

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM HORRY COUNTY
Court of Common Pleas

Larry B. Hyman, Jr., Circuit Court Judge

Case No. 2010-CP-26-10502

Stephanie A. Smith, on behalf of herself and all others similarly situated.....Appellant,
v.
Progressive Halcyon Insurance Company, n/k/a Progressive Direct Insurance Co., Progressive
Max, and Progressive Casualty Insurance.....Respondents.

RECORD ON APPEAL
Volume III

Charles V. Leonard (SC Bar No. 64072)
4615 Oleander Drive, Suite 202
Myrtle Beach, South Carolina 29577
(843) 497-0202
Attorney for Appellant

Natale Fata (SC Bar No. 009866)
Nate Fata, P.A.
Post Office Box 16620
Surfside Beach SC 29587
Attorney for Appellant

RECEIVED

NOV 03 2014

SC Court of Appeals

1 STATE OF SOUTH CAROLINA)
2 COUNTY OF Horry)

IN THE COURT OF COMMON PLEAS,
FIFTEENTH JUDICIAL CIRCUIT
CIRCUIT CIVIL ACTION NO:
2010-CP-26-10502

4 STEPHANIE A. SMITH,)
5 on behalf of herself)
6 and all others)
7 similarly situated,)

Plaintiff,

-vs-

9 PROGRESSIVE HALCYON)
10 INSURANCE COMPANY, n/k/a)
11 PROGRESSIVE DIRECT)
12 INSURANCE CO., and)
13 PROGRESSIVE MAX, AND)
14 PROGRESSIVE CASUALTY)
15 INSURANCE COMPANY,)

Defendants.

16 STATE OF FLORIDA)
17 COUNTY OF DUVAL)

18 DEPONENT: ELIZABETH ZANER
Progressive Senior Medical Manager

19 DATE TAKEN: October 19, 2011
20 TIME: 12:52-1:43 p.m.
21 LOCATION: Akerman Senterfitt
50 North Laura Street
Jacksonville, Florida

22 REPORTED BY: Cindee B. Deen, RPR, FPR
23 Registered Professional Reporter

24 4560 Harbour North Court
25 Jacksonville, Florida 32225
CindeeDeen@aol.com

COPY

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES:

**NATALE FATA, ESQUIRE,
NATE FATA, PA**
P.O. Box 16620
Surfside Beach, SC 29587
(843) 238-2676
(843) 238-0240
Counsel for Plaintiff Stephanie Smith

**CHARLES LEONARD, ESQUIRE,
HARRIS And LEONARD, P.A.**
4615 Oleander Drive, Suite #202
Myrtle Beach, SC 29577
Counsel for Plaintiff Stephanie Smith

**VAL H. STIEGLITZ, ESQUIRE,
NEXSEN PRUET, LLC**
1230 Main Street, Suite 700 (29201)
PO Drawer 2426
Columbia, SC 29201
Work (803) 771-8900 fax (803) 727-1496
Counsel for Defendant

JENNIFER N. WEST, ESQUIRE
Senior Counsel
and
DAVID C LAMB, ESQUIRE
Legal Counsel
Progressive Insurance Address Company
6300 Wilson Mills Blvd Suite N72
Mayfield Village, OH 44143
Phone: (440) 461-5000
Counsel for Progressive Casualty Insurance Company
- - -

I N D E X

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

WITNESS: ELIZABETH ZANER

PAGE

Direct Examination by Mr. Leonard

4

Certificate of Oath
Reporter's Certificate
ERRATA

94

95

96

- - -

N O E X H I B I T S

1	BY MR. LEONARD:	01:07:29
2	Q In 2008, there was a National Medical Unit	01:07:41
3	formed?	01:07:44
4	A Yes.	01:07:44
5	Q What is that?	01:07:46
6	A What is that?	01:07:47
7	Q The National Medical Unit.	01:07:49
8	A It's a centralized unit that handles medical and	01:07:52
9	PIP claims.	01:07:56
10	Q And that's your unit?	01:07:58
11	A My unit. I formed it.	01:08:00
12	Q Prior to 2008, how was it organized?	01:08:03
13	A How was what organized?	01:08:09
14	Q The med pay and the PIP, what was the process?	01:08:10
15	A You mean, I'm not --	01:08:13
16	Q Let's go -- let's back up a second.	01:08:14
17	The National Med Pay Unit --	01:08:16
18	A Uh-huh (affirmative.)	01:08:17
19	Q -- if you -- then the Peter Goodchild group and	01:08:18
20	then all of the adjusting groups -- and you all do 35	01:08:23
21	states?	01:08:26
22	A Yes.	01:08:26
23	Q That was created in 2008?	01:08:27
24	A We began forming it in 2008, yes.	01:08:31
25	Q Prior to that --	01:08:36

1 A Uh-huh (affirmative.) 01:08:36

2 Q -- everything that everybody did within that unit 01:08:37

3 that the company is doing now had to be done by somebody 01:08:41

4 else somewhere, right? 01:08:42

5 A Oh, the work that we currently do, you're asking 01:08:43

6 where was it done prior? 01:08:48

7 Q Right. 01:08:48

8 A Okay. That was done at the local state level. 01:08:49

9 Q Did each state have their own adjusting offices 01:08:52

10 for med pay and PIP? 01:08:55

11 A I believe so. 01:08:59

12 Q Do you know specifically, with regard to South 01:09:01

13 Carolina, whether South Carolina had a local med pay -- you 01:09:03

14 didn't have PIP at that time, so it would be a med pay 01:09:03

15 office -- 01:09:03

16 A Yeah. 01:09:09

17 Q -- in 2007? 01:09:09

18 A I am pretty sure they did. 01:09:12

19 Q Do you where it is or was? 01:09:14

20 A The location? 01:09:17

21 Q Yes. 01:09:18

22 A No, I don't. 01:09:19

23 Q Do you know what city? 01:09:20

24 A I really don't. 01:09:22

25 Q Do you know who oversaw it? 01:09:23

1	a little bit.	01:17:31
2	A All righty.	01:17:32
3	Q If there is a med pay claims -- let's go with the	01:17:33
4	South Carolina claims process, which may be a little	01:17:36
5	different than most, explain the process, kind of start to	01:17:40
6	finish.	01:17:43
7	A Are you saying specific to South Carolina?	01:17:43
8	Q Yes.	01:17:46
9	A Well, you know, my subject matter experts are my	01:17:47
10	managers of the states, and I have 35 states. But, in	01:17:50
11	general --	01:17:55
12	Q All right. Do in general.	01:17:56
13	A Okay. In general, if you're talking about the	01:17:57
14	process, the reps will contact injured parties, determine	01:18:01
15	if there is coverage, they will secure bills and pay them.	01:18:06
16	Q What is the basis of their decision on how much	01:18:15
17	they need to pay and when they need to pay?	01:18:22
18	A How much? They have to receive something that	01:18:24
19	would show what is owed, and it has to be related to that	01:18:28
20	accident, and they would pay it.	01:18:36
21	Q And going back to Dorothy Lange, one of the	01:18:40
22	things she said --	01:18:43
23	A When they had the coverage.	01:18:43
24	Q -- she said they looked towards the policy --	01:18:44
25	A Yes, absolutely.	01:18:47

1	Q -- and they looked towards the State law; those	01:18:48
2	are two of the things that she said.	01:18:50
3	A Right, policy first.	01:18:51
4	Q All right. Do you want your group to try to	01:18:53
5	treat all insureds the same?	01:19:04
6	A What do you mean?	01:19:08
7	Q Within the policy, treat them consistently?	01:18:53
8	A Well, we want to always be consistent, or as	01:19:11
9	consistent as we can be. I want them to treat every	01:19:16
10	insured fair, so not -- is that what you are asking?	01:19:19
11	Q Yes.	01:19:16
12	A Yes.	01:19:24
13	Q You strive to treat the med pay insureds	01:19:24
14	consistently and fair?	01:19:27
15	A Yes.	01:19:29
16	Q Are you familiar with the policy of insurance	01:19:30
17	that would have been in effect for Mrs. Stephanie Smith?	01:19:46
18	A I haven't looked at her policy.	01:19:58
19	Q Do you have any say-so in the drafting of this	01:20:07
20	policy, Stephanie Smith's policy?	01:20:11
21	A No, I do not.	01:20:13
22	Q Who does that?	01:20:14
23	A I don't know.	01:20:17
24	Q Let me show you what is marked as Exhibit 1 to	01:20:18
25	Peter Goodchild's personal deposition.	01:20:30

1	(Document tendered.)	01:20:33
2	It is a copy of the policy --	01:20:34
3	A Uh-huh (affirmative.)	01:20:38
4	Q -- the auto policy for Stephanie Smith.	01:20:38
5	(Document tendered.)	01:20:41
6	A Uh-huh (affirmative.)	01:20:42
7	Q If you turn to Page 6, that is the beginning of	01:20:43
8	the "Medicals Payments Coverage portion" --	01:20:50
9	A Uh-huh (affirmative.)	01:20:52
10	Q "Yes"?	01:20:53
11	A Uh-huh (affirmative.)	01:20:53
12	Q It is Page 6, Page 7, and it looks like maybe	01:21:02
13	over to Page 8.	01:21:10
14	The insuring agreement --- I will just read this	01:21:12
15	to you real quick -- at the bottom of Page 6, says:	01:21:20
16	If you pay the premium for this coverage, we will	01:21:23
17	pay the reasonable expenses incurred for necessary medical	01:21:25
18	expenses within three years from the date of the motor	01:21:28
19	vehicle accident because of bodily injury?	01:21:32
20	A Uh-huh (affirmative.)	01:21:36
21	Q Is that primarily what you look for when you	01:21:37
22	determine what you pay an insured?	01:21:48
23	A That is part of what we look at, depending on	01:21:51
24	what we are paying.	01:21:58
25	Q Okay. We will actually come back to this	01:22:00

1	particular section later.	01:22:03
2	A Uh-huh (affirmative.)	01:22:06
3	Q The next paragraph says: We, or somebody on	01:22:07
4	our behalf, will determine if medical services were	01:22:10
5	reasonable -- (reading) and the next one: "Medical services	01:22:14
6	necessary.	01:22:17
7	A Uh-huh (affirmative.)	01:22:17
8	Q There is an issue that has been discussed in the	01:22:18
9	depositions prior to yours about the definition of the word	01:22:25
10	"incurred" --	01:22:25
11	A Uh-huh (affirmative.)	01:22:30
12	Q -- and looking at this paragraph, that the policy	01:22:31
13	discusses whether or not there will be a determination,	01:22:41
14	whether they're reasonable, if the determination is	01:22:46
15	necessary; but it doesn't say anywhere in here, does it, as	01:22:48
16	to when or where they would occur?	01:22:52
17	A "Within three years."	01:22:56
18	Q All right. Well, let me ask you about that:	01:23:06
19	"We will pay reasonable expenses incurred for	01:23:06
20	necessary medical services received within three years;" is	01:23:12
21	that the expenses incurred within three years or the	01:23:17
22	medical services received within three years, or could it	01:23:20
23	be both?	01:23:25
24	A "Reasonable expenses incurred," -- what was the	01:23:26
25	second part of your question?	01:23:29

1	Q	The sentence says:	01:23:31
2		We will pay reasonable expenses incurred for	01:23:32
3		necessary medical services when received within three years	01:23:35
4		from the date of the motor vehicle accident, is it three	01:23:36
5		years from when the medical services are received or when	01:23:43
6		the expenses are incurred?	01:23:48
7	A	From the date of the motor vehicle accident.	01:23:51
8	Q	So neither one of those would apply, the motor	01:23:55
9		vehicle accident is the operative date?	01:24:08
10	A	It says: "Within three years from the date of	01:24:11
11		the motor vehicle accident," which my interpretation is:	01:24:13
12		You have that period of time to treat and submit your bill.	01:24:20
13	Q	Okay, fair enough.	01:24:31
14		And you discussed earlier, just briefly, Standard	01:24:33
15		Operating Procedures, and in Peter's deposition there is an	01:25:11
16		Exhibit Number 10. This is his number -- Exhibit Number 10	01:25:18
17		of his deposition taken pursuant to 30(b)(6) as a	01:25:21
18		representative of Progressive Companies. What is that	01:25:27
19		Exhibit 10, do you know what that is?	01:25:34
20		(Document tendered.)	01:25:44
21	A	Well, I am looking at it.	01:25:44
22		(Reviewing exhibit.)	01:25:47
23		It looks to me like a Quick Fact Sheet that gives	01:25:53
24		some nuances or facts that somebody may need to know when	01:25:56
25		they are adjusting a claim.	01:26:02

1 Q -- and I walk to the cashier -- 01:35:23

2 A Uh-huh (affirmative.) 01:35:23

3 Q -- I've got to pay for it before I leave. 01:35:25

4 A You do. 01:35:28

5 Q If I have a plumber to my house -- 01:35:28

6 A Uh-huh (affirmative.) 01:35:28

7 Q -- and he does some work -- 01:35:31

8 A Uh-huh (affirmative.) 01:35:31

9 Q -- even though he may bill me next week -- 01:35:32

10 A Uh-huh (affirmative.) 01:35:32

11 Q -- would you agree that I owe the plumber for 01:35:35

12 what he did? 01:35:37

13 A Yes. But, if you go to the emergency room, 01:35:37

14 they're not going to say: Here is how much you are paying 01:35:40

15 before you walk out the door." Yeah. 01:35:43

16 Q Just like a plumber, they might send you a bill? 01:35:46

17 A They might send you a bill. 01:35:49

18 Q At what point have you incurred that bill; when 01:35:51

19 you are legally obligated to pay? 01:35:55

20 A Yeah. I mean, definitely, you wouldn't want 01:35:57

21 to -- if they are charging a provider a certain amount, 01:36:00

22 they wouldn't want to just pay what's charged, they want to 01:36:04

23 pay what they owe because we want to maximize their 01:36:07

24 benefits, especially because we handle a lot of low 01:36:10

25 policies -- low-coverage policies. 01:36:15

1 So it actually benefits our insureds if we 01:36:19
2 maximize this. So they have that ability to treat with 01:36:22
3 other providers, so we want to pay the right amount that 01:36:25
4 they are legally obligated to pay and extend the money so 01:36:28
5 they can go and have other treatment, as needed. 01:36:32

6 Q No matter what the cap on the amount of the 01:36:35
7 insured's -- 01:36:37

8 A Up through their policy limit, so you can have a 01:36:37
9 low-limit policy. 01:36:41

10 Q And so, then, you are saying: It is the amount 01:36:42
11 that they are legally obligated to pay? 01:36:47

12 A Yes. 01:36:50

13 Q And does that include any amounts their health 01:36:52
14 insurance carrier paid? 01:36:57

15 A Should, yeah. If their health insurance carrier 01:37:00
16 paid a certain amount, it should. 01:37:06

17 Q Is that the amount that the insured is legally 01:37:07
18 obligated to pay? 01:37:10

19 A No. But they can duplicate benefits, I believe, 01:37:12
20 with health insurance in South Carolina. Some states allow 01:37:17
21 it, some do not. 01:37:28

22 Q Peter Goodchild testified that he got a group of 01:37:31
23 people together to come up with a definition of the word 01:37:50
24 "incurred," were you aware that that occurred? 01:37:53

25 A I would imagine that I was -- we were probably -- 01:38:02

1 maximize benefits for the customer. So, you know, if 01:40:39
2 there's a way, especially if it's got -- if they have low 01:40:46
3 limits, they want to make sure that they benefit as best as 01:40:48
4 they can. 01:40:54

5 So if they know there is only a \$2,000 policy 01:40:55
6 limit and they say they've been to the hospital and they 01:40:58
7 have health insurance and they've submitted it to health 01:41:00
8 insurance, we will let them know that: Well, we'll see how 01:41:04
9 much the bill is that you are obligated to pay when you get 01:41:07
10 it, because it might be a lesser amount. 01:41:11

11 Q So if they had a \$2,000 med pay limit and the 01:41:13
12 hospital bill is \$2,000, but there was a \$900 health 01:41:17
13 insurance reduction, you're saying that it's a benefit for 01:41:20
14 them to receive the \$1,100 rather than the \$2,000? 01:41:23

15 A What was that? 01:41:27

16 Q Well, you are saying that it's a benefit to the 01:41:28
17 insureds -- 01:41:31

18 A Well, they want to maximize their benefits. So 01:41:31
19 if we had to pay whatever provider charges versus what they 01:41:35
20 actually owe the provider, they get less benefits. 01:41:39

21 Q Maybe this is a dumb question: 01:41:45

22 But don't they maximize their benefits when they 01:41:47
23 receive the full maximum value of their benefits of the 01:41:50
24 policy? 01:41:54

25 A Not necessarily -- well, you know, if you have 01:41:56

1 low limits and you have to treat with multiple providers, 01:41:57
2 they may not have enough money. 01:42:02

3 So they may want us to not pay a provider and, 01:42:05
4 instead, pay their co-pay first, for instance, or a 01:42:08
5 deductible, or they want -- maybe they have health 01:42:14
6 insurance and they want to submit it to health insurance 01:42:17
7 because they know that that bill will be taken care of by 01:42:21
8 health insurance. 01:42:23

9 Q Okay. So if I have got 2,000 med pay and you pay 01:42:24
10 me 2,000 med pay, haven't I maximized my med pay? 01:42:30

11 A Well, that would be your -- the most we could pay 01:42:38
12 you. So if you have a legal obligation of 2,000 and you 01:42:42
13 submit that bill to us, then yes, then you've maximized; 01:42:46
14 that's all you can get. 01:42:49

15 Q Do you pay the medical providers directly or do 01:42:50
16 you pay the insured? 01:42:54

17 A We can. 01:42:55

18 Q Usually, what did you do? 01:42:57

19 A Well, it depends on the state; and there are 01:42:58
20 states that require us to pay our insureds direct. 01:43:03

21 Q For South Carolina, what do you usually do? 01:43:06

22 A South Carolina? Again, I don't -- I'm not a 01:43:08
23 subject matter expert with South Carolina, because I have 01:43:12
24 so many states; but I would think that we can pay the 01:43:15
25 insured or the provider. They direct us, but I'm not 01:43:22

1	and it would tell them "three years." And they wouldn't	01:44:18
2	know how much until they submit the bill or found out what	01:44:20
3	they were obligated to pay.	01:44:25
4	BY MR. LEONARD:	01:44:25
5	Q How would they know there is a reduction for the	01:44:25
6	health insurance set-off?	01:44:29
7	A How would they know that? I don't know.	01:44:30
8	Q They would read the policy. You would agree the	01:44:35
9	policy is a contract that binds the company and the	01:44:38
10	policyholder, right?	01:44:41
11	A Uh-huh (affirmative.)	01:44:42
12	Q So it is what they would look to, there's nothing	01:44:43
13	else they're going to look to?	01:44:46
14	A No. They would know that we're going to pay	01:44:46
15	their reasonable expenses incurred for necessary medical	01:44:48
16	service within three years.	01:44:51
17	Q How are they going to know that part of your	01:44:52
18	definition of that --	01:44:57
19	A Uh-huh (affirmative.)	01:44:57
20	Q -- is the reduction for the health insurance	01:44:58
21	right now?	01:45:01
22	A How would they know there's a reduction?	01:45:03
23	Q Yes.	01:45:07
24	A I don't know.	01:45:08
25	Q It is not in the policy. It doesn't say that,	01:45:11

