Medical Professional Liability-Claims-Made	41	Schedule P-Part 6E-Commercial Multiple Peril	85
Schedule P-Part 1G-Special Liability (Ocean, Marine, Aircraft (All Perils), Boiler & Machinery)	42	Schedule P-Part 6H-Other Liability-Claims-Made	86
Schedule P-Part 1H-Section 1-Other Liability-Occurrence	43	Schedule P-Part 6H-Other Liability-Occurrence	85
Schedule P-Part 1H-Section 2-Other Liability-Claims-Made	44	Schedule P-Part 6M-International	86
Schedule P-Part 1I-Spec. Prop. (Fire, Allied Lines, Inland Marine, Earthquake, Burglary & Theft)	45	Schedule P-Part 6N-Reinsurance – Nonproportional Assumed Property	87
Schedule P-Part 1J-Auto Physical Damage	46	Schedule P-Part 6O-Reinsurance – Nonproportional Assumed Liability	87
Schedule P-Part 1K-Fidelity/Surety	47	Schedule P-Part 6R-Products Liability-Claims-Made	88
Schedule P-Part 1L-Other (Including Credit, Accident and Health)	48	Schedule P-Part 6R-Products Liability-Occurrence	88
Schedule P-Part 1M-International	49	Schedule P-Part 7A-Primary Loss Sensitive Contracts	89
Schedule P-Part 1N-Reinsurance – Nonproportional Assumed Property	50	Schedule P-Part 7B-Reinsurance Loss Sensitive Contracts	91
Schedule P-Part 1O-Reinsurance – Nonproportional Assumed Liability	51	Schedule P Interrogatories	93
Schedule P-Part 1P-Reinsurance – Nonproportional Assumed Financial Lines	52	Schedule T-Exhibit of Premiums Written	94
Schedule P-Part 1R-Section 1-Products Liability-Occurrence	53	Schedule T-Part 2-Interstate Compact	95
Schedule P-Part 1R-Section 2-Products Liability-Claims-Made	54	Schedule Y-Information Concerning Activities of Insurer Members of a Holding Company Group	96
Schedule P-Part 1S-Financial Guaranty/Mortgage Guaranty	55	Schedule Y-Detail of Insurance Holding Company System	97
Schedule P-Part 1T-Warranty	56	Schedule Y-Part 2-Summary of Insurer's Transactions With Any Affiliates	98
Schedule P-Part 2, Part 3 and Part 4 - Summary	34	Statement of Income	4
Schedule P-Part 2A-Homeowners/Farmowners	57	Summary Investment Schedule	SI01
Schedule P-Part 2B-Private Passenger Auto Liability/Medical	57	Supplemental Exhibits and Schedules Interrogatories	99
Schedule P-Part 2C-Commercial Auto/Truck Liability/Medical	57	Underwriting and Investment Exhibit Part 1	6
Schedule P-Part 2D-Workers' Compensation (Excluding Excess Workers Compensation)	57	Underwriting and Investment Exhibit Part 1A	7
Schedule P-Part 2E-Commercial Multiple Peril	57	Underwriting and Investment Exhibit Part 1B	8
Schedule P-Part 2F-Section 1-Medical Professional Liability-Occurrence	58	Underwriting and Investment Exhibit Part 2	9
Schedule P-Part 2F-Section 2-Medical Professional Liability-Claims-Made	58	Underwriting and Investment Exhibit Part 2A	10
Schedule P-Part 2G-Special Liability (Ocean Marine, Aircraft (All Perils), Boiler & Machinery)	58	Underwriting and Investment Exhibit Part 3	11
Schedule P-Part 2H-Section 1-Other Liability-Occurrence	58		