1 does it? 01:45:15

2 A No, it doesn't. But the adjuster would be able 01:45:16

3 to discuss with them what their coverages are, what they 01:45:22

4 are entitled to. 01:45:25

5 Q And the adjuster is going to use the definition 01:45:28

6 that's in the Quick Fact Sheet or is the adjuster going to 01:45:33

7 use the definition that you gave me? 01:45:37

8 A I don't know which one the adjuster -- they can 01:45:45

9 duplicate the benefits. So, if they can, then they will 01:45:48

10 start a policy and they'll look at that. 01:45:51

11 And if they have questions, they can look at the 01:45:52

12 Standard Operating Procedure. And then if they have 01:45:56

13 questions on that, they can go to Peter, and we can go from 01:45:58

14 there. 01:46:13

15 Q This section says: 01:46:13

16 You can duplicate benefits under medical payments 01:46:14

17 and incurred health insurance costs, in Exhibit 10 -- 01:46:19

18 A Uh-huh (affirmative.) 01:46:21

19 Q -- I believe you said that? 01:46:22

20 A Uh-huh (affirmative.) 01:46:25

21 Q Why did you say you can duplicate benefits in 01:46:26

22 South Carolina? 01:46:31

23 A Duplicate the health insurance benefits that are 01:46:31

24 incurred. 01:46:34

25 I am having a hard time reading this because of 01:46:34

1	there; you just don't have --	02:04:52
2	A That would be fine, we'd still pay that.	02:04:53
3	Q You would pay the thousand?	02:04:56
4	A Whatever we were -- reasonable and necessary	02:04:58
5	amount that they were legally obligated to pay.	02:05:00
6	Q Okay. Do you ever ask insureds to provide you	02:05:02
7	with EOBs -- do you know what an EOB is --	02:05:07
8	A Yes.	02:05:10
9	Q -- what a health insurance carrier is?	02:05:10
10	A If they need to submit a receipt and they've	02:05:12
11	already submitted to health insurance, they could use that	02:05:16
12	EOB.	02:05:18
13	Q Do you ever ask the insured to submit a health	02:05:20
14	insurance EOB to help process a claim?	02:05:23
15	A No, not to help process it.	02:05:26
16	Q But to help know how much to pay?	02:05:29
17	A I don't know that they would need -- they might	02:05:34
18	use that if that's what the insured wishes to submit.	02:05:38
19	So I don't know what the insured -- we only	02:05:42
20	handle the claim when we receive the bill or the invoice.	02:05:46
21	We need something -- we need to receive something to know	02:05:51
22	what we owe.	02:05:54
23	Q So if you received a bill for a medical service,	02:05:56
24	you would not ask for an EOB in order to try to see whether	02:06:00
25	the health insurance company paid as a write-down?	02:06:05

1 A No. I am saying that -- and, I don't know, you 02:20:33
2 would have to talk to a provider to see when they feel 02:20:36
3 there is a legal obligation that they're paid. 02:20:39
4 I am saying when we receive it, that's when -- 02:20:41
5 what we would use to determine what they are legally 02:20:44
6 obligated to pay. 02:20:47
7 Q All right. So let's say your insured goes to the 02:20:49
8 doctor, Day One they get a \$100 bill and they submit it 02:20:52
9 that day to you -- 02:20:57
10 A Yes. 02:20:59
11 Q -- how much are you going to pay? 02:20:59
12 A \$100 bill they submitted? 02:21:00
13 Q Yes. 02:21:02
14 A That's what we would pay. 02:21:02
15 Q And 30 days later they actually get a bill in 02:21:05
16 where there's been an insurance write-down, the insurance 02:21:07
17 company paid 50 and wrote down 30 -- 02:21:10
18 A Uh-huh (affirmative.) 02:21:10
19 Q -- how do you get that? 02:21:12
20 A Well, we -- that would be a duplicate payment, 02:21:13
21 because we already paid it, \$100; remember? 02:21:15
22 Q So you would ignore it? 02:21:18
23 A Yeah -- well, we've already paid it. We wouldn't 02:21:20
24 ignore it. We would let the customer know that we've 02:21:24
25 already paid this. 02:21:25

1	that you send the insured?	02:25:04
2	MR. STIEGLITZ: Charles, all of your examples are	02:25:08
3	assuming under South Carolina law?	02:25:10
4	MR. LEONARD: All are South Carolina.	02:25:13
5	A Okay. So I think in South Carolina you can have	02:25:15
6	a duplicate with health insurance payments. I think you	02:25:18
7	can duplicate the med pay, but I would have to look at	02:25:24
8	that.	02:25:26
9	BY MR. LEONARD:	02:25:26
10	Q All right. But even if you can't have that	02:25:26
11	duplication, how is what the health insurance paid part of	02:25:31
12	the insured's incurred expenses?	02:25:32
13	A I'm not sure. I'm not sure I understand the	02:25:54
14	question. I know they can duplicate with health insurance?	02:25:56
15	Q Well, the insured did not make the payment;	02:26:03
16	right?	02:26:07
17	A Uh-huh (affirmative.)	02:26:07
18	Q So if he didn't make the payment, did he incur	02:26:08
19	the expense?	02:26:12
20	A Yeah. If it was something he owed and his health	02:26:17
21	insurance paid it, it was an incurred expense.	02:26:23
22	Q Because he owed it?	02:26:26
23	A Well, didn't he initially owe it and then	02:26:27
24	submitted it to health insurance and they paid it?	02:26:30
25	Q Well, how about the amount that is written down;	02:26:33

1 he initially owed it, as well?

2 A No, I don't think he is going to. The hospital
3 accepted that amount. That was the incurred expense,
4 because the hospital accepted that.

5 Q Does the legal obligation of the insured decrease
6 over time as health insurance companies have write-downs
7 and health insurance companies make payments?

8 MR. STIEGLITZ: Object to the form, calls for a
9 legal conclusion.

10 BY MR. LEONARD:

11 Q And going back to your definition, which is a
12 legal obligation that an insured has to pay, so doesn't
13 that legal obligation decrease with time and health
14 insurance payments and write-downs, I mean, because of
15 health insurance payments and write-downs?

16 MR. STIEGLITZ: Same objection.

17 A I don't think so.

18 BY MR. LEONARD:

19 Q Now, the Medicare -- Medicaid and Medicare, the
20 policy doesn't say anywhere in here that there is a
21 write-down for Medicaid or Medicare or an offset or that
22 you send payment directly to Medicaid or Medicare; does it?

23 A I don't know. I don't think so.

24 Q All right. For instance, if it gives a Workers'
25 Compensation exclusion, Workers' Compensation --

02:26:36
02:26:46
02:26:48
02:26:51
02:26:54
02:26:56
02:27:03
02:27:05
02:27:08
02:27:08
02:27:08
02:27:13
02:27:18
02:27:22
02:27:25
02:27:27
02:27:27
02:27:36
02:27:36
02:27:36
02:28:02
02:28:06
02:28:06
02:28:14
02:28:16
02:28:21

1	BY MR. LEONARD:	02:48:29
2	Q There is section called: "Duties in case of an	02:48:30
3	accident or loss" --	02:48:32
4	A Uh-huh (affirmative.)	02:48:34
5	Q -- number two, it says: "A person seeking	02:48:35
6	coverage must provide any written proof of loss to made	02:48:43
7	reasonably required?"	02:48:47
8	For med pay, do y'all require written proof of	02:48:50
9	loss?	02:48:55
10	A Yes.	02:48:55
11	Q What proof of loss do you require?	02:48:55
12	A A bill or an invoice or a receipt.	02:48:56
13	Q What is the relevance of a bill to make a med pay	02:49:09
14	claim?	02:49:19
15	A So that we would know what we would need to pay.	02:49:19
16	Q Do you require that the bill have any information	02:49:30
17	regarding health insurance, Medicare/Medicaid, set-offs of	02:49:33
18	any kind?	02:49:38
19	A No.	02:49:39
20	(Mr. Lamb returns to deposition suite.)	02:49:40
21	Q Peter Goodchild explained that when somebody has	02:49:40
22	health insurance, you actually pay the amount to the	02:49:57
23	insured that the health insurance company pays, because	02:50:01
24	South Carolina doesn't allow set-offs.	02:50:04
25	A Right.	02:50:08

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES:

ON BEHALF OF THE PLAINTIFFS:

NATE FATA, Esq.
Suite 215 The Courtyard
1500 Highway 17 North
Surfside Beach, SC 29575
and
CHARLES V. LEONARD, Esq.
Harris & Leonard
4615 Oleander Drive, St. 201
Myrtle Beach, SC 29578

ON BEHALF OF THE DEFENDANTS:

VAL N. STIEGLITZ, Esq.
Nexsen Pruet
P.O. Drawer 2426
Columbia, SC 29202
and
JENNIFER N. WEST, Esq.
Senior Counsel
Progressive Group of Insurance Companies
6300 Wilson Mills Road N72A
Mayfield Village, OH 44124

- - - - -

STIPULATIONS

This deposition was taken pursuant to proper
Notice and pursuant to Circuit Rule 30, to be
used for the purpose of discovery and/or
evidence at trial, or for any other purpose
permitted by Circuit Rule 30; all objections
except as to the form of the question were
reserved until the time of trial.

- - - - -

Flowers & Associates, LLC
P. O. Box 16105
Surfside Beach, SC 29587
843-238-5053

1 - - - - -
2 (Thereupon, Plaintiff's Exhibits
3 6 through 10 were marked)

4 - - - - -
5 DOUGLAS KIRK,

6 of lawful age, the Witness herein,
7 called for Discovery Examination by the
8 Plaintiffs, being by me first duly sworn,
9 as hereinafter certified, deposed and said
10 as follows:

11 EXAMINATION

12 BY MR. FATA:

13 Q. Good morning, Mr. Kirk. We talked on the phone
14 when we were taking your deposition via phone
15 and you were up in Cleveland and now you are
16 here in Myrtle Beach. This is the continuation
17 of your deposition. The same ground rules
18 apply. I need to ask you a question that you
19 can understand. If you don't understand one of
20 my questions, let me know and I'll rephrase it
21 so you do understand it. Okay?

22 A. Okay.

23 Q. And it's still fair for me to assume that if
24 you do answer a question that means that you
25 have understood the question?

Flowers & Associates, LLC
P. O. Box 16105
Surfside Beach, SC 29587
843-238-5053

1 Q. Do you know what -- is that the L-A-E?

2 A. Yes. Exactly.

3 Q. Now, you can't testify that in the event the
4 plaintiffs in this case or the class, if they
5 are successful in their claim that the rates
6 are going to rise for MedPay coverage in South
7 Carolina for sure?

8 A. Well, I mean what's the outcome of -- I guess
9 rephrase that. What expectation? I mean --

10 Q. We expect we are going to win.

11 A. Yeah. Well, I guess what's going to happen, if
12 we -- essentially because we are doing business
13 one way today, this is going to raise the cost
14 of our claims costs. Not the adjusting piece
15 but the actual claim amounts, it is going to
16 increase the actual claim amounts, right,
17 because you are saying that what we are paying
18 out today isn't enough, right? So essentially,
19 yeah, our costs are going to increase so it's
20 going to increase rates. We have to account
21 for it some way.

22 Q. How do you know if it's going to raise rates if
23 there are reserves that have already been set
24 aside that may never have been used?

25 A. Well, because if those reserves are never used

Flowers & Associates, LLC
P. O. Box 16105
Surfside Beach, SC 29587
843-238-5053

- 1 those go away.
- 2 Q. When do they go away?
- 3 A. As soon as we close the feature, as soon as we
- 4 done making payments on it it's closed, it's
- 5 gone away, so you are essentially changing the
- 6 amount that we ultimately will pay so that's
- 7 going to cause our rates to go up.
- 8 Q. How much will they go up?
- 9 A. I couldn't tell you. I don't know what the
- 10 scope of this would be. I couldn't tell you.
- 11 But they will be going up.
- 12 Q. And every time there is --
- 13 A. That's a fact.
- 14 Q. But you can't tell us how much?
- 15 A. I couldn't tell you how much, no.
- 16 Q. So it could go up a penny?
- 17 A. Well, are we talking about -- I don't -- I
- 18 don't know what -- I don't know what the scope
- 19 of this is.
- 20 Q. How often in the last three years has
- 21 Progressive Max raised its rates in South
- 22 Carolina?
- 23 A. I couldn't tell you off the top of my head.
- 24 Q. If it had raised its rates I would find a rate
- 25 filing to the South Carolina Department of

Flowers & Associates, LLC
P. O. Box 16105
Surfside Beach, SC 29587
843-238-5053

1 filing whenever it files a similar document to
2 843, Exhibit 11; right?

3 A. Yes. If our costs go up but revenues remain
4 the same and all things else being equal in
5 terms of cost structure and revenues, then yes
6 the acquisition expense would need to increase
7 per policy.

8 Q. And that would then in turn trigger an analysis
9 of whether Progressive was still remaining
10 profitable or not?

11 A. Well, that would be a factor when we look at
12 the analysis. That would be one thing we
13 looked at.

14 Q. And if the conclusion was that because of the
15 increased acquisition expense Progressive was
16 no longer at the profitability level that was
17 required, then Progressive would then think
18 about raising premiums?

19 A. I don't know that I can answer that question.
20 I mean, this is sort of hypothetical because I
21 guess --- I mean we could do that or we could
22 decrease our ad spend.

23 Q. Mr. Kirk, you testified in your affidavit and
24 in your deposition that if there is any change
25 in what's paid then the premiums are going to

Flowers & Associates, LLC
P. O. Box 16105
Surfside Beach, SC 29587
843-238-5053

- 1 increase, isn't that what you testified to?
- 2 A. Yes. Specifically for if on our MedPay claims
- 3 costs increase then our premiums will increase.
- 4 Q. And you are saying that is just an automatic
- 5 matter of fact?
- 6 A. All things else being equal, yes.
- 7 Q. But you are saying you don't know whether if
- 8 the acquisition expense increases to
- 9 \$100,000,000 more than what it is today, you
- 10 don't know whether your premiums are going to
- 11 increase everything else being equal?
- 12 A. You are asking me a hypothetical situation.
- 13 There are other avenues that the company could
- 14 pursue.
- 15 Q. I'm saying everything else being equal just
- 16 like your opinion and your testimony in your
- 17 affidavit.
- 18 A. So we are saying that the company is dead set
- 19 they are going to spend this extra money, then
- 20 yes, we would have to raise rates to account
- 21 for that if we didn't bring in any additional
- 22 revenue.
- 23 Q. So the raising of premiums is dependent on
- 24 bunch of different factors?
- 25 A. It's dependent on the cost of our running our

Flowers & Associates, LLC
P. O. Box 16105
Surfise Beach, SC 29587
843-238-5053

IN THE COURT OF COMMON PLEAS,
FIFTEENTH JUDICIAL CIRCUIT, IN AND
FOR HORRY COUNTY, SOUTH CAROLINA

CIVIL ACTION NO.: 2010-CP-26-10602

STEPHANIE A. SMITH, on behalf
of herself and all others
similarly situated,

Plaintiff,

vs.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE
DIRECT INSURANCE CO., and
PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY,

Defendants.

=====

STATE OF FLORIDA)
COUNTY OF DUVAL)

DEPOSITION OF ROBERT COLE,
taken pursuant to Plaintiff's Notice to
Continue 30(b)(6) Deposition of Defendants

DATE TAKEN: Friday, June 1, 2012
TIME: 11:41 a.m. until 12:12 p.m.
LOCATION: Offices of Akerman, Senterfitt, LLP
50 North Laura Street, Suite 3100
Jacksonville, Florida
REPORTED BY: Theresea P. Taylor, RPR, CRR, CBC, CCP
Notary Public, State of Florida

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

CERTIFIED
COPY
000453

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES :

MR. CHARLES VANCE LEONARD, Esquire
Harris & Leonard, PA
4615 Oleander Drive, Suite 202
Myrtle Beach, South Carolina 29577

and

MR. NATALE FATA, Esquire
Nate Fata, PA
Post Office Box 16620
Surfside Beach, South Carolina 29587
Appearing on behalf of the Plaintiff

MR. VAL H. STIEGLITZ, III, Esquire
Nexsen Pruet, LLC
Post Office Drawer 2426
Columbia, South Carolina 29202-2426
Appearing on behalf of the Defendant

ALSO PRESENT:

Kevin Peinkofer, Progressive

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

PAGE

ROBERT COLE

Direct Examination by Mr. Leonard

3

E X H I B I T S

FOR IDENTIFICATION

Exhibit No. 1

12

Exhibit No. 3

7

1 could be, but --

2 Q What would be the determining factors as to
3 whether it was or was not released at full price?

4 A It just has to go through Mitchell first to see
5 if it's either reduced by Coventry. It might -- might even 11:46
6 be a usual and customary code that comes through. So we
7 usually wait until it goes through Mitchell, we usually
8 don't assume.

9 Q Is usual and customary the same as reasonable and
10 necessary? 11:46

11 A Usual and customary the same as reasonable and
12 necessary?

13 Q Yes. Do you ever have a --

14 A I just see a code that says -- I don't know that,
15 if it's the same. I just see sometimes -- you're asking me 11:46
16 if a bill paid at a reduced amount, and I can only remember
17 one code that -- other than the Coventry that reduces that.
18 I see a code sometimes that says usual and customary,
19 so --

20 Q How often do you see that code? 11:47

21 A I'm not sure.

22 Q And is usual and customary, is that a South
23 Carolina policy designation?

24 A I'm not sure.

25 Q Do you know if that's part of the South Carolina 11:47

1 policy language?

2 A I'm not sure if that's part of the language.

3 Q If this bill, Exhibit 3 (indicating), is my bill,
4 what is the expense charged on that to me?

5 A Well, actually, you mean the pricing amount? 11:47

6 Q What's the price?

7 A The pricing amount is \$330. That is what the
8 provider says on the bill.

9 Q How much is the charged amount?

10 A I guess that would be called the initial charge,
11 I guess. 11:47

12 Q Okay. Is there a difference between the initial
13 charge and some other charge?

14 A Well, the initial charge or -- I don't see a
15 difference, so it could be -- some of these hospitals or
16 doctors will have an initial charge, and then underneath
17 they may have an insured discount. I don't see a discount
18 on this one, but that could be -- I don't know if you've
19 ever seen them, but some people get a self-pay discount and
20 then their initial charge, and then they'll have, you know,
21 the actual charge. I've seen some of those, I've seen that
22 scenario. 11:48

23 Q Have you seen that for South Carolina claims?

24 A I can't recall.

25 Q Okay. But on this claim, Number 3, where there's
11:48

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

1 A Well, according to the expense, the provider is
2 charging \$330. However, as I stated before, this bill
3 would need to be, you know, run through our Mitchell before
4 we would know the expense.

5 Q Okay. Is the expense not the same as the charge? 11:51

6 A Well, that's what the provider is billing, so
7 technically you could say that is an expense from the
8 provider; however, it may or may not be our expense from
9 our policy until we run it through our Mitchell.

10 Q Okay. So the expense for you under the policy 11:51
11 might differ from the expense from me to the hospital?

12 A Depending if our insured is entitled to some kind
13 of provider discount or another insurance has been primary
14 on the bill.

15 Q Okay. In reading this language that you just 11:52
16 read, how would a policyholder know that there is a
17 potential reduction for a discount?

18 A Usually it will show. Like I said, if a customer
19 has no insurance it will say right on the bill. If it
20 they're entitled to a discount, we provide confirmation by 11:52
21 Explanation of Benefits just as health insurance does.

22 Q But as a policyholder just reading this language
23 down here, the same language that you just read, how would
24 I know that you may adjust the amount downward from \$330
25 based upon some other contractual arrangement or payment by 11:53

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

1 determining what the incurred would be, we would have to,
2 you know, have the bill run through the system and see what
3 the incurred expense would be.

4 Q So different insureds who had the same bill from
5 the same day of wreck could have a different date that the
6 expense was incurred pursuant to Progressive? 12:08

7 A Yeah, we would run the bill. Regardless, South
8 Carolina, we would still process the same, the same way for
9 all of our customers.

10 Q Have you ever returned a bill or reduced a bill
11 because it was unreasonable or unnecessary? 12:09

12 A I don't recall.

13 Q You don't recall doing that?

14 A (Moves head from side to side.)

15 Q That's a no? 12:09

16 A That's a no. I don't recall is my answer.

17 Q The definition you used for the word incur for
18 your South Carolina claimants, does it apply equally to all
19 the different insurance companies that you're adjusting for
20 in South Carolina, whether it's Progressive Max,
21 Progressive Casualty, Progressive Northern, Progressive
22 United, Progressive whatever? 12:09

23 A I wouldn't be able to answer. I don't know that.

24 Q If you receive, say, Exhibit 3, a \$330 bill, and
25 Mitchell does not reprice the medical bill and there's no 12:10

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE COURT OF COMMON PLEAS,
FIFTEENTH JUDICIAL CIRCUIT, IN AND
FOR HORRY COUNTY, SOUTH CAROLINA

CIVIL ACTION NO.: 2010-CP-26-10602

STEPHANIE A. SMITH, on behalf
of herself and all others
similarly situated,

Plaintiff,

vs.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE
DIRECT INSURANCE CO., and
PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY,

Defendants.

=====

STATE OF FLORIDA)
COUNTY OF DUVAL)

DEPOSITION OF **ELBONYE DENNIS**,
taken pursuant to Plaintiff's Notice to
Continue 30(b)(6) Deposition of Defendants

DATE TAKEN: Friday, June 1, 2012
TIME: 9:42 a.m. until 10:13 a.m.
LOCATION: Offices of Akerman, Senterfitt, LLP
50 North Laura Street, Suite 3100
Jacksonville, Florida
REPORTED BY: Theresea P. Taylor, RPR, CRR, CBC, CCP
Notary Public, State of Florida

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

CERTIFIED
COPY
000460

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES:

MR. CHARLES VANCE LEONARD, Esquire
Harris & Leonard, PA
4615 Oleander Drive, Suite 202
Myrtle Beach, South Carolina 29577

and

MR. NATALE FATA, Esquire
Nate Fata, PA
Post Office Box 16620
Surfside Beach, South Carolina 29587
Appearing on behalf of the Plaintiff

MR. VAL H. STIEGLITZ, III, Esquire
Nexsen Pruet, LLC
Post Office Drawer 2426
Columbia, South Carolina 29202-2426
Appearing on behalf of the Defendant

ALSO PRESENT:

Kevin Peinkofer, Progressive

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

PAGE

Elbonye S. Dennis

Direct Examination by Mr. Leonard

3

- - -

E X H I B I T S

FOR IDENTIFICATION

Exhibit No. 1

15

Exhibit No. 2

23

Exhibit No. 3

27

- - -

1 speak with? Don't tell me about conversations with your
2 attorneys, just talking to Goodchild or Amy or anybody else
3 at the office?

4 A No.

5 Q Did you and any of the other witnesses here get
6 together and talk about issues and working and this
7 deposition?

8 A No.

9 Q Do you know if South Carolina law allows setoff?

10 MR. STIEGLITZ: Object. Calls for a legal
11 conclusion, legal opinion for which she's not
12 qualified.

13 Q You can answer.

14 A What's the question?

15 Q Do you know if South Carolina law allows for a
16 setoff?

17 MR. STIEGLITZ: Same objection.

18 A Define setoff.

19 Q A reduction for a payment by somebody else?

20 A Like incur expense covering, what, healthcare
21 insurance paid plus balance due?

22 Q Potentially. But in your training did they tell
23 you about South Carolina law and whether it does or doesn't
24 apply setoff or allow setoff?

25 A No.

- 1 Q With Progressive Casualty, if two people have the
2 same bill from the same provider, one has medical insurance
3 and one doesn't, and the health insurance has a write down,
4 when you issue checks to those two people they would
5 receive different amounts, would they not? 10:10
- 6 A One person doesn't have healthcare insurance?
- 7 Q Correct?
- 8 A And the other person does?
- 9 Q Correct. And there is a health insurance write
10 down. 10:10
- 11 A Possibly.
- 12 Q In your years, five years in the med pay
13 unit -- and you were all five in the med pay unit?
- 14 A No.
- 15 Q How many years are you in the med pay unit? 10:10
- 16 A Four.
- 17 Q What did you do before that?
- 18 A I was a claims processor.
- 19 Q In your four years with the med pay unit, have
20 you taken any South Carolina Med Pay bill and not paid it 10:10
21 because it was unreasonable or unnecessary?
- 22 A I don't recall.
- 23 Q You don't recall ever doing that?
- 24 A No.
- 25 Q Do you know if anybody else in your unit has done 10:11

1 that, have you ever talked about it or discussed it?

2 A No.

3 Q You have not talked about it or discussed it or
4 you don't know?

5 A I don't know.

10:11

6 MR. STIEGLITZ: One more minute, Charlie.

7 MR. LEONARD: I've got two, maybe two and a half.

8 MR. STIEGLITZ: We'll compromise on a minute.

9 BY MR. LEONARD:

10 Q Let me ask you to look at Exhibit Number 3
11 (tendered). And on that bill, what is the legal obligation
12 at the time the patient or insured receives this bill?

10:11

13 (The above-mentioned instrument was previously
14 marked for identification as Deposition Exhibit No. 3.)

15 MR. STIEGLITZ: Object to form. Calls for a
16 legal conclusion. If you can answer it.

10:12

17 A Okay. The amount billed is \$330, and I would
18 submit it through the Coventry network to see if there's
19 any repricing.

20 Q If there was no Coventry network, what is the
21 legal obligation, in your word the legal responsibility of
22 the patient/insured?

10:12

23 MR. STIEGLITZ: Same objection. You can answer
24 it if you can.

25 A Okay. According to this, and it says self-pay,

10:12

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE COURT OF COMMON PLEAS,
FIFTEENTH JUDICIAL CIRCUIT, IN AND
FOR HORRY COUNTY, SOUTH CAROLINA

CIVIL ACTION NO.: 2010-CP-26-10602

STEPHANIE A. SMITH, on behalf
of herself and all others
similarly situated,

Plaintiff,

vs.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE
DIRECT INSURANCE CO., and
PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY,

Defendants.

=====

STATE OF FLORIDA)
COUNTY OF DUVAL)

DEPOSITION OF LILIAN FELTON,
taken pursuant to Plaintiff's Notice to
Continue 30(b)(6) Deposition of Defendants

DATE TAKEN: Friday, June 1, 2012
TIME: 9:06 a.m. until 9:34 a.m.
LOCATION: Offices of Akerman, Senterfitt, LLP
50 North Laura Street, Suite 3100
Jacksonville, Florida
REPORTED BY: Theresea P. Taylor, RPR, CRR, CBC, CCP
Notary Public, State of Florida

- - -

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

**CERTIFIED
COPY**
000466

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES:

MR. CHARLES VANCE LEONARD, Esquire
Harris & Leonard, PA
4615 Oleander Drive, Suite 202
Myrtle Beach, South Carolina 29577

and

MR. NATALE FATA, Esquire
Nate Fata, PA
Post Office Box 16620
Surfside Beach, South Carolina 29587
Appearing on behalf of the Plaintiff

MR. VAL H. STIEGLITZ, III, Esquire
Nexsen Pruet, LLC
Post Office Drawer 2426
Columbia, South Carolina 29202-2426
Appearing on behalf of the Defendant

ALSO PRESENT:

Kevin Peinkofer, Progressive

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

PAGE

Lillian Felton	
Direct Examination by Mr. Fata	3

E X H I B I T S

FOR IDENTIFICATION

Exhibit No. 1	8
Exhibit No. 2	21
Exhibit No. 3	11
Exhibit No. 4	12
Exhibit No. 5	12

1 Q Have you ever determined whether an expense is
2 reasonable?

3 A If something is something I don't understand, I
4 will talk to my manager about it.

5 Q Do you recall any situations where you had to
6 determine --

09:19

7 A No, I don't.

8 Q So in the 300 or more claims that you may have
9 adjusted in the last year, you don't ever recall coming
10 across a claim that you thought the charge or the expense
11 was unreasonable?

09:19

12 A No, I don't recall.

13 Q Okay. What you do recall is just looking to see
14 if there's any health insurance payments or adjustments to
15 the bill, the charge amount, to determine whether the
16 insured gets paid the full charge amount, the full amount
17 of the bill, or that amount which the health insurance
18 company paid and what is left on the balance bill and what
19 the insured has already paid?

09:19

20 A Yes.

09:19

21 Q Have you ever determined whether any medical
22 service was necessary?

23 A Not that I recall.

24 Q Do you know of anyone in your office that has
25 ever determined whether the medical service is necessary?

09:20

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

1 A Not that I recall.

2 Q So your function is to determine on a bill what
3 the original charged amount is, the total amount of the
4 bill, and then what any contractual adjustment there might
5 have been to the bill due to health insurance and what the 09:20
6 health insurance carrier paid, what the insured paid and
7 what's left on the bill?

8 A Repeat your question. Repeat your statement.

9 Q In adjusting the claims for med pay claimants in
10 South Carolina, your process is simply to look at a bill, 09:20
11 determine what was charged by the provider, correct, and
12 then what was paid by the health insurance carrier, what
13 was paid for by the insured and what is left owed by the
14 insured on the bill?

15 A Yes. 09:20

16 Q Do you enter data from, say, Exhibit 5 into the
17 computer?

18 A Do I?

19 Q Yes. Do you put information --

20 A From this? 09:21

21 Q -- from the medical bill into the computer?

22 A On this bill?

23 Q Not on this particular bill, but, for example, on
24 a medical --

25 A You said Exhibit 5, so -- 09:21

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

IN THE COURT OF COMMON PLEAS,
FIFTEENTH JUDICIAL CIRCUIT, IN AND
FOR Horry COUNTY, SOUTH CAROLINA

CIVIL ACTION NO.: 2010-CP-26-10602

STEPHANIE A. SMITH, on behalf
of herself and all others
similarly situated,

Plaintiff,

vs.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE
DIRECT INSURANCE CO., and
PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY,

Defendants.

=====

STATE OF FLORIDA)
COUNTY OF DUVAL)

DEPOSITION OF **KIMBERLY BRADEN**,
taken pursuant to Plaintiff's Notice to
Continue 30(b)(6) Deposition of Defendants

DATE TAKEN: Friday, June 1, 2012
TIME: 10:59 a.m. until 11:32 a.m.
LOCATION: Offices of Akerman, Senterfitt, LLP
50 North Laura Street, Suite 3100
Jacksonville, Florida
REPORTED BY: Theresea P. Taylor, RPR, CRR, CBC, CCP
Notary Public, State of Florida

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

**CERTIFIED
COPY**
000471

1 **APPEARANCES:**

2

3

4

MR. CHARLES VANCE LEONARD, Esquire
Harris & Leonard, PA
4615 Oleander Drive, Suite 202
Myrtle Beach, South Carolina 29577

5

6

and

7

8

MR. NATALE FATA, Esquire
Nate Fata, PA
Post Office Box 16620
Surfside Beach, South Carolina 29587
Appearing on behalf of the Plaintiff

9

10

11

12

MR. VAL H. STIEGLITZ, III, Esquire
Nexsen Pruet, LLC
Post Office Drawer 2426
Columbia, South Carolina 29202-2426
Appearing on behalf of the Defendant

13

14

15

16

17

18 **ALSO PRESENT:**

19 Kevin Peinkofer, Progressive

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

PAGE

KIMBERLY BRADEN

Direct Examination by Mr. Fata

4

- - -

E X H I B I T S

FOR IDENTIFICATION

Exhibit No. 2

22

Exhibit No. 3

13

- - -

1 Q How many claims do you handle in a month? Is it
2 more than 20?

3 A It's more than 20.

4 Q Is it more than 50?

5 A It's more than 50.

6 Q Do you have an estimate about how many claims you
7 handle a month?

8 A An estimate?

9 Q Yeah. Like more than 60, less than 100?

10 A Over a hundred.

11 Q And you've been adjusting claims for 18 months?

12 A Uh-huh.

13 Q Is that a yes?

14 A That's correct.

15 Q In your time of adjusting claims over the last 18
16 months, adjusting more than 100 claims a month, can you
17 recall any instance where you thought or determined that a
18 medical charge or expense was unreasonable?

19 A I don't recall.

20 Q Can you ever recall in the last 18 months of
21 adjusting claims for South Carolina claimants or any other
22 claimants whether you determined that a medical service was
23 not necessary?

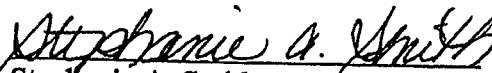
24 A I don't recall.

25 Q And South Carolina is one of the states you

THE CAPTION COMPANY, INC.
(904) 642-4464 - Fax (904) 642-9798 - Cell (904) 823-8179

7. I paid the Progressive insurance premium which includes a med pay benefit.
8. During the course of the litigation, I have been in contact with my counsel.
9. On many occasions I have seen Mr. Leonard and I have provided information to him. I have documented my experiences and have provided this information to my counsel.
10. I have been deposed by opposing counsel on two occasions.
11. I understand the nature of the claim and the dispute over the policy language "incurred".
12. The Court should certify the class because Progressive's systematic adjusting practices of reducing med pay benefits has been in place for several years and has affected over one thousand South Carolinians.
13. I can fairly and adequately protect the interests of the class. I have engaged lawyers who understand the insurance industry, insurance issues and who have successfully handled class actions in the past.
14. The Court should certify the class due to the nature of Progressive's practice, its systematic approach to handling med pay claims and the number of affected Class Members.

FURTHER AFFIANT SAYETH NOT.


Stephanie A. Smith

SWORN to before me on this
24th day of Oct., 2012.
Armeda J. Amos
Notary Public for South Carolina
My commission expires: 6/29/19.

4. Since 1997, I have been a member of the National Association of Consumer Advocates.

5. I am and have been a member of the South Carolina Trial Lawyers Association, South Carolina Association of Justice, South Carolina Bar, Horry County Bar, and Georgetown County Bar.

6. Since 1996 I have handled class actions and have been designated as class counsel by several courts, including the following:

- a. In Re: Heilig Meyers Master Trust Consumer Account Class Litigation, 4:01-4032-25; nationwide class settlement of more than 960,000 consumers whose accounts were mishandled by servicers of the Heilig Meyers Master Trust.
- b. Bone v. AT&T, C.A. No. 4:96-3527-12; nationwide settlement class of residential consumers of independent local exchange carriers who were solicited and switched to AT&T for optional long distance calling plans that were not available through the independent local exchange carrier.
- c. Gregory v. TranSouth, Case No. 98-CP-26-1581; statewide settlement class of consumers who were charged collateral protection insurance with excessive coverages.
- d. Hammond v. Horry County School District; Case No. 97-CP-26-2563; settlement class of local residents subjected to drainage/flood problems.
- e. Angus v. City of Myrtle Beach, Case No. 99-CP-26-4559, tried to verdict, and appealed to South Carolina Supreme Court obtaining favorable ruling for taxpayers; settlement class of taxpayers who were overtaxed in 1999-2000.
- f. Moyd v. Insteel Wire Products, Inc., Case No. 04-CP-22-997; settlement class of employees who were not paid accrued vacation time when the plant closed.
- g. Edwards v. SunCom, Case No. 02-CP-26-3539; litigated, appealed to South Carolina Supreme Court, and settled case involving the improper charging of early termination fees to approximately 6,000 South Carolina class members.
- h. Robinson v. Marion Hospital, Case No. 2007-CP-33-121; Class was certified in contested hearing and case settled for patients' whose health insurance claims were not processed.

7. I, along with co-counsel Charles V. Leonard was retained by Stephanie A. Smith in 2010 to review and prosecute the claims asserted in connection with the Defendants' underpayment of med pay benefits.

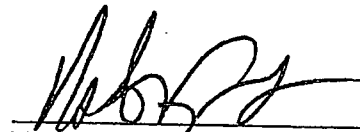
8. We have litigated this action for over two years and I am intimately familiar with the nature of the claims.

9. Common facts and issues concerning the Defendants' practice and policy interpretation make this case very suitable for class treatment. The named Plaintiff's claim is typical of those of the class. The named Plaintiff and her counsel can fairly and adequately protect the interests of the class due to their collective experience.

10. The Court should certify the class as all prerequisites of Rule 23 have been met.

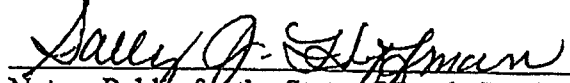
FURTHER AFFIANT SAYETH NAUGHT.

Executed: Surfside Beach, South Carolina
October 25, 2012



Nate Fata

SWORN to before me this 25th day
of October, 2012.



Notary Public for the State of South Carolina
My Commission Expires: 12-1-18

My commission expires:
December 1st, 2018
Sally J. Hoffman
Notary Public
State of South Carolina

STATE OF SOUTH CAROLINA
COUNTY OF HORRY

STEPHANIE A SMITH on behalf of herself and
all others similarly situated,

Plaintiff,

v.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE DIRECT
INSURANCE CO., PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY INSURANCE,

Defendants.

IN THE CIRCUIT COURT

Case No. 2010-CP-26-10502

AFFIDAVIT OF MICHAEL R. UTH

2011 DEC 14 PM 3:51
STEPHANIE HUGGINS-WARD
CLERK OF COURT
Horry County

I, Michael R. Uth, being first duly sworn under oath, depose and state that I am not less than 18 years of age, and have personal knowledge of the matters set forth in this Affidavit such that, if called to testify at a hearing or trial in this cause, I could truthfully and competently testify as follows:

1. I am an Associate General Counsel working on behalf of Progressive Casualty Insurance Company ("Progressive Casualty") and, in this capacity, I am personally familiar with Progressive Casualty's structure and corporate holdings, including parent companies, subsidiaries and affiliates. I am also familiar with the business records maintained by Progressive Casualty relating to its corporate structure. These business records are maintained in the course of Progressive Casualty's ordinary and regularly conducted business activity and, at the time such records were prepared, they were prepared from information recorded by persons with knowledge of Progressive Casualty's corporate structure and holdings.

2. Based on my personal knowledge in my capacity as an Associate General Counsel at Progressive Casualty, and based upon my review of Progressive Casualty's business records

relating to Progressive Casualty's corporate structure and holdings as set forth above, I have personal knowledge of the matters set forth below.

3. I am aware that the Plaintiff in this action is seeking to add Progressive Northern Insurance Company ("Progressive Northern") and United Financial Casualty Company ("United Financial") as defendants in the above-captioned matter. These companies are completely separate and distinct companies from Progressive Casualty, and also from Progressive Max Insurance Company ("Progressive Max") and Progressive Direct Insurance Company ("Progressive Direct"):

a) Each of the above listed companies is separately incorporated as a separate and distinct legal entity in the State of Ohio, with the exception of Progressive Northern, which is incorporated in the State of Wisconsin;

b) Each of the above listed companies is capitalized separately;

c) Each of the above listed companies has separate Officers and Directors;

d) Each of the above listed companies has its own separate ownership structure;

e) Each of the above listed companies submits its own separate financial audits;

f) Each of the above listed companies maintains its own financial statements;

g) Each of the above listed companies sets its own insurance reserves;

h) Each of the above listed companies maintains its own assets and liabilities; and

i) Each of the above listed companies underwrites and issues its own insurance policies and is only responsible for paying claims made under the policies it has issued.

4. Progressive Northern, United Financial, Progressive Max, Progressive Direct and Progressive Casualty all maintain separate and distinct bank and financial accounts.

5. The Plaintiff, Stephanie Smith, had a policy with Progressive Max – not with Progressive Direct, Progressive Northern, Progressive Casualty or United Financial. Thus, as evidenced by the attached drafts, it was Progressive Max that was responsible for and which made payments to Ms. Smith in connection with her MedPay claim. Each issuing company is responsible for paying the claims made under policies issued by that company.

6. Progressive Casualty adjusts claims for Progressive Max pursuant to an arm's length contract that has been approved by state regulators. It has separate and distinct contracts with Progressive Direct, Progressive Northern, and United Financial which were also negotiated at arm's length and approved by state regulators.

FURTHER AFFIANT SAYETH NOT.



Michael R. Uth

SWORN and subscribed to before me
this 9th day of December, 2011.

Margaret A. Rose (L.S.)

Notary Public for Ohio

My Commission Expires:

Margaret A. Rose
Notary Public - State of Ohio
My Commission Expires October 23, 2016
Recorded in Lake County

STATE OF SOUTH CAROLINA

COUNTY OF HORRY

STEPHANIE A SMITH on behalf of herself and
all others similarly situated,

Plaintiff,

v.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE DIRECT
INSURANCE CO., PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY INSURANCE,

Defendants.

IN THE CIRCUIT COURT

Case No. 2010-CP-26-10502

AFFIDAVIT OF PETER GOODCHILD

RECEIVED
CLERK OF COURT
JANUARY 17 PM 3:00
CASUALTY

Personally appeared before me, Peter Goodchild, who, being duly sworn, deposes and
says that:

1. I am employed by the Progressive Casualty Insurance Company ("Progressive")
as a Medical Supervisor in its National Medical Unit located in Jacksonville, Florida. I have been
employed by Progressive since 1999, and have worked as Medical Supervisor in the National
Medical Unit since it was formed in 2008.

2. The National Medical Unit processes and adjusts MedPay insurance claims on
policies issued by The Progressive Group of Insurance Companies ("The Progressive Group")
from 35 different States. The National Medical Unit is organized into several "teams," with each
team being responsible for adjusting claims from a specific group of States. I manage a team
that is responsible for 15 States, including South Carolina.

3. There are 14 adjusters working on my team.

4. I have become aware that counsel for the Plaintiff in the lawsuit referenced above wishes to take the depositions of 9 of the 14 adjusters who work on my team: Lisa Ashworth, Rhasida Murphy, Michael Hayes, Chris Miles, Melody White, Robert Cole, Megan Abubakar, Elbonye Dennis, and Lillian Felton. Each of these adjusters works in our office in Jacksonville, and I am personally familiar with the impact it would have on their work, and Progressive's work, were they to be forced to be deposed. None of these 9 adjusters worked on the Plaintiff's claim in this case. The adjuster who worked on the Plaintiff's claim was Dorothy Lange; Ms. Lange has already been deposed on her adjustment of the Plaintiff's claim. In addition, I have myself been deposed on the adjusting policies that the National Medical Unit follows in adjusting South Carolina MedPay claims, as well as the adjustment of the Plaintiff's claim.

5. It would affect our work at the National Medical Unit in the following ways if these 9 additional adjusters had to be deposed:

a) My group receives approximately 140 new claims every day. These claims must be logged in timely, and put into processing timely. If there is any significant delay in this process, then new claims begin to pile up on top of old claims, and our ability to handle claims timely is affected. Given the time that these 9 adjusters would have to be away from their work for deposition preparation and deposition time, I could envision us losing essentially a week's worth of work. During this time, claims would lay unattended, as other adjusters do not have the capacity to pick up untended claims from other people, plus it is important that claims be handled by people with knowledge and experience in the particular States involved. (In other words, we cannot simply interchange adjusters.)

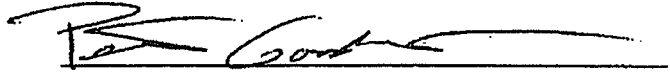
o) It is not unusual for an adjuster to commit to an insured that they will perform certain actions on a specific date. Every adjuster has a list of "commitments" for each day. For example, an adjuster may have committed to issue payment on a given day, or update the insured on a specific date, or interview a medical provider on a certain date. Being called away for depositions would make it impossible, or at least very much harder, for adjusters to meet these commitments to our insureds. Then, the past day's commitments would run into the next day's commitments and again make it more difficult to remain current with our insureds and our work-flow. This would affect everything from setting up a claim file, to collecting the information required to process a claim, to paying the claim.

c) Our adjusters are constantly dealing with insureds and others over the phone. These 9 adjusters would be unable to talk to insureds and others on matters relating to claims while out for depositions. This would create a serious customer-relations issue, as insureds legitimately expect to be able to call the person handling their claim and discuss the status, ask questions, answer questions, etc. It would send a very negative message for Progressive if we had insureds calling, and not being able to talk to their adjusters.

d) In order to deal with the back-up in our work-flow, we would have to pay our adjusters to work overtime. We would need to minimize one day's work running into the next day, and working overtime would be the only way to try to prevent this from happening. Overtime has an obvious financial impact upon Progressive, as it would have to pay the adjusters time-and-a-half for their overtime hours.

e) The 9 adjusters whom the Plaintiff's lawyer seeks to depose are not experienced in litigation. As their Supervisor, I would find it necessary to accompany them to

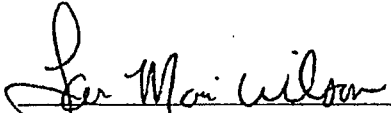
their depositions. This would take me away from my work for a substantial period as well, meaning that I would be unable to provide the support and make the decisions that are necessary in order for our claims process to keep working smoothly and efficiently.



Peter Goodchild

SWORN and subscribed to before me
this 2 day of November, 2011.



 (i.s.)

Notary Public for Florida

My Commission Expires: May 21, 2014

STATE OF SOUTH CAROLINA

COUNTY OF HORRY

STEPHANIE A SMITH on behalf of herself and
all others similarly situated,

Plaintiff,

v.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE DIRECT
INSURANCE CO., PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY INSURANCE,

Defendants.

IN THE CIRCUIT COURT

Case No. 2010-CP-26-10502

AFFIDAVIT OF DOROTHY LANGE

PERSONALLY APPEARED BEFORE ME, Dorothy Lange, who being first duly sworn,
deposes and says that:

1. I am employed by Progressive Casualty Insurance Company ("Progressive Casualty"). Beginning in 2008, until April, 2012, I was a claims adjuster in the Progressive Casualty National Medical Unit. I was part of a team of adjusters that adjusted MedPay claims from 15 States, including South Carolina. I reported to Medical Supervisor Peter Goodchild. Prior to joining the National Medical Unit, I had substantial claims adjusting experience, having worked in claims for Progressive since 2005.
2. I personally handled the adjustment of Plaintiff Stephanie Smith's MedPay claim, and made the payment decisions with respect to each of her medical bills.
3. I received one batch of medical bills from Ms. Smith's attorney in 2009, and a second batch in 2011. (A copy of the first batch is attached as Exhibit 1. A copy of the second batch is attached as Exhibit 2). After verifying coverage, I reviewed each bill individually before

making a payment decision. Ms. Smith was insured under a policy with Progressive Max. The Progressive Max policy provided coverage for reasonable medical expenses incurred as a result of an auto accident.

4. As used in the policy, an insured is considered to have "incurred" any sums that he or she pays out-of-pocket, any deductibles or co-pays, and any balances due to a medical provider. All such reasonable sums that are incurred are reimbursed to a MedPay claimant (up to the policy's limit, so long as all conditions to coverage are met and no exclusions apply). Further, if the insured carries his or her own private medical insurance (as Ms. Smith did), the amount that the private carrier pays to the medical provider is reimbursable as well.

5. When a claimant carries his or her own private medical insurance, the private insurer will usually have an arrangement with the provider under which the provider discounts charges. In this situation, the amount of the discount is not considered to be reimbursable, because the amount of the discount was not incurred by the MedPay claimant.

6. I applied these principles when I reviewed Ms. Smith's medical bills. Ms. Smith's attorney submitted bills or statements from: Doctor's Care; Conway ER Physicians; Conway Hospital, Inc.; Ocean Ambulatory Surgery Center; Strand Regional Specialty Associates; and NovaCare Rehabilitation. He also submitted receipts from CVS Pharmacy and Target Pharmacy. I reviewed each bill or statement individually. I approved for reimbursement every out-of-pocket payment that Ms. Smith was shown to have made, and all deductibles, co-pays, or balances due. I also approved reimbursement of all sums that the bills showed her private medical carrier (Blue Cross) having made to a provider. (An example would be the 4/14/09 statement from Strand Regional Specialty, attached as Exhibit 3. This bill shows a BCBS

payment to the provider of \$94.00. This sum was reimbursed). I approved reimbursement of all the pharmacy expenses.

7. Some of her bills showed that the charge for the medical service had been discounted, though, pursuant to an agreement between the provider and Ms. Smith's private medical insurer. (For example, the bill at Exhibit 3 shows a BCBS adjustment of \$88.00). I did not approve the amount of these discounts for reimbursement, as they were not expenses incurred by Ms. Smith. All other charges and expenses were paid.

8. In total, I approved, and Ms. Smith was paid, the sum of \$3,759.21. This total reflects all of the out-of-pocket expenses, deductibles, co-pays, and balances shown on the medical bills her attorney submitted; plus the amounts that the medical bills showed Blue Cross as having paid to her medical providers; plus her pharmacy expenses. Under the principles I described above, I viewed these as expenses she had incurred, and was therefore entitled to receive.

9. The approach I have been trained to take is not to leave our insured owing any provider anything (provided, of course, that they are covered and they have not exceeded their policy limits). This is the approach I took with Ms. Smith's claim. I have never been informed by Ms. Smith, her attorney, or any medical provider, that the sum she received on her claim was inadequate to cover all that she owed any medical provider for the treatment she received in connection with her February, 2009, auto accident.

Dorothy Lange
Dorothy Lange

SWORN and subscribed to before me
this 14 day of September, 2012.

Tami Marie Wilson (L.S.)
Notary Public for Florida

My Commission Expires: May 21, 2014

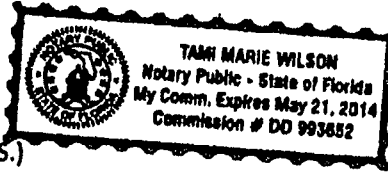


EXHIBIT 1

0020330

CONWAY ER PHYSICIANS
P O BOX 11870
WESTMINSTER, CA 92685-2350

888 814-1524
TAX ID208817905

THE BALANCE DUE ON THIS ACCOUNT IS VERY
DELINQUENT. PLEASE SEND A PAYMENT
TO OUR OFFICE IMMEDIATELY. THANK YOU.

ACCOUNT NO. 6022560-01

STATEMENT DATE 05/28/09

STEPHANIE A SMITH
4842 MEADOWSWEET DR APT 1312
MYRTLE BEACH, SC 29579

INSURANCE: SELF-PAY
POLICY ID: SYX846130898
BIRTHDATE: 11/27/62

DATE	PATIENT	DESCRIPTION	ICD9	AMOUNT
02/24/09	STEPHANIE 99283	MODERATE EXAM	7245	330.00
	ATTN DR: KOEHLER, JAN O, M.D.		REF DR: KOEHLER, JAN O, M.D.	

TOTAL CURRENT \$330.00

STEPHANIE SMITH (4684)
 4842 MBADOWSWHEET DR. APT. 1312

MYRTLE BEACH, SC 29579
 (843) 467-1048

Billing message: No message assigned

Trans date	Post date	Facility	Proc/jnl qc	Procedure / journal description	DX1	Provider	Amount	Due
04/09/09	04/10/09	OASC	62310	INJECTION, SINGLE (NOT VIA INE 723.4		SARB	920.00	0.00
04/09/09	04/10/09	OASC	BC W/O	BC W/O		SARB	441.00	0.00
04/14/09	04/14/09	OASC	PREPYMT	PRB-PYMT		SARB	47.90	0.00
04/30/09	04/30/09	OASC	BC PYMT	BC PYMT		SARB	431.10	0.00
04/23/09	04/27/09	OASC	62310	INJECTION, SINGLE (NOT VIA INE 723.4		SARB	920.00	0.00
04/23/09	04/27/09	OASC	BC W/O	BC W/O		SARB	441.00	0.00
04/28/09	04/28/09	OASC	PREPYMT	PRB-PYMT		SARB	47.90	0.00
05/13/09	05/13/09	OASC	BC PYMT	BC PYMT		SARB	431.10	0.00

Totals:	Charge:	1,840.00		
	Payment:	958.00	CP:	0.00
	Writeoff:	882.00	CW:	0.00
	Debit:	0.00	CD:	0.00
	Patient bal:	0		
	Account bal:	0		

CONWAY HOSPITAL, INC CONWAY HOSPITAL, INC 0012145 VAF010051092
 300 SINGLETON RIDGE RD PO BOX 829 M000441814 0131
 CONWAY SC 29526 CONWAY SC 29528 57 0314381022409 022409

STATE NAME: SC PATIENT ADDRESS: 4842 MEADOWSWEET DR APT 1312
 SMITH, STEPHANIE A MYRTLE BEACH SC 29579

11271962 F 022409 19 1 7:20 01 80 CS

01 022409

SMITH, STEPHANIE A
 4842 MEADOWSWEET DR APT 1312
 MYRTLE BEACH SC
 29579

42 REV. CL.	43 DESCRIPTION	44 HCPCS (RATE/PPS CODE)	45 SERV. DATE	46 SERV. UNITS	47 TOTAL CHARGES	48 NON-COVERED CHARGES	49
-------------	----------------	--------------------------	---------------	----------------	------------------	------------------------	----

1	0450	LEVEL II		1	37900		
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23	0001	PAGE 1 OF 1	CREATION DATE	031909	37900		0

INSURANCE BENEFITS
 ASSIGNED TO THIS HOSPITAL

40 PAYER NAME: 401 BLUE CROSS BLUE CARES70314381 41 HEALTH PLAN ID: 70314381 42 PAYOR TYPE: Y 43 PAYOR ID: 23133 44 EST. ACCOUNT NO: 0 45 INPATIENT ID: 570314381

46 MEMBER'S NAME: SMITH, STEPHANIE A 47 MEMBER'S ID: 8 48 MEMBER'S ID EXT: 846130898 49 GROUP NAME: 50 INSURANCE GROUP NO: 015245

51 TREATMENT AUTHORIZATION CODE: 52 DOCUMENT CONTROL NUMBER: 53 EMPLOYER NAME: SYSCO

54 84787 55 724R 56 B 57 C 58 D 59 E 60 F 61 G 62 H 63 I 64 J 65 K 66 L 67 M 68 N 69 O 70 P 71 Q 72 R

73 V714 74 B 75 D 76 C 77 P12A 78 RB19L 79 38489 80 C 81 26

82 1982665493 83 1GOTH00

84 LAST NAME: KORTLER 85 FIRST NAME: JAN

86 SEX: M 87 RACE: W 88 HAIR: B 89 EYES: B

90 RELIGION: 91 OTHER: 92 RACE: 93 HAIR: 94 EYES: 95 RELIGION:

96 OTHER: 97 RACE: 98 HAIR: 99 EYES: 100 RELIGION:

101 OTHER: 102 RACE: 103 HAIR: 104 EYES: 105 RELIGION:

106 OTHER: 107 RACE: 108 HAIR: 109 EYES: 110 RELIGION:

20090526003776

Progressive00464

000494

04/21/2009 11:32 SRSA Med Records

0012157 (FAX)8434972505

P.010/010

MAKE CHECKS PAYABLE TO:

Strand Regional Specialty Associates
PO Box 100523

Florence, SC 29501-0523

IF PAYING BY CREDIT CARD, FILL OUT BELOW		
CHECK CARD USING FOR PAYMENT		
<input type="checkbox"/> AMERICAN EXPRESS	<input type="checkbox"/> DISCOVER	<input type="checkbox"/> MASTERCARD <input type="checkbox"/> VISA
CARD NUMBER	AMOUNT	
SIGNATURE	EXP. DATE	
STATEMENT DATE	PAY THIS AMOUNT	ACCOUNT NBR
04/14/09	\$35.00	39697
SHOW AMOUNT PAID HERE		\$

STATEMENT

ADDRESSEE:

Smith, Stephanie
4842 Meadow Sweet Dr.
#1312
Myrtle Beach, SC 29579

REMIT TO:

Strand Regional Specialty Associates
PO Box 100523
Florence, SC 29501-0523

Please check box if above address is incorrect or insurance information has changed, and indicate change(s) on reverse side.

PLEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT
Call 800-741-6920
(609) 741-6920

DATE	DESCRIPTION OF SERVICE	AMOUNT	INSUR BALANCE	PATIENT BALANCE	BALANCE	
03/11/09	ENCOUNTER 64398 FOR STEPHANIE WITH SANDOZ MD, GEORGE M					
03/11/09	Credit Card - Patient Payment	\$35.00				
03/30/09	Echs Payment	\$94.00				
03/30/09	ENCOUNTER 72141 - MRI NECK SPINE W/O DYE	\$1,450.00	\$1,350.00			
	ENCOUNTER TOTAL	\$1,350.00	\$1,350.00	\$0.00	\$1,350.00	
04/02/09	ENCOUNTER 86860 - MUSCLE TEST, ONE LIMB	\$184.00	\$134.00			
04/02/09	86803 - MOTOR NERVE CONDUCTION TEST (QTY 2)	\$200.00	\$150.00			
04/02/09	95904 - SENSE NERVE CONDUCTION TEST (QTY 3)	\$270.00	\$270.00			
	ENCOUNTER TOTAL	\$654.00	\$554.00	\$100.00	\$654.00	
Thank you for your prompt payment.						
ACCOUNT NBR						
39697	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	TOTAL ACCOUNT BALANCE
	\$1,984.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,984.00

MESSAGE:
If you have questions or would like to make a payment by phone, please call 1-800-741-6920

PLEASE PAY THIS AMOUNT \$\$\$ \$35.00

** PAYMENT DUE UPON RECEIPT * THANK YOU **
STATEMENT

PAGE: 1

200905260003777

Progressive00478

000495

DOCTORS CARE - BEACH
PO BOX 890217
CHARLOTTE, NC 28289
803-782-6561

PRINTED 09:33:32am 09 Apr 2009
BY: BEACH.AR ERESVES
PAGE 1
TAX ID# 57-0769093

STEPHANIE SMITH (150213)
4842 MEADOWSWEET
NUMBER 1312
MYRTLE BEACH, SC 29579
843-467-1048

Patient	Seq	Date	Code	Description	Prov	FCL	Dx	Original	Batch	Ref
150213	1	02/24/09	99203	OFFICE OUTP	1424	3	847.0	142.00	31L02240	489
	2	02/24/09	1.1	CK#527 PAYM	1424	3		-20.00	31L02240	489
	4	03/12/09	3.3	{PMT} PAY -	1424	3		-83.74	14L03120	r90
	5	03/12/09	11.3	{45} CRED P	1424	3		-38.26	14L03120	r90
	6	03/12/09	41R	{3} \$20.00	1424	3		0.00	14L03120	r90
	3	03/02/09	insur	HCS-BLSB Balance				0.00		242
150213	7	02/24/09	A6023	COLL DRESSI Suspense Ba	1424	3	847.0	15.00 15.00	7L040709	511
Total								15.00		

DOCTOR..... TAX-ID..... FINANCIAL CLASS
 1424 BILLEN F HUBLER, NP-C 570769093 3 BLS / BLUE CROSS BLUE SHIELD

PATIENT NO. 150213 STEPHANIE SMITH DOB:11/27/1962 SEX:F 251-39-2217
 Insurance Company Group Id Number Insured
 BLS/BCBS ITS OUT O 015245 SYB46130898 150213,4842 MEADOWSWEET NU
 PATIENT NO. DOB: SEX:

EXHIBIT 2

MAKE CHECKS PAYABLE TO:

Strand Regional Specialty Associates
PO Box 100523

Florence, SC 29501-0523

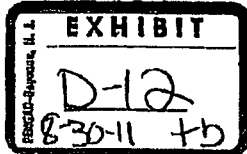
IF PAYING BY CREDIT CARD, FILL OUT BELOW
CHECK CARD USING FOR PAYMENT

AMERICAN EXPRESS DISCOVER MASTERCARD VISA

CARD NUMBER: _____ AMOUNT: _____
SIGNATURE: _____ EXP. DATE: _____

STATEMENT DATE: 09/21/09 PAY THIS AMOUNT: CONTINUED ACCOUNT NBR: 39697

SHOW AMOUNT PAID HERE \$ _____



STATEMENT

ADDRESSEE:

Smith, Stephanie
4842 Meadow Sweet Dr.
#1312
Myrtle Beach, SC 29579

REMIT TO:

Strand Regional Specialty Associates
PO Box 100523
Florence, SC 29501-0523

Please check box if above address is incorrect or insurance information has changed, and indicate change(s) on reverse side.


PLEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT
Call 800-741-6920
(800) 741-6920

DATE	DESCRIPTION OF SERVICE	AMOUNT	INSUR BALANCE	PATIENT BALANCE	BALANCE	
04/02/09	ENCOUNTER 56834 FOR STEPHANIE WITH SANDOZ, GEORGE M					
04/02/09	OFFICE OUTPATIENT VISIT					
04/15/09	Bcbs Adjustment	\$30.00				
04/16/09	Bcbs Payment	-\$31.00				
04/21/09	Transfer Credit	\$31.00				
08/09	Transfer Credit	-\$31.00				
02/09	95860 - MUSCLE TEST, ONE LIMB	\$400.00				
04/02/09	Check - Patient Payment	\$184.00				
04/16/09	Bcbs Adjustment	\$30.00				
04/16/09	Bcbs Payment	-\$87.00				
07/08/09	Transfer Credit	\$50.00				
04/02/09	95903 - MOTOR NERVE CONDUCTION TEST, ONE LIMB	\$47.00				
04/02/09	Check - Patient Payment	\$200.00				
04/16/09	Bcbs Adjustment	-\$50.00				
04/16/09	Bcbs Payment	-\$72.00				
03/08/09	Transfer Credit	-\$41.30				
04/02/09	95904 - SENSORY NERVE CONDUCTION TEST (QTY 3)	\$337.00				
04/16/09	Bcbs Adjustment	\$270.00				
04/16/09	Bcbs Payment	-\$13.00				
07/08/09	Transfer Credit	-\$137.70				
	ENCOUNTER TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	
04/09/09	ENCOUNTER 57656 FOR STEPHANIE WITH SARB, BARBARA L					
04/09/09	OFFICE OUTPATIENT VISIT					
04/20/09	Z Applied Encounter Credit	\$150.00				
05/07/09	Bcbs Adjustment	-\$139.00				
05/07/09	Bcbs Payment	-\$430.00				
07/08/09	Transfer Credit	-\$198.00				
07/08/09	Transfer Credit	\$102.00				
07/08/09	Transfer Credit	\$103.00				
ACCOUNT NBR	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	TOTAL ACCOUNT BALANCE
39697	\$0.00	\$0.00	\$0.00	\$0.00	\$25.80	\$25.80

JAGE:
if you have questions or would like to make a payment by phone, please call 1-800-741-6920

PLEASE PAY THIS AMOUNT CONTINUED

** PAYMENT DUE UPON RECEIPT * THANK YOU **
STATEMENT


 Strand Regional Specialty Associates
 PO BOX 100523
 FLORENCE, SC 29501-0523

Call 800-741-8920
 PAGE 1/2

IF PAYING BY MASTERCARD, DISCOVER, VISA OR AMERICAN EXPRESS, FILL OUT BELOW.

CHECK CARD USING FOR PAYMENT




MASTERCARD DISCOVER VISA AMERICAN EXPRESS

CARD NUMBER: _____ EXP. DATE: _____ * ID CODE: _____

NAME ON CARD: _____ SIGNATURE: _____

STATEMENT DATE: 07/30/09 PAY THIS AMOUNT: Continued ACCOUNT NUMBER: 39697

*LAST THREE DIGITS ON BACK OF CREDIT CARD

ADDRESSEE	PLEASE REMIT TO
QSC0730A AUTO 3-DIGIT 295 7000004254 01.0016.0257 3918/1   STEPHANIE SMITH 4842 MEADOW SWEET DR. #1312 MYRTLE BEACH, SC 29579	 STRAND REGIONAL SPECIALTY ASSOCIATES PO BOX 100523 FLORENCE SC 29502-0523

Please check box if address is incorrect or insurance information has changed, and indicate change(s) on reverse side.

PLEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT


STATEMENT

*IDENTIFICATION CODE: LAST THREE DIGITS ON BACK OF MC, DISCOVER, AND VISA AND A 4 DIGIT NUMBER PRINTED ABOVE ACCOUNT NUMBER ON THE FACE OF CARD

DATE	DESCRIPTION OF SERVICE	AMOUNT	INS. BAL	PAT. BAL	LINE ITEM BAL	
04/02/09	ENCOUNTER 56834 FOR STEPHANIE WITH SANDOZ, GEORGE M					
04/02/09	99213 - OFFICE/OUTPATIENT VISIT, EST	\$80.00				
04/16/09	Bcbs Adjustment	-\$31.00				
04/16/09	Bcbs Payment	-\$14.00				
04/21/09	Transfer Credit	-\$31.00				
07/08/09	Transfer Credit	-\$4.00				
04/02/09	98880 - MUSCLE TEST, ONE LIMB	\$184.00				
04/02/09	Check - Patient Payment	-\$50.00				
04/16/09	Bcbs Adjustment	-\$87.00				
04/16/09	Bcbs Payment	\$0.00				
07/08/09	Transfer Credit	-\$47.00				
04/02/09	95903 - MOTOR NERVE CONDUCTION TEST (QTY 2)	\$200.00				
04/02/09	Check - Patient Payment	-\$50.00				
04/16/09	Bcbs Adjustment	-\$72.00				
04/16/09	Bcbs Payment	-\$41.30				
07/08/09	Transfer Credit	-\$36.70				
04/02/09	95904 - SENSORY NERVE CONDUCTION TEST (QTY 3)	\$270.00				
04/16/09	Bcbs Adjustment	-\$117.00				
04/16/09	Bcbs Payment	-\$137.70				
07/08/09	Transfer Credit	-\$15.80				
	ENCOUNTER TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	
04/09/09	ENCOUNTER 57656 FOR STEPHANIE WITH SARB, BARBARA L					
04/09/09	62310 - INJECT SPINE C/T	\$850.00				
04/20/09	ZApplied Encounter Credit	-\$139.00				
05/07/09	Bcbs Adjustment	-\$430.00				
05/07/09	Bcbs Payment	-\$198.00				
07/08/09	Transfer Credit	\$10.20				
07/08/09	Transfer Credit	\$103.00				
07/08/09	Transfer Credit	\$3.80				
04/09/09	77003 - FLUOROGUIDE FOR SPINE INJECT	\$148.00				
05/07/09	Bcbs Adjustment	-\$108.00				
05/07/09	Bcbs Payment	-\$34.20				
CURRENT	30-60 DAYS	60-90 DAYS	90-120 DAYS	OVER 120 DAYS	TOTAL ACCOUNT BALANCE	DUE FROM PATIENT Continued
\$0.00	\$0.00	\$25.80	\$0.00	\$0.00	\$25.80	

If you have questions or would like to make a payment by phone, please call 1-800-741-6920

IF PAYING BY CHECKS PAYABLE TO:


 Strand Regional Specialty Associates
 PO BOX 100523
 FLORENCE, SC 29501-0523

Call 800-741-6920
 PAGE 2/2

IF PAYING BY MASTERCARD, DISCOVER, VISA OR AMERICAN EXPRESS, FILL OUT BELOW.

CHECK CARD USING FOR PAYMENT

MASTERCARD DISCOVER VISA AMERICAN EXPRESS

CARD NUMBER _____ EXP. DATE _____ ID CODE _____

NAME ON CARD _____ SIGNATURE _____

STATEMENT DATE: 07/30/09 PAY THIS AMOUNT: \$26.80 ACCOUNT NUMBER: 39897

LAST THREE DIGITS ON BACK OF CREDIT CARD: _____ SHOW AMOUNT PAID HERE \$ _____

ADDRESSEE

PLEASE REMIT TO

Q8C0730A AUTO 3-DIGIT 295
 7000004255 01.0016.0257 3918/3

STRAND REGIONAL SPECIALTY ASSOCIATES
 PO BOX 100523
 FLORENCE, SC 29501-0523

STEPHANIE SMITH
 4842 MEADOW SWEET DR. #1312
 MYRTLE BEACH, SC 29579

Please check box if address is incorrect or insurance information has changed, and indicate change(s) on reverse side.

PLEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT

STATEMENT

IDENTIFICATION CODE: LAST THREE DIGITS ON BACK OF MC, DISCOVER AND VISA AMER. 4 DIGIT NUMBER PRINTED ABOVE ACCOUNT NUMBER ON THE FACE OF CARD

DATE	DESCRIPTION OF SERVICE	AMOUNT	INS. BAL	PAT. BAL	LINE ITEM BAL
07/08/09	Transfer Credit	-3.80			
	ENCOUNTER TOTAL	\$0.00	\$0.00	\$0.00	\$0.00
04/23/09	ENCOUNTER 59983 FOR STEPHANIE WITH SARB, BARBARA L				
04/23/09	62310 - INJECT SPINE C/T.	\$650.00		\$22.00	
05/15/09	Bcbs Payment	-198.00			
05/15/09	Bcbs Adjustment	-430.00			
04/23/09	77003 - FLUOROGUIDE FOR SPINE INJECT	\$146.00		\$3.80	
05/15/09	Bcbs Payment	-34.20			
05/15/09	Bcbs Adjustment	-108.00			
	ENCOUNTER TOTAL	\$25.80	\$0.00	\$25.80	\$25.80
Thank You For Your Prompt Payment Your account is 60 days past due.					
CURRENT	30-60 DAYS	60-90 DAYS	90-120 DAYS	OVER 120 DAYS	TOTAL ACCOUNT BALANCE
\$0.00	\$0.00	\$25.80	\$0.00	\$0.00	\$25.80
					DUPLICATE PATIENT
					\$25.80

03/29/2010 11:15 SRSA Med Records

(FAX)8434972505

P.002/005

MAKE CHECKS PAYABLE TO:

Strand Regional Specialty Associates
PO Box 100523

Florence, SC 29501-0523

IF PAYING BY CREDIT CARD, FILL OUT BELOW

CHECK CARD USING FOR PAYMENT

AMERICAN EXPRESS DISCOVER MASTERCARD VISA

CARD NUMBER	AMOUNT	
SIGNATURE	EXP. DATE	
STATEMENT DATE	PAY THIS AMOUNT	ACCOUNT NBR
02/22/10	\$0.00	39697
SHOW AMOUNT PAID HERE		\$

STATEMENT

ADDRESSEE:

Smith, Stephanie
4842 Meadow Sweet Dr.
#1312
Myrtle Beach, SC 29579

REMIT TO:

Strand Regional Specialty Associates
PO Box 100523
Florence, SC 29501-0523

Please check box if above address is incorrect or insurance information has changed, and indicate change(s) on reverse side.

PLEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT
Call 800-741-6920
(800) 741-6920

DATE	DESCRIPTION OF SERVICE	AMOUNT	INSUR BALANCE	PATIENT BALANCE	BALANCE	
05/19/09	ENCOUNTER 81802 FOR STEPHANIE WITH SANDOZ, GEORGE M					
05/19/09	89213 - OFFICE/OUTPATIENT VISIT, EST	\$80.00				
05/19/09	Credit Card - Patient Payment	-\$35.00				
10/15/09	Bcbs Adjustment	-\$31.00				
10/4/09	Bcbs Payment	-\$14.00				
	ENCOUNTER TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	
10/02/09	ENCOUNTER 87965 FOR STEPHANIE WITH SANDOZ, GEORGE M					
10/02/09	89213 - OFFICE/OUTPATIENT VISIT, EST	\$80.00				
10/02/09	Credit Card - Patient Payment	-\$35.00				
10/15/09	Bcbs Adjustment	-\$31.00				
10/4/09	Bcbs Payment	-\$14.00				
	ENCOUNTER TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	
Thank You						
ACCOUNT NBR	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	TOTAL ACCOUNT BALANCE
39697	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

MESSAGE:

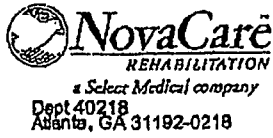
If You Have Questions Or Would Like To Make A Payment By Phone, Please Call
1-800-741-6920

PLEASE PAY
THIS AMOUNT \$\$\$ \$0.00

** PAYMENT DUE UPON RECEIPT * THANK YOU **
STATEMENT

PAGE: 1

000502



CHECK CARD USING FOR PAYMENT

MASTERCARD DISCOVER VISA AMERICAN EXPRESS

CARD NUMBER: _____ AMOUNT: _____

SIGNATURE: _____ EXP. DATE: _____

STATEMENT DATE: 09/18/09 PAY THIS AMOUNT: 81.66 ACCT. #: 610243635

SHOW AMOUNT PAID HERE \$ _____

0101

PATIENT NAME: Stephanie A Smith

Due Date: 10/08/09

821HC01

STEPHANIE A SMITH
4842 MEADOWSWEET DR APT 1312
MYRTLE BEACH, SC 29579-6621



Select Physical Therapy Holdings, Inc
Dept 40218
Atlanta, GA 31192-0218



Please check box if above address is incorrect or insurance information has changed, and indicate change(s) on reverse side.

STATEMENT

PLEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT

DESCRIPTION OF ACTIVITY	CHARGES	PATIENT PAYMENTS	INSURANCE PAYMENTS	ACCOUNT ADJUSTMENTS	INSURANCE BALANCE	PATIENT BALANCE
Visit - Murrells-SC 03-26-2009	214.00	0.00	0.00	144.12	0.00	70.88
Visit - Murrells-SC 03-31-2009	195.00	0.00	61.10	123.12	0.00	10.78
					INSURANCE BALANCE	0.00
					PATIENT BALANCE	81.66

For inquiries, please contact us by e-mail at KOPCBOCS@SELECTMEDICALCORP.COM or by phone at 800-739-6682. For account inquiries by e-mail, your account number, date of birth and home telephone number are required for identification purposes.

Si tiene alguna pregunta, por favor comuníquese con nosotros por correo electrónico a: KOPCBOCS@SELECTMEDICALCORP.COM o por teléfono al 800-739-6682. Para preguntas sobre su cuenta a través del correo electrónico, su número de cuenta, fecha de nacimiento y número telefónico del hogar se requieren para propósitos de identificación.

37-NVCRSTMT-327684-449389852-P; 2061897-2-372; 30256409-1; 372

Ref, it may be
Consult your

RITE AID STORE # 11636
5001 SOCASTEE BLVD.
MYRTLE BEACH SC 29588

(843) 293-6066
Store DEA: BR5386693
RPH: JKB

Rx 11636 0071116

Date Filled: 04/15/2009

; diclofenac
ation, consult
eter (8 ounces
at least 30
zw, or break
rease side
; with food,
specially if you
medical
bleeding), use
time. Do not
s such as
nefits with
to 2 weeks of
is drug on an
work best if
nilcantly
ion worsens.

SMITH, STEPHANIE
Date of Birth: 11/27/1962
4842 MEADOWSWEET DR
MYRTLE BEACH, SC 29579

(843) 467-1048

DICLOFENAC SOD EC 50 MG TAB

DAW: 0

NDC: 00591-0338-01 QTY: 60

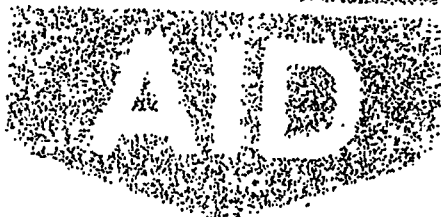
DAYS SUPPLY: 30

GEORGE M SANDOZ MD

2370 W. EXPRESS CIR. STE 103
CONWAY, SC 29524

REFILL TIMES UNTIL 04/10/2010

NO PRESCRIPTIONS - B# 51002
ORP: S23003A CLMTRF# FIDR WX



ation,
scis persist or
has
is greater
rious side
ffects occur:
explained
ood changes
g. Tell your
ange in the
nt sore
ossibly fatal)
cts, stop
ine,
vomiting. A
at attention if
elling
is not a
ve, contact
ts. In the US,
FDA-1088.

UAC: \$48.99
PAY: \$10.00

MEDICATION WARNINGS

Table with multiple columns and rows of text, mostly illegible due to heavy noise and low resolution. The text appears to be a list of medication warnings.

or to aspirin or
llergies. This
sing this
ma (a history
IDs), recent

RJTB AID STORE # 11636
5001 SOCASTEE BLVD.
MYRTLE BEACH SC 29588

(843) 293-6066
Store DEA: BR5386695
RPH: JKB

Rx 11636 6071118

Date Filled: 04/15/2009

SMITH, STEPHANIE
Date of Birth: 11/27/1962
4842 MEADOWSWERT DR
MYRTLE BEACH, SC 29579

(843) 467-1048

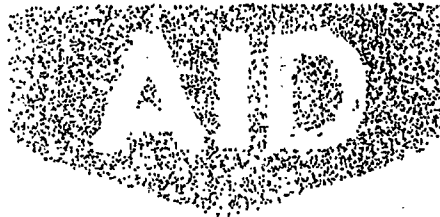
METHOCARBAMOL 500 MG TABLET DAW: 0
NDC: 00603-4485-21 QTY: 90 DAYS SUPPLY: 30

GEORGE M SANDOZ MD

2376 GYBESS CIR STE 103
CONWAY, SC 29524

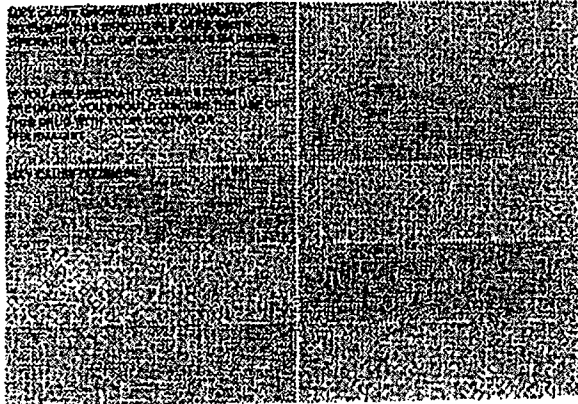
REFILL 4 TIMES UNTIL 03/10/2010

PAID PRESCRIPTIONS - BIN # 10014
GR # 875003A CE # 00883T



U&C \$34.99
PAY \$10.00

MEDICATION WARNINGS



D: 2008-10-12 AL 2009-01-02
T: 2008-10-29 P: 2008-04-30



Guest: Stephanie Smith
Rc: 6635904-0963
Phone: (843) 467-1048
Add'l Info:

208-00-0001 109-0008 000400 D03 Retail Value: \$4.00
6635904-0963 03/01/09

TARGET PHARMACY

1150 Seaboard St Myrtle Beach, SC 29577

Rc: 6635904-0963
Stephanie Smith
NDC: 00591-3256-01
PAI
N7QQPK

Date Filled: 03/01/09
4842 Meadowswood Dr Myrtle Beach, SC 295796621
CYCLOBENZAPR 5 MG
Jan Koehler MD
Refills: No

****NEW****

(843) 467-1048
Qty: 15
DS: 5
NCPDP: 4225719
Rx NPI: 1699797340

Amt. Due: \$4.00

TARGET PHARMACY

1150 Seaboard St Myrtle Beach, SC 29577

Rc: 6635904-0963
Stephanie Smith
NDC: 00591-3256-01
PAI
N7QQPK

Date Filled: 03/01/09
4842 Meadowswood Dr Myrtle Beach, SC 295796621
CYCLOBENZAPR 5 MG
Jan Koehler MD
Refills: No

****NEW****

(843) 467-1048
Qty: 15
DS: 5
NCPDP: 4225719
Rx NPI: 1699797340

Amt. Due: \$4.00

DUPLIK RECEIPT

Retail Value: \$4.00

Enroll Auto-Refill? Y N
Other Rx? _____
Date Filled: 03/01/09

IF YOU
th. If dry
WAE
BEFORE
k with
ELDERLY

ing
OR WILL
rmaidt
bde
y, and
CONTACT
-irregular
ss
buble
ely, but
le rash,
-listed
gency
onfusion
iness,

ADDITIONAL INFORMATION: DO NOT SHARE THIS MEDICINE with others for whom it was not prescribed. DO NOT USE THIS MEDICINE for other health conditions. KEEP THIS MEDICINE OUT of the reach of children.

The information in this monograph is not intended to cover all possible uses, directions, precautions, drug interactions, or adverse effects. This information is generalized and is not intended as specific medical advice. If you have questions about the medicines you are taking or would like more information, check with your doctor, pharmacist, or nurse. Copyright 2009 Workers Kluwer Health, Inc. All rights reserved. Database Edition 09.1 Information Expires March 25, 2009

Copyright © 2009 Workers Kluwer Health, Inc. All rights reserved. Database Edition 09.1 expires 03/25/2009

Call your doctor for medical advice about side effects.
You may report side effects to FDA at 1-800-FDA-1088.

If you have any questions or concerns regarding your prescription, contact your Target Pharmacy at (843) 626-5034, between the hours of Mon-Fri 9am-9pm, Sat 9am-6pm, Sun 9am-6pm

TARGET PHARMACY
1150 Seaboard St Myrtle Beach, SC 29577
(843) 626-5034

D:2008-10-11 M:2009-01-02
T:2009-10-29 P:2009-04-30

Guest: Stephanie Smith
Rc: 6636385-0963
Phone: (843) 467-1048
Addtl Info:

Enroll Auto-Refill? Y N
Other Rx? _____
Date Filled: 03/11/09

208-00-0001 109-1225 001000 00 9 Retail Value: \$40.49 6636385-0963 03/11/09

TARGET PHARMACY (843)626-5034 **NEW**
1150 Seaboard St Myrtle Beach, SC 29577
Rc: 6636385-0963 Date Filled: 03/11/09
Stephanie Smith 4842 Meadowswood Dr Myrtle Beach, SC 295796621 (843) 467-1048
NDC: 00781-1787-60 DICLOFENAC 50 MG EC Qty: 60
PAI Dr. George Sandoz DS: 30
0EW1R9F Refills: 5 Thru 03/11/10 NCPDP: 4225719
Rx NPI: 1699797340
208-00-0001 109-1225 001000 00 9 Retail Value: \$40.49 Amt. Due: \$10.00

TARGET PHARMACY (843)626-5034 **NEW**
1150 Seaboard St Myrtle Beach, SC 29577
Rc: 6636385-0963 Date Filled: 03/11/09
Stephanie Smith 4842 Meadowswood Dr Myrtle Beach, SC 295796621 (843) 467-1048
NDC: 00781-1787-60 DICLOFENAC 50 MG EC Qty: 60
PAI Dr. George Sandoz DS: 30
0EW1R9F Refills: 5 Thru 03/11/10 NCPDP: 4225719
Rx NPI: 1699797340
DUPLICATE RECEIPT Retail Value: \$40.49 Amt. Due: \$10.00

Waking losages are
medicative,
ing booths
side for a
be more
structure of
in death. If
I MILK, if
made to
arises, pas,
with your
ching.
f appetite
stings
sudden
that looks
wing of the
severe or
or beatings
for if
fing, if you
stably,
DO NOT
IF USING

Interactions, or adverse effects. This information is generalized and is not intended as specific medical advice. If you have questions about the medicine you are taking or would like more information, check with your doctor, pharmacist, or nurse. Copyright 2009 Watson-Kieler Health, Inc. All rights reserved. Database Edition 091. Information Expires March 25, 2009

Copyright 2009 Watson-Kieler Health, Inc. All rights reserved. Database Edition 091. Expires 03/25/2009

Call your doctor for medical advice about side effects.
You may report side effects to FDA at 1-800-FDA-1088.

If you have any questions or concerns regarding your prescription, contact your Target Pharmacy at (843)626-5034, between the hours of: Mon-Fri 9am - 9pm, Sat 9am - 6pm, Sun 9am - 6pm

TARGET PHARMACY (843)626-5034
1150 Seaboard St Myrtle Beach, SC 29577

000509

Dr: 2005-10-13 M: 2009-01-02
 11:2005-10-13 P: 2009-04-30
 208-00-0001 109-1223 001000 00 4
 Retail Value: \$32.99

Guest: Stephanie Smith
 Rx: 4405845-0963
 Phone: (843) 467-1048
 Add'l Info:

TARGET PHARMACY (843)626-5034
 1150 Seaboard St. Myrtle Beach, SC 29577

Rx: 4405845-0963 Date Filled: 03/11/09
 Stephanie Smith 4842 Meadowswood Dr Myrtle Beach, SC 295796621 (843) 467-1048
 NDC: 00406-0363-01 HYDROCO/APAP 10-500 Qty: 60
 PAI Dr. George Sandoz DS: 15
 HFLKWL1 Refills: No NCPDP: 4225719
 Rx NPI: 1699797340
 208-00-0001 109-1223 001000 00 4 Retail Value: \$32.99 Amt. Due: \$10.00

TARGET PHARMACY (843)626-5034
 1150 Seaboard St. Myrtle Beach, SC 29577

Rx: 4405845-0963 Date Filled: 03/11/09
 Stephanie Smith 4842 Meadowswood Dr Myrtle Beach, SC 295796621 (843) 467-1048
 NDC: 00406-0363-01 HYDROCO/APAP 10-500 Qty: 60
 PAI Dr. George Sandoz DS: 15
 HFLKWL1 Refills: No NCPDP: 4225719
 Rx NPI: 1699797340 Amt. Due: \$10.00

DI DATE RECEIPT Retail Value: \$32.99

Enroll Auto-Refill? Y N
 Other Rx? _____
 Date Filled: 03/11/09

doctor. DO NOT SHARE THIS MEDICINE with others for whom it was not prescribed. DO NOT USE THIS MEDICINE for other health conditions. KEEP THIS MEDICINE out of the reach of children and pets.
 This information in this monograph is not intended to cover all possible uses, directions, precautions, drug interactions, or adverse effects. This information is generalised and is not intended as specific medical advice. If you have questions about the medicines you are taking or would like more information, check with your doctor, pharmacist, or nurse. Copyright 2009 Wolters Kluwer Health, Inc. All rights reserved. Database Edition 09.1 Information Expires March 25, 2009

Copyright 2009 Wolters Kluwer Health, Inc. All rights reserved. Database Edition 09.1 expires 03/25/2009

Call your doctor for medical advice about side effects.
 You may report side effects to FDA at 1-800-FDA-1088.

If you have any questions or concerns regarding your prescription, contact your Target Pharmacy at (843)626-5034, between the hours of: Mon-Fri 9am-9pm, Sat 9am-6pm, Sun 9am-6pm

TARGET PHARMACY (843)626-5034
 1150 Seaboard St Myrtle Beach, SC 29577

D: 2005-10-12 M: 2009-01-02
 T: 2008-10-29 P: 2009-04-30
 208-00-0001 109-1224 001000 002 Retail Value: \$29.99 6636384-0963 03/11/09

Guest: Stephanie Smith
 RxC: 6636384-0963
 Phone: (843) 467-1048
 Add'l Info:

Enroll Auto-Refill: Y N
 Other RxC: _____
 Date Filled: 03/11/09

D P N
 D P N
 D P N

TARGET PHARMACY (843)626-5034 **NEW**
 1150 Seaboard St. Myrtle Beach, SC 29577
 RxC: 6636384-0963 Date Filled: 03/11/09
 Stephanie Smith 4842 Meadowswood Dr Myrtle Beach, SC 295796021 (843) 467-1048
 NDC: 00603-4485-21 METHOCARBAM 500 MG Qty: 90
 PAI Dr. George Sandoz DS: 30
 S19KAKF Refills: 5 Thru 03/11/10 NCPDP: 4225719
 Rx NPI: 1699797340
 208-00-0001 109-1224 001000 002 Retail Value: \$29.99 Amt. Due: \$10.00

TARGET PHARMACY (843)626-5034 **NEW**
 1150 Seaboard St. Myrtle Beach, SC 29577
 RxC: 6636384-0963 Date Filled: 03/11/09
 Stephanie Smith 4842 Meadowswood Dr Myrtle Beach, SC 295796021 (843) 467-1048
 NDC: 00603-4485-21 METHOCARBAM 500 MG Qty: 90
 PAI Dr. George Sandoz DS: 30
 S19KAKF Refills: 5 Thru 03/11/10 NCPDP: 4225719
 Rx NPI: 1699797340

DUPLICATE RECEIPT Retail Value: \$29.99 Amt. Due: \$10.00

Call your doctor for medical advice about side effects.
 You may report side effects to FDA at 1-800-FDA-1088.

If you have any questions or concerns regarding your prescription, contact your Target Pharmacy at (843)626-5034, between the hours of Mon-Fri 9am-9pm, Sat 9am-6pm, Sun 9am-6pm

TARGET PHARMACY (843)626-5034
 1150 Seaboard St. Myrtle Beach, SC 29577

000511

EXHIBIT 3

04/21/2009 11:32 SRSA Med Records

0012157 (FAX)8434972505

P.010/010

MAKE CHECKS PAYABLE TO:

Strand Regional Specialty Associates
PO Box 100523

Florence, SC 29501-0523

IF PAYING BY CREDIT CARD, FILL OUT BELOW		
CHECK CARD USING FOR PAYMENT		
<input type="checkbox"/> AMERICAN EXPRESS	<input type="checkbox"/> DISCOVER	<input type="checkbox"/> MASTERCARD
<input type="checkbox"/> VISA	<input type="checkbox"/> VISA	
CARD NUMBER	AMOUNT	
SIGNATURE	EXP. DATE	
STATEMENT DATE	PAY THIS AMOUNT	ACCOUNT NBR
04/14/09	\$35.00	39697
SHOW AMOUNT PAID HERE		\$

STATEMENT

ADDRESSEE:

Smith, Stephanie
4842 Meadow Sweet Dr.
#1312
Myrtle Beach, SC 29579

REMIT TO:

Strand Regional Specialty Associates
PO Box 100523
Florence, SC 29501-0523

Please check box if above address is incorrect or insurance information has changed, and indicate change(s) on reverse side.

PLEASE DETACH AND RETURN TOP PORTION WITH YOUR PAYMENT
Call 864-741-8920
(800) 741-8920

DATE	DESCRIPTION OF SERVICE	AMOUNT	INSUR BALANCE	PATIENT BALANCE	BALANCE	
03/11/09	ENCOUNTER 54388 FOR STEPHANIE WITH SANDOZ MD, GEORGE M	\$35.00				
03/11/09	Credit Card - Patient Payment	-35.00				
03/30/09	Echs Payment	-594.00				
03/30/09	ENCOUNTER 72141 - MRI NECK SPINE W/O DYE	\$1,450.00	\$1,350.00			
03/30/09	ENCOUNTER TOTAL	\$1,350.00	\$1,350.00	\$0.00	\$1,350.00	
04/02/09	ENCOUNTER 56834 FOR STEPHANIE WITH SANDOZ MD, GEORGE M	\$184.00	\$134.00			
04/02/09	85860 - MUSCLE TEST, ONE LIMB	\$200.00	\$150.00			
04/02/09	85903 - MOTOR NERVE CONDUCTION TEST (QTY 2)	\$270.00	\$270.00			
04/02/09	85904 - SENSE NERVE CONDUCTION TEST (QTY 3)					
04/02/09	ENCOUNTER TOTAL	\$584.00	\$559.00	\$25.00	\$634.00	
THANK YOU FOR YOUR PATIENT SERVICE						
ACCOUNT NBR						
39697	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	TOTAL ACCOUNT BALANCE
	\$1,984.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,984.00

MESSAGE:
If you have questions or would like to make a payment by phone, please call 1-800-741-8920

PLEASE PAY THIS AMOUNT \$35.00

** PAYMENT DUE UPON RECEIPT * THANK YOU **
STATEMENT

PAGE: 1

200905260003777

Progressive00478

000514

VOID IF NOT PRESENTED WITHIN 6 MONTHS AFTER DATE OF ISSUE

Policy # 55010273 -000	Insured SMITH, STEPHANIE	Date Issued 10/19/2011	Area Code 059	Draft Number 471989474	56-389 412
1 # 06743	Claimant SMITH, STEPHANIE	Date of Loss 2/23/2009	State Code SC	Office Issued At FL-NMED2-GRP-	PAC

Dollars \$*****1,272.54

Pay ONE THOUSAND TWO HUNDRED SEVENTY TWO AND 54/100

In Payment Of MEDPAY REIMBURSEMENT, ATTORNEY DEMAND	CDS CODE 02PCL
--	-------------------

Payable through **PNC Bank, N.A. 070**
Ashland, Ohio 1-877-448-9544

Progressive Max Insurance Company

Pay STEPHANIE A SMITH (ONLY)
To C/O HARRIS AND LEONARD PA
The 4615 OLEANDER DR #202
Order MYRTLE BEACH SC 29577
Of

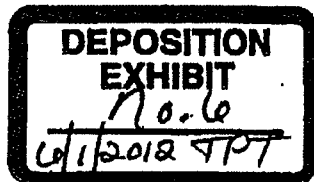
By *April Bandy*
Authorized signature

⑈471989474⑈ ⑆041203895⑆ 4239694508⑈

RECEIVED

OCT 24 2011

HARRIS & LEONARD, PA
Myrtle Beach, SC



Progressive Group of Insurance Companies
 PO Box 512926
 Los Angeles, CA 90051
 Phone: 1.888.737.0535

Claim Number: 094506743-02
 Patient: SMITH, STEPHANIE A (11/27/1962)
 Date of Loss: 02/23/2009
 Policyholder: SMITH, STEPHANIE
 Policy Number: 55010273
 State of Jurisdiction: SC
 Coverage Type: Medical Payments Coverage

Date Received: 09/29/2011
 Bill #: 25250894

Provider:
 ATTY DEMAND
 PO BOX 512926
 LOS ANGELES, CA 90051

Specialty: HOSP Hospital
 TIN: 05-0505050
 Region: 900
 ZIP of Service: 90051

Diagnosis: 1). E819.0 MOTOR VEHICLE TRAFFIC ACCIDENT OF UNSPECIFIED NATURE INJURING DRIVER OF MOTOR VEHICLE OTHER THAN MOTORCYCLE

Date of Service	Line	POS	Proc. Code	Modifier	Units	Amount Charged	Amount Allowed	Explanation Codes
04/02/2009	1	11	99213		1	80.00	0.00	X563
04/16/2009	2	11	M9999		1	14.00	14.00	
04/02/2009	3	11	95860		1	184.00	0.00	X563
	4	11	M9999		1	50.00	50.00	
04/16/2009	5	11	M9999		1	0.00	0.00	
04/16/2009	6	11	95903		1	200.00	0.00	X563
	7	11	M9999		1	50.00	50.00	
04/16/2009	8	11	M9999		1	41.30	41.30	
04/02/2009	9	11	95904		1	270.00	0.00	X563
04/16/2009	10	11	M9999		1	137.70	137.70	
04/09/2009	11	11	62310		1	650.00	0.00	X563
05/07/2009	12	11	M9999		1	198.00	198.00	
04/09/2009	13	11	M9999		1	139.00	139.00	
	14	11	77003		1	146.00	0.00	X563
05/07/2009	15	11	M9999		1	34.20	34.20	
04/23/2009	16	11	62310		1	650.00	0.00	X563
05/15/2009	17	11	M9999		1	198.00	198.00	
04/23/2009	18	11	77003		1	146.00	0.00	X563
05/18/2009	19	11	M9999		1	34.20	34.20	
04/23/2009	20	11	M9999		1	25.80	25.80	
05/19/2009	21	11	99213		1	80.00	0.00	X563
	22	11	M9999		1	35.00	35.00	
06/04/2009	23	11	M9999		1	14.00	14.00	
10/02/2009	24	11	99213		1	80.00	0.00	X563
	25	11	M9999		1	35.00	35.00	
10/15/2009	26	11	M9999		1	14.00	14.00	
03/26/2009	27	11	97001		1	120.00	0.00	X563
	28	11	97014		1	40.00	0.00	X563

This is not a bill.

Date: 10/19/2011 Adjuster: LANGE, DOROTHY Phone: 888-737-0535 Fax: 877-213-7258
 CPT five digit codes and/or nomenclature are Copyright© 1995-2010 American Medical Association. All Rights Reserved.

Account Number: 094506743-02
 Patient: SMITH, STEPHANIE A (11/27/1962)
 Date of Loss: 02/23/2009
 Policyholder: SMITH, STEPHANIE
 Policy Number: 55010273
 State of Jurisdiction: SC
 Coverage Type: Medical Payments Coverage

Date Received: 09/29/2011
 Bill #: 25250894

Date of Service	Line	POS	Proc. Code	Modifier	Units	Amount Charged	Amount Allowed	Explanation Codes
03/28/2009	29	11	97140		1	55.00	0.00	X563
03/31/2009	30	11	97014		1	40.00	0.00	X563
	31	11	97110		1	45.00	0.00	X563
	32	11	97140		1	110.00	0.00	X563
04/14/2009	33	11	M9999		1	61.10	61.10	
11/12/2009	34	11	M9999		1	81.86	81.86	
04/25/2009	35	11	RXOXY		1	10.00	10.00	
	36	11	RXOCY		1	11.38	11.38	
04/15/2009	37	11	RXDIC		1	10.00	10.00	
	38	11	RXMET		1	10.00	10.00	
03/01/2009	39	11	RXIBU		1	4.00	4.00	
	40	11	RXCYCL		1	4.00	4.00	
	41	11	RXHYDR		1	10.00	10.00	
03/11/2009	42	11	RXDIC		1	10.00	10.00	
	43	11	RXHYDR		1	10.00	10.00	
	44	11	RXMETH		1	10.00	10.00	
03/18/2009	45	11	RXAMR		1	20.00	20.00	
Totals:						\$4,168.54	\$1,272.54	

Explanations:

X563. The remaining portion of this bill has been paid by the patient's healthcare insurance.

Comments

ALLOW PAYMENTS FOR WHAT HEALTH INSURANCE PAID PLUS COPAY'S OR PAYMENTS

Procedure Guide:

- 32310 Injection, single (not via indwelling catheter), not including neurolytic substances, with or without contrast (for either localization or epidurography), of diagnostic or therapeutic substance(s) (including anesthetic, antispasmodic, opioid, steroid, other solution), epidural or subarachnoid; cervical or thoracic
- 77003 Fluoroscopic guidance and localization of needle or catheter tip for spine or paraspinal diagnostic or therapeutic injection procedures (epidural, transforaminal epidural, subarachnoid, paravertebral facet joint, paravertebral facet joint nerve, or sacroiliac joint), including neurolytic agent destruction
- 35860 Needle electromyography; one extremity with or without related paraspinal areas
- 35903 Nerve conduction, amplitude and latency/velocity study, each nerve; motor, with F-wave study
- 35904 Nerve conduction, amplitude and latency/velocity study, each nerve; sensory
- 37001 Physical therapy evaluation
- 37014 Application of a modality to 1 or more areas; electrical stimulation (unattended)
- 37110 Therapeutic procedure, one or more areas, each 15 minutes; therapeutic exercises to develop strength and endurance, range of motion and flexibility
- 37140 Manual therapy techniques (eg, mobilization/ manipulation, manual lymphatic drainage, manual traction), one or more regions, each 15 minutes

This is not a bill.

Progressive Group of Insurance Companies
PO Box 512926
Los Angeles, CA 90051
Phone: 1.888.737.0535

Page: 3

Policy Number: 094506743-02
Insured: SMITH, STEPHANIE A (11/27/1962)
Date of Loss: 02/23/2009
Policyholder: SMITH, STEPHANIE
Policy Number: 55010273
State of Jurisdiction: SC
Coverage Type: Medical Payments Coverage

Date Received: 09/29/2011
Bill #: 25250894

Procedure Guide Continued:

99213 Office or other outpatient visit for the evaluation and management of an established patient, which requires at least two of these three key components: an expanded problem focused history; an expanded problem focused examination; medical decision making of low complexity. Counseling and coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the presenting problem(s) are of low to moderate severity. Physicians typically spend 15 minutes face-to-face with the patient and/or family.

99999 Miscellaneous (The Procedure Code is provided as a reference number due to no available, correlating CPT/HCPCS codes to describe this service. This Procedure Code was developed by Mitchell Medical)

RXAMR
RXCYCL
RXDIC
RXHYDR
RXIBU
RXMET
RXMETH
RXOCY
RXOXY

Place of Service Guide:

11 Office

This is not a bill.

Date: 10/19/2011 Adjuster: LANGE, DOROTHY Phone: 888-737-0535 Fax: 877-213-7258
CPT five digit codes and/or nomenclature are Copyright© 1995-2010 American Medical Association. All Rights Reserved.

000518

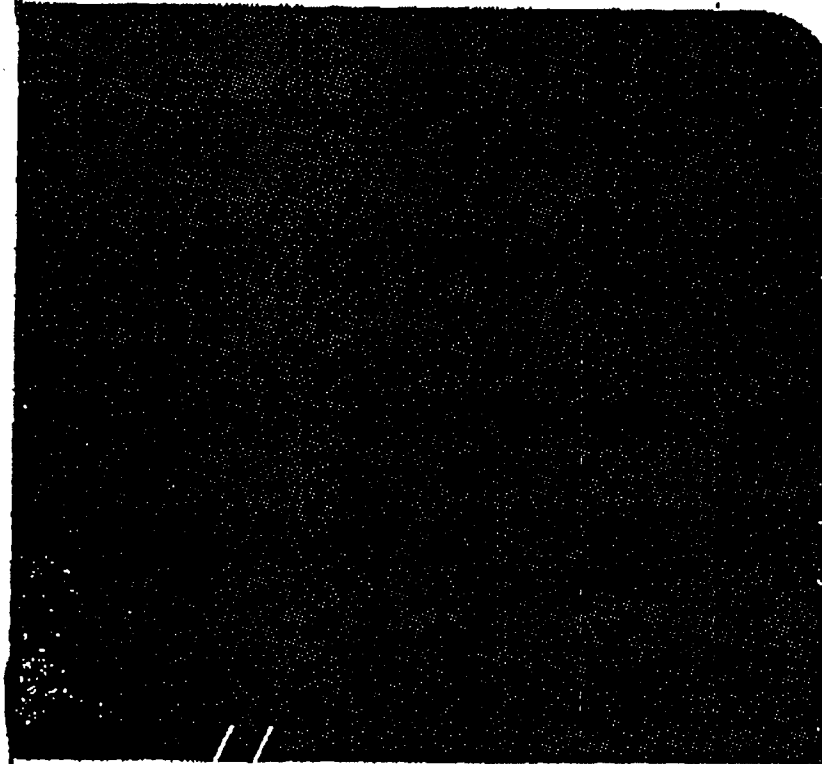
PLAINTIFF'S
EXHIBIT
good/did!

58100 SC 0905*



*Smith,
Stephanie*

SOUTH CAROLINA
AUTO POLICY



Form 06100 SC 0905Q
version 1.0

PROGRESSIVE
DIRECT

000039

000519

IMPORTANT NOTICE

IN ADDITION TO THE INSURANCE COVERAGE REQUIRED BY LAW TO PROTECT YOU AGAINST A LOSS CAUSED BY AN UNINSURED MOTORIST, IF YOU HAVE PURCHASED LIABILITY INSURANCE COVERAGE THAT IS HIGHER THAN THAT REQUIRED BY LAW TO PROTECT YOU AGAINST LIABILITY ARISING OUT OF THE OWNERSHIP, MAINTENANCE, OR USE OF THE MOTOR VEHICLES COVERED BY THIS POLICY, AND YOU HAVE NOT ALREADY PURCHASED UNINSURED MOTORIST COVERAGE EQUAL TO YOUR LIABILITY INSURANCE COVERAGE:

1. YOUR UNINSURED AND UNDERINSURED MOTORIST INSURANCE COVERAGE HAS INCREASED TO THE LIMITS OF YOUR LIABILITY COVERAGE AND THIS INCREASE WILL COST YOU AN EXTRA PREMIUM CHARGE; AND
2. YOUR TOTAL PREMIUM CHARGE FOR YOUR MOTOR VEHICLE INSURANCE COVERAGE WILL INCREASE IF YOU DO NOT NOTIFY YOUR AGENT OR INSURER OF YOUR DESIRE TO REDUCE COVERAGE WITHIN TWENTY DAYS OF THE MAILING OF THE POLICY OR THE PREMIUM NOTICE, AS THE CASE MAY BE;
3. IF THIS IS A NEW POLICY AND YOU HAVE ALREADY SIGNED A WRITTEN REJECTION OF SUCH HIGHER LIMITS IN CONNECTION WITH IT, PARAGRAPHS (1) AND (2) OF THIS NOTICE DO NOT APPLY.

000040

000520

CONTENTS

INSURING AGREEMENT1

GENERAL DEFINITIONS1

PART I - LIABILITY TO OTHERS

- Insuring Agreement2
- Additional Definition2
- Additional Payments2
- Exclusions2
- Limits of Liability2
- Financial Responsibility Laws2
- Other Insurance2
- Out-of-State Coverage2
- Arbitration of Property Damage Liability Claims2

PART II - MEDICAL PAYMENTS COVERAGE

- Insuring Agreement2
- Additional Definitions7
- Exclusions7
- Limits of Liability2
- Unreasonable or Unnecessary Medical Expenses5
- Other Insurance5

PART III - UNINSURED/UNDERINSURED MOTORIST COVERAGE

- Insuring Agreement - Uninsured Motorist Coverage9
- Insuring Agreement - Underinsured Motorist Coverage10
- Notice Requirement10
- Additional Definitions10
- Exclusions12
- Limits of Liability13
- Other Insurance15
- Arbitration for Bodily Injury Claims15
- Arbitration for Property Damage Claims15

PART IV - DAMAGE TO A VEHICLE	
Insuring Agreement - Collision Coverage	16
Insuring Agreement - Comprehensive Coverage	18
Insuring Agreement - Additional Custom Parts or Equipment Coverage	17
Insuring Agreement - Rental Reimbursement Coverage	17
Insuring Agreement - Loan/Lease Payoff Coverage	18
Additional Definitions	18
Exclusions	19
Limits of Liability	20
Payment of Loss	21
No Benefit to Bailee	22
Loss Payable Clause	22
Other Sources of Recovery	22
Appraisal	23
PART V - ROADSIDE ASSISTANCE COVERAGE	
Insuring Agreement	23
Additional Definitions	23
Exclusions	24
Unauthorized Service Provider	24
Other Insurance	24
PART VI - DUTIES IN CASE OF AN ACCIDENT OR LOSS	
25	
PART VII - GENERAL PROVISIONS	
Policy Period and Territory	25
Changes	26
Duty to Report Changes	26
Settlement of Claims	26
Terms of Policy Conformed to Statutes	27
Transfer	27
Fraud or Misrepresentation	27
Payment of Premium and Fees	27
Cancellation	28
Cancellation Refund	29
Nonrenewal	29
Automatic Termination	29
Legal Action Against Us	30
Our Rights to Recover Payment	30
Joint and Individual Interests	31
Bankruptcy	31

SOUTH CAROLINA AUTO POLICY

INSURING AGREEMENT

In return for your payment of the premium, we agree to insure you subject to all the terms, conditions, and limitations of this policy. We will insure you for the coverages and the limits of liability shown on this policy's declarations page. Your policy consists of the policy contract, your insurance application, the declarations page, and all endorsements to this policy.

GENERAL DEFINITIONS

The following definitions apply throughout the policy. Defined terms are printed in bold-face type and have the same meaning whether in the singular, plural, or any other form.

1. **"Additional auto"** means an auto you become the owner of during the policy period that does not permanently replace an auto shown on the declarations page if:
 - a. we insure all other autos you own;
 - b. the additional auto is not covered by any other insurance policy;
 - c. you notify us within 30 days of becoming the owner of the additional auto; and
 - d. you pay any additional premium due.An additional auto will have the broadest coverage we provide for any auto shown on the declarations page. If you ask us to insure an additional auto more than 30 days after you become the owner, any coverage we provide will begin at the time you request coverage.
2. **"Auto"** means a land motor vehicle:
 - a. of the private passenger, pickup body, or cargo van type;
 - b. designed for operation principally upon public roads;
 - c. with at least four wheels; and
 - d. with a gross vehicle weight rating of 12,000 pounds or less, according to the manufacturer's specifications.However, "auto" does not include step-vans, parcel delivery vans, or cargo cut-away vans or other vans with cabs separate from the cargo area.
3. **"Auto business"** means the business of selling, leasing, repairing, parking, storing, servicing, delivering, or testing vehicles.
4. **"Bodily injury"** means bodily harm, sickness, or disease, including death that results from bodily harm, sickness, or disease.
5. **"Covered auto"** means:
 - a. any auto or trailer shown on the declarations page for the coverages applicable to that auto or trailer;
 - b. any additional auto;
 - c. any replacement auto; or
 - d. a trailer owned by you.

6. **"Declarations page"** means the document showing your coverages, limits of liability, covered autos, premium, and other policy-related information. The declarations page may also be referred to as the Auto Insurance Coverage Summary.
7. **"Occupying"** means in, on, entering, or exiting.
8. **"Property damage"** means physical damage to, destruction of, or loss of use of tangible property.
9. **"Relative"** means a person residing in the same household as you, and related to you by blood, marriage, or adoption, and includes a ward, stepchild, or foster child. Your unmarried dependent children temporarily away from home will qualify as a relative if they intend to continue to reside in your household.
10. **"Replacement auto"** means an auto that permanently replaces an auto shown on the declarations page. A replacement auto will have the same coverage as the auto it replaces if the replacement auto is not covered by any other insurance policy. However, if the auto being replaced had coverage under Part IV - Damage To A Vehicle, such coverage will apply to the replacement auto only during the first 30 days after you become the owner unless you notify us within that 30-day period that you want us to extend coverage beyond the initial 30 days. If the auto being replaced did not have coverage under Part IV - Damage To A Vehicle, such coverage may be added, but the replacement auto will have no coverage under Part IV until you notify us of the replacement auto and ask us to add the coverage.
11. **"Trailer"** means a non-motorized trailer, including a farm wagon or farm implement, designed to be towed on public roads by an auto and not being used:
 - a. for commercial purposes;
 - b. as an office, store, or for display purposes; or
 - c. as a passenger conveyance.
12. **"We", "us", and "our"** mean the underwriting company providing the insurance, as shown on the declarations page.
13. **"You" and "your"** mean:
 - a. a person shown as a named insured on the declarations page; and
 - b. the spouse of a named insured if residing in the same household at the time of the loss.

PART I - LIABILITY TO OTHERS

INSURING AGREEMENT

If you pay the premium for this coverage, we will pay damages for bodily injury and property damage for which an insured person becomes legally responsible because of an accident.

Damages include prejudgment interest awarded against an insured person.

We will settle or defend, at our option, any claim for damages covered by this Part I.

000043

000523

ADDITIONAL DEFINITION

When used in this Part I:

"Insured person" means:

- a. you or a relative with respect to an accident arising out of the ownership, maintenance, or use of an auto or trailer;
- b. any person with respect to an accident arising out of that person's use of a covered auto with the permission of you or a relative;
- c. any person or organization with respect only to vicarious liability for the acts or omissions of a person described in a or b above; and
- d. any Additional Interest shown on the declarations page with respect only to liability for the acts or omissions of a person described in a or b above.

ADDITIONAL PAYMENTS

In addition to our limit of liability, we will pay for an insured person:

1. all expenses we incur in the settlement of any claim or defense of any lawsuit;
2. interest accruing after entry of judgment, until we have paid, offered to pay, or deposited in court, that portion of the judgment which does not exceed our limit of liability. This does not apply if we have not been given notice of suit or the opportunity to defend an insured person;
3. the premium on any appeal bond or attachment bond required in any lawsuit we defend. We have no duty to purchase a bond in an amount exceeding our limit of liability, and we have no duty to apply for or furnish these bonds;
4. up to \$250 for a bail bond required because of an accident resulting in bodily injury or property damage covered under this Part I. We have no duty to apply for or furnish this bond; and
5. reasonable expenses, including loss of earnings up to \$200 per day, incurred at our request.

EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART I.

Coverage under this Part I, including our duty to defend, will not apply to any insured person for:

1. bodily injury or property damage arising out of the ownership, maintenance, or use of any vehicle or trailer while being used to carry persons or property for compensation or a fee, including, but not limited to, pickup or delivery of magazines, newspapers, food, or any other products. For damages arising out of the ownership, maintenance, or use of a covered auto, this exclusion applies only to those damages in excess of the minimum limit mandated by the motor vehicle financial responsibility law of South Carolina. This exclusion does not apply to shared-expense car pools;
2. any liability assumed under any contract or agreement by you or a relative;
3. bodily injury to an employee of that insured person arising out of or within the

- course of employment. This exclusion does not apply to domestic employees if benefits are neither paid nor required to be provided under workers' compensation, disability benefits, or similar laws;
4. **bodily injury or property damage** arising out of an accident involving any vehicle while being maintained or used by a person while employed or engaged in any auto business. For damages arising out of the ownership, maintenance, or use of a covered auto, this exclusion applies only to those damages in excess of the minimum limit mandated by the motor vehicle financial responsibility law of South Carolina. This exclusion does not apply to you, a relative, or an agent or employee of you or a relative, when using a covered auto;
 5. **bodily injury or property damage** resulting from, or sustained during practice or preparation for:
 - a. any pre-arranged or organized racing, stunting, speed, or demolition contest or activity; or
 - b. any driving activity conducted on a permanent or temporary racetrack or race-course;
 6. **bodily injury or property damage** due to a nuclear reaction or radiation;
 7. **bodily injury or property damage** for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability;
 8. any obligation for which the United States Government is liable under the Federal Tort Claims Act;
 9. **bodily injury or property damage** caused by an intentional act of that insured person, or at the direction of that insured person, even if the actual injury or damage is different than that which was intended or expected. For damages arising out of the ownership, maintenance, or use of a covered auto, this exclusion applies only to those damages in excess of the minimum limit mandated by the motor vehicle financial responsibility law of South Carolina;
 10. **property damage** to any property owned by, rented to, being transported by, or in the charge of that insured person. This exclusion does not apply to a rented residence or a rented garage;
 11. **bodily injury to you or a relative**. For damages arising out of the ownership, maintenance, or use of a covered auto, this exclusion applies only to those damages in excess of the minimum limit mandated by the motor vehicle financial responsibility law of South Carolina;
 12. **bodily injury or property damage** arising out of the ownership, maintenance, or use of any vehicle owned by you or furnished or available for your regular use, other than a covered auto for which this coverage has been purchased;
 13. **bodily injury or property damage** arising out of the ownership, maintenance, or use of any vehicle owned by a relative or furnished or available for the regular use of a relative, other than a covered auto for which this coverage has been purchased. This exclusion does not apply to your maintenance or use of such vehicle;
 14. **bodily injury or property damage** arising out of your or a relative's use of a vehicle, other than a covered auto, without the permission of the owner of the vehicle or the person in lawful possession of the vehicle;

15. **bodily injury or property damage** arising out of the use of a covered auto while leased or rented to others or given in exchange for any compensation. This exclusion does not apply to the operation of a covered auto by you or a relative; or
16. **bodily injury or property damage** caused by, or reasonably expected to result from, a criminal act or omission of that **Insured person**. This exclusion applies regardless of whether that **Insured person** is actually charged with, or convicted of, a crime. For purposes of this exclusion, criminal acts or omissions do not include traffic violations.

LIMITS OF LIABILITY

The limit of liability shown on the **declarations page** for liability coverage is the most we will pay regardless of the number of:

1. claims made;
2. covered autos;
3. insured persons;
4. lawsuits brought;
5. vehicles involved in the accident; or
6. premiums paid.

If your **declarations page** shows a split limit:

1. the amount shown for "each person" is the most we will pay for all damages due to **bodily injury** to one person resulting from any one accident;
2. subject to the "each person" limit, the amount shown for "each accident" is the most we will pay for all damages due to **bodily injury** sustained by two or more persons in any one accident; and
3. the amount shown for "property damage" is the most we will pay for the total of all **property damage** resulting from any one accident.

The "each person" limit of liability applies to the total of all claims made for **bodily injury** to a person and all claims of others derived from such **bodily injury**, including, but not limited to, loss of society, loss of companionship, loss of services, loss of consortium, and wrongful death.

If the **declarations page** shows that "combined single limit" or "CSL" applies, the amount shown is the most we will pay for the total of all damages resulting from any one accident. However, without changing this limit of liability, we will comply with any law that requires us to provide any separate limits.

The Limits of Liability under this Part I shall not be reduced by payments made under Part II - Medical Payments Coverage. However, no one is entitled to duplicate payments for the same elements of damages.

Any payment to a person under this Part I will be reduced by any payment to that person under Part III - Uninsured/Underinsured Motorist Coverage.

If multiple auto policies issued by us are in effect for you, we will pay no more than the highest limit of liability for this coverage available under any one policy.

An auto and attached trailer are considered one auto. Therefore, the limits of liability will not be increased for an accident involving an auto that has an attached trailer.

FINANCIAL RESPONSIBILITY LAWS

When we certify this policy as proof of financial responsibility, this policy will comply with the law to the extent required. The insured person must reimburse us if we make a payment that we would not have made if this policy was not certified as proof of financial responsibility.

OTHER INSURANCE

If there is any other applicable liability insurance or bond, we will pay only our share of the damages. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide for a vehicle or trailer, other than a covered auto, will be excess over any other collectible insurance, self-insurance, or bond.

OUT-OF-STATE COVERAGE

If an accident to which this Part I applies occurs in any state, territory, or possession of the United States of America or any province or territory of Canada, other than the one in which a covered auto is principally garaged, and the state, province, territory, or possession has:

1. a financial responsibility or similar law requiring limits of liability for bodily injury or property damage higher than the limits shown on the declarations page, this policy will provide the higher limits; or
2. a compulsory insurance or similar law requiring a non-resident to maintain insurance whenever the non-resident uses an auto in that state, province, territory, or possession, this policy will provide the greater of:
 - a. the required minimum amounts and types of coverage; or
 - b. the limits of liability under this policy.

ARBITRATION OF PROPERTY DAMAGE LIABILITY CLAIMS

Any party to a disputed property damage liability claim may submit the claim to arbitration in accordance with South Carolina law.

PART II - MEDICAL PAYMENTS COVERAGE

INSURING AGREEMENT

If you pay the premium for this coverage, we will pay the reasonable expenses incurred for necessary medical services received within three years from the date of a

motor vehicle accident because of bodily injury:

1. sustained by an insured person; and
2. caused by that motor vehicle accident.

We, or someone on our behalf, will determine:

1. whether the expenses for medical services are reasonable; and
2. whether the medical services are necessary.

ADDITIONAL DEFINITIONS

When used in this Part II:

1. "Insured person" means:
 - a. you or a relative:
 - (i) while occupying an auto; or
 - (ii) when struck by a motor vehicle or a trailer while not occupying a self-propelled motorized vehicle; and
 - b. any other person while occupying a covered auto with the permission of you or a relative.
2. "Medical services" means medical, surgical, dental, x-ray, ambulance, hospital, professional nursing, and funeral services, and includes the cost of eyeglasses, hearing aids, pharmaceuticals, orthopedics and prosthetic devices.
3. "Motor vehicle" means a land motor vehicle designed for use principally on public roads.

EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART II.

Coverage under this Part II will not apply to bodily injury:

1. sustained by any person while occupying a covered auto while it is being used to carry persons or property for compensation or a fee, including, but not limited to, pickup or delivery of magazines, newspapers, food, or any other products. This exclusion does not apply to shared-expense car pools;
2. arising out of an accident involving a vehicle while being maintained or used by a person while employed or engaged in any auto business. This exclusion does not apply to you, a relative, or an agent or employee of you or a relative, when using a covered auto;
3. to any person resulting from, or sustained during practice or preparation for:
 - a. any pre-arranged or organized racing, stunting, speed, or demolition contest or activity; or
 - b. any driving activity conducted on a permanent or temporary racetrack or race-course;
4. due to a nuclear reaction or radiation;
5. for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or

- b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability;
- 6. for which the United States Government is liable under the Federal Tort Claims Act;
- 7. sustained by any person while occupying any vehicle or trailer while located for use as a residence or premises;
- 8. if workers' compensation benefits are available for the bodily injury;
- 9. sustained by any person while occupying or when struck by any vehicle owned by you or furnished or available for your regular use, other than a covered auto for which this coverage has been purchased;
- 10. sustained by any person while occupying or when struck by any vehicle owned by a relative or furnished or available for the regular use of a relative, other than a covered auto for which this coverage has been purchased. This exclusion does not apply to you;
- 11. to you or a relative while occupying any vehicle, other than a covered auto, without the permission of the owner of the vehicle or the person in lawful possession of the vehicle;
- 12. to any person while occupying a covered auto while leased or rented to others or given in exchange for any compensation. This exclusion does not apply to the operation of a covered auto by you or a relative;
- 13. caused directly or indirectly by:
 - a. war (declared or undeclared) or civil war;
 - b. warlike action by any military force of any government, sovereign or other authority using military personnel or agents. This includes any action taken to hinder or defend against an actual or expected attack; or
 - c. insurrection, rebellion, revolution, usurped power, or any action taken by a governmental authority to hinder or defend against any of these acts;
- 14. caused directly or indirectly by:
 - a. any accidental or intentional discharge, dispersal, or release of radioactive, nuclear, pathogenic, or poisonous biological material; or
 - b. any intentional discharge, dispersal, or release of chemical or hazardous material for any purpose other than its safe and useful purpose; or
- 15. caused by, or reasonably expected to result from, a criminal act or omission of an insured person. This exclusion applies regardless of whether the insured person is actually charged with, or convicted of, a crime. For purposes of this exclusion, criminal acts or omissions do not include traffic violations.

LIMITS OF LIABILITY

The limit of liability shown on the declarations page for Medical Payments Coverage is the most we will pay for each insured person injured in any one accident, regardless of the number of:

- 1. claims made;
- 2. covered autos;
- 3. insured persons;
- 4. lawsuits brought;

5. vehicles involved in the accident; or
6. premiums paid.

No one will be entitled to duplicate payments under this policy for the same elements of damages.

Any amount payable to an Insured person under this Part II will be reduced by any amount paid or payable for the same expense under Part I - Liability To Others or Part III - Uninsured/Underinsured Motorist Coverage.

If multiple auto policies issued by us are in effect for you, we will pay no more than the highest limit of liability for this coverage available under any one policy.

UNREASONABLE OR UNNECESSARY MEDICAL EXPENSES

If an Insured person incurs expenses for medical services that we deem to be unreasonable or unnecessary, we may refuse to pay for those expenses and contest them.

If the medical service provider sues the Insured person because we refuse to pay expenses for medical services that we deem to be unreasonable or unnecessary, we will pay any resulting defense costs, and any resulting judgment against the Insured person, subject to the limit of liability for this coverage. We will choose the counsel. We will also pay reasonable expenses, including loss of earnings up to \$200 per day, incurred at our request.

The Insured person may not sue us for expenses for medical services we deem to be unreasonable or unnecessary unless the Insured person paid the entire disputed amount to the medical service provider or the medical service provider has initiated collection activity against the Insured person for the unreasonable or unnecessary expenses.

OTHER INSURANCE

If there is other applicable auto medical payments insurance, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide for an Insured person occupying a vehicle or trailer, other than a covered auto, will be excess over any other auto insurance providing payments for medical services.

PART III - UNINSURED/UNDERINSURED MOTORIST COVERAGE

INSURING AGREEMENT - UNINSURED MOTORIST COVERAGE

If you pay the premium for this coverage, we will pay for damages that an Insured person is legally entitled to recover from the owner or operator of:

1. an uninsured motor vehicle because of bodily injury:
 - a. sustained by an Insured person;

- b. caused by an accident; and
- c. arising out of the ownership, maintenance, or use of an uninsured motor vehicle; or
- 2. an uninsured motor vehicle because of property damage:
 - a. caused by an accident; and
 - b. arising out of the ownership, maintenance, or use of an uninsured motor vehicle.

INSURING AGREEMENT - UNDERINSURED MOTORIST COVERAGE

If you pay the premium for this coverage, we will pay for damages that an insured person is legally entitled to recover from the owner or operator of:

- 1. an underinsured motor vehicle because of bodily injury:
 - a. sustained by an insured person;
 - b. caused by an accident; and
 - c. arising out of the ownership, maintenance, or use of an underinsured motor vehicle; or
- 2. an underinsured motor vehicle because of property damage:
 - a. caused by an accident; and
 - b. arising out of the ownership, maintenance, or use of an underinsured motor vehicle.

We will pay under this Part III only after the limits of liability under all applicable liability bonds and policies have been exhausted by payment of judgments or settlements.

NOTICE REQUIREMENT

Any judgment or settlement for damages against an owner or operator of an uninsured motor vehicle or an underinsured motor vehicle that arises out of a lawsuit brought for which we have not received notice in accordance with South Carolina law is not binding on us.

ADDITIONAL DEFINITIONS

When used in this Part III:

- 1. "insured person" means:
 - a. you or a relative;
 - b. any person while operating a covered auto with the permission of you or a relative;
 - c. any person occupying, but not operating, a covered auto; and
 - d. any person who is entitled to recover damages covered by this Part III because of bodily injury sustained by a person described in a, b, or c above.
- 2. "Underinsured motor vehicle" means a land motor vehicle or trailer of any type to which liability insurance or a bond applies at the time of the accident with limits of liability that equal or exceed the minimum amounts required by the South

Carolina motor vehicle financial responsibility law; but which are less than the amount of the damages sustained by the insured person in the accident.

An "underinsured motor vehicle" does not include any vehicle or equipment:

- a. owned by any governmental unit or agency, except when:
 - (i) operated by a person without proper authorization; or
 - (ii) a cause of action against that governmental unit or agency arising out of a motor vehicle accident is barred by the Tort Claims Act of South Carolina;
- b. operated on rails or crawler treads;
- c. designed mainly for use off public roads, while not on public roads;
- d. while located for use as a residence or premises; or
- e. that is an uninsured motor vehicle.

3. "Uninsured motor vehicle" means a land motor vehicle or trailer of any type:

- a. to which no liability bond, cash deposit, security, or liability policy in at least the amounts of coverage required by South Carolina law applies at the time of the accident;
- b. to which a liability bond or policy applies at the time of the accident, but the bonding or insuring company:
 - (i) denies coverage;
 - (ii) is or becomes insolvent;
 - (iii) is in delinquency proceedings, suspension, or receivership; or
 - (iv) is financially unable to fully satisfy a judgment rendered in favor of an insured person;
- c. to which a liability bond or policy applies at the time of the accident, but its limit of liability is less than the minimum limit of liability specified by the financial responsibility law of the state in which the covered auto is principally garaged; or
- d. that is a hit-and-run vehicle whose owner or operator cannot be identified and which causes an accident resulting in bodily injury to an insured person, or property damage to the property of an insured person, provided:
 - (i) the insured person, or someone on his or her behalf, reports the accident to the police or other civil authority within 24 hours or as soon as practicable after the accident; and
 - (ii) if there has been no physical contact between the vehicle operated by the unidentified operator and the insured person, or a vehicle occupied by the insured person, there must be independent corroborative evidence by a witness to the accident who executes a signed affidavit attesting to the truth of the accident to prove that the bodily injury or property damage was proximately caused by the negligence or intentional actions of the unidentified operator of the motor vehicle. The testimony of the owner or operator of the covered auto shall not constitute independent corroborative evidence. No recovery will be provided under this Part III if the insured person was negligent in failing to determine the identity of the other motor vehicle and its driver at the time of the accident.

- An "uninsured motor vehicle" does not include any vehicle or equipment:
- a. owned or operated by a self-insurer under any applicable motor vehicle law, except a self-insurer that:
 - (i) is or becomes insolvent; or
 - (ii) fails to qualify as a self-insurer under South Carolina law;
 - b. owned by any governmental unit or agency, except when:
 - (i) operated by a person without proper authorization; or
 - (ii) a cause of action against that governmental unit or agency arising out of a motor vehicle accident is barred by the Tort Claims Act of South Carolina;
 - c. operated on rails or crawler treads;
 - d. designed mainly for use off public roads, while not on public roads;
 - e. while located for use as a residence or premises; or
 - f. that is an underinsured motor vehicle.

EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART III.

Coverage under this Part III will not apply:

1. to bodily injury sustained by any person while using or occupying:
 - a. a covered auto while being used to carry persons or property for compensation or a fee; including, but not limited to, pickup or delivery of magazines, newspapers, food, or any other products. This exclusion does not apply to shared-expense car pools; or
 - b. any motor vehicle owned by you or a relative if uninsured motorist coverage or underinsured motorist coverage, as the case may be, has not been purchased for that motor vehicle;
2. to bodily injury sustained by you or a relative while using any vehicle, other than a covered auto, without the permission of the owner of the vehicle or the person in lawful possession of the vehicle; or
3. directly or indirectly to benefit any insurer or self-insurer under any of the following or similar laws:
 - a. workers' compensation law; or
 - b. disability benefits law.

Coverage under this Part III will not apply to property damage:

1. sustained while a covered auto is being used to carry persons or property for compensation or a fee; including, but not limited to, delivery of magazines, newspapers, food or any other products. This exclusion does not apply to shared-expense car pools;
2. resulting from, or sustained during practice or preparation for:
 - a. any pre-arranged or organized racing, stunting, speed, or demolition contest or activity; or
 - b. any driving activity conducted on a permanent or temporary racetrack or race-course;

3. to a covered auto for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability;
4. to a trailer; or
5. to any motor vehicle owned by you or a relative if uninsured motorist coverage or underinsured motorist coverage, as the case may be, has not been purchased for that motor vehicle.

LIMITS OF LIABILITY

The limit of liability shown on the declarations page for Uninsured Motorist Coverage or Underinsured Motorist Coverage, as the case may be, is the most we will pay regardless of the number of:

1. claims made;
2. covered autos, but only with respect to insured persons other than you or a relative. However, coverage for more than one covered auto under this policy may not be stacked or combined together for bodily injury sustained by you or a relative while occupying a motor vehicle other than a covered auto;
3. insured persons;
4. lawsuits brought;
5. vehicles involved in the accident; or
6. premiums paid, but only with respect to insured persons other than you or a relative.

When you or a relative sustain damages covered under this Part III while occupying a covered auto, the most that may be recovered as benefits under each applicable uninsured motorist coverage or underinsured motorist coverage is the limit of liability applicable to that covered auto.

When you or a relative are not occupying an auto and sustain bodily injury caused by the owner or operator of an uninsured motor vehicle or underinsured motor vehicle, our limit of liability shall not exceed the limit of liability shown on the declarations page for any one covered auto.

If your declarations page shows a split limit:

1. the amount shown for "each person" for "bodily injury" is the most we will pay for all damages due to bodily injury to one person;
2. subject to the "each person" limit, the amount shown for "each accident" for "bodily injury" is the most we will pay for all damages due to bodily injury sustained by two or more persons in any one accident; and
3. the amount shown for "property damage" is the most we will pay for the aggregate of all property damage caused by any one accident.

The "each person" limit of liability includes the total of all claims made for bodily injury to an insured person and all claims of others derived from such bodily injury, in-

cluding, but not limited to, loss of society, loss of companionship, loss of services, loss of consortium, and wrongful death.

If the **declarations page** shows that "combined single limit" or "CSL" applies, the amount shown is the most we will pay for the total of all **bodily injury** damages resulting from any one accident. However, without changing this total limit of liability, we will comply with any law that requires us to provide any separate limits.

The limits of liability for **bodily injury** under this Part III will be reduced by all sums:

1. paid because of **bodily injury** by or on behalf of any persons or organizations that may be legally responsible;
2. paid under Part I - Liability To Others; and
3. paid or payable because of **bodily injury** under any of the following or similar laws:
 - a. workers' compensation law; or
 - b. disability benefits law.

We will not pay under this Part III any expenses paid or payable under Part II - Medical Payments Coverage.

The limit of liability for **property damage** to a covered auto is the lowest of:

1. the actual cash value of the **covered auto** at the time of the accident;
2. the amount necessary to replace the **covered auto**;
3. the amount necessary to repair the **covered auto** to its pre-loss condition; or
4. the limit of liability shown on the **declarations page** for Uninsured Motorist Property Damage or Underinsured Motorist Property Damage, whichever applies.

The applicable limit of liability for **property damage** under this Part III will be reduced by all sums paid because of **property damage** by or on behalf of any persons or organizations that may be legally responsible, including, but not limited to, all sums paid under Part I - Liability To Others.

We shall not pay for **property damage** to the extent that such damages are paid or payable under any other **property damage** or physical damage insurance, including all sums paid or payable under Part IV - Damage To A Vehicle.

Payments for **property damage** under this Part III are subject to the following provisions:

1. any amount payable under this Part III for **property damage** shall be subject to the applicable deductible shown on the **declarations page**; and
2. no more than one deductible shall be applied to any one accident.

No one will be entitled to duplicate payments for the same elements of damages.

If multiple auto policies issued by us are in effect for you, we will pay no more than the highest limit of liability for this coverage available under any one policy.

OTHER INSURANCE

If there is other applicable uninsured or underinsured motorist coverage, we will pay only our share of the damages. Our share is the proportion that our limit of liability bears to the total of all available coverage limits. However, when you or a relative are occupying a motor vehicle other than a covered auto and sustain bodily injury covered under this Part III, our coverage shall be excess to the coverage applicable to the motor vehicle that you or the relative are occupying, and our total limit of liability under this policy shall not exceed our limit of liability for one auto.

ARBITRATION FOR BODILY INJURY CLAIMS

If we and an Insured person cannot agree on:

1. the legal liability of the operator or owner of an uninsured motor vehicle or underinsured motor vehicle; or
 2. the amount of the damages sustained by the Insured person;
- this will be determined by arbitration if we and the Insured person mutually agree to arbitration prior to the expiration of the bodily injury statute of limitations in the state in which the accident occurred.

If we and the Insured person mutually agree to arbitration, each party will select an arbitrator. The two arbitrators will select a third. If the two arbitrators cannot agree on a third arbitrator within 30 days, then on joint application by the Insured person and us, the third arbitrator will be appointed by a court having jurisdiction.

Each party will pay the costs and fees of its arbitrator and any other expenses it incurs. The costs and fees of the third arbitrator will be shared equally.

Unless both parties agree otherwise, arbitration will take place in the county in which the Insured person resides. Local rules of procedure and evidence will apply.

A decision agreed to by two of the arbitrators will be binding with respect to a determination of:

1. the legal liability of the operator or owner of an uninsured motor vehicle or underinsured motor vehicle; and
2. the amount of the damages sustained by the Insured person.

The arbitrators will have no authority to award an amount in excess of the limit of liability.

We and an Insured person may agree to an alternate form of arbitration.

ARBITRATION FOR PROPERTY DAMAGE CLAIMS

An Insured person may submit a disputed property damage claim to arbitration in accordance with South Carolina law.

PART IV - DAMAGE TO A VEHICLE

INSURING AGREEMENT - COLLISION COVERAGE

If you pay the premium for this coverage, we will pay for sudden, direct, and accidental loss to a:

1. covered auto, including an attached trailer; or
 2. non-owned auto;
- and its custom parts or equipment, resulting from collision.

In addition, we will pay the reasonable cost to replace any child safety seat damaged in an accident to which this coverage applies.

INSURING AGREEMENT - COMPREHENSIVE COVERAGE

If you pay the premium for this coverage, we will pay for sudden, direct, and accidental loss to a:

1. covered auto, including an attached trailer; or
 2. non-owned auto;
- and its custom parts or equipment, that is not caused by collision.

A loss not caused by collision includes:

1. contact with an animal (including a bird);
2. explosion or earthquake;
3. fire;
4. malicious mischief or vandalism;
5. missiles or falling objects;
6. riot or civil commotion;
7. theft or larceny;
8. windstorm, hail, water, or flood; or
9. breakage of glass not caused by collision.

In addition, we will pay for:

1. reasonable transportation expenses incurred by you if a covered auto is stolen; and
2. loss of use damages that you are legally liable to pay if a non-owned auto is stolen.

A combined maximum of \$900, not exceeding \$30 per day, will apply to these additional benefits. The additional benefit for transportation expenses will not apply if you purchased Rental Reimbursement Coverage for the stolen covered auto.

Coverage for transportation expenses and loss of use damages begins 48 hours after you report the theft to us and ends the earliest of:

1. when the auto has been recovered and returned to you or its owner;
2. when the auto has been recovered and repaired;
3. when the auto has been replaced; or

4. 72 hours after we make an offer to settle the loss if the auto is deemed by us to be a total loss.

We must receive written proof of transportation expenses and loss of use damages.

INSURING AGREEMENT - ADDITIONAL CUSTOM PARTS OR EQUIPMENT COVERAGE

We will pay for sudden, direct, and accidental loss to custom parts or equipment on a covered auto for which this coverage has been purchased. This coverage applies only if you have purchased both Comprehensive Coverage and Collision Coverage for that covered auto and the loss is covered under one of those coverages. This coverage applies in addition to any coverage automatically provided for custom parts or equipment under Comprehensive Coverage or Collision Coverage.

INSURING AGREEMENT - RENTAL REIMBURSEMENT COVERAGE

We will reimburse rental charges incurred when you rent an auto from a rental agency or auto repair shop due to a loss to a covered auto for which Rental Reimbursement Coverage has been purchased. This coverage applies only if you have purchased both Comprehensive Coverage and Collision Coverage for that covered auto and the loss is covered under one of those coverages.

Additional fees or charges for insurance, damage waivers, optional equipment, fuel, or accessories are not covered.

This coverage is limited to the each day limit shown on the declarations page for a maximum of 30 days. @

If Rental Reimbursement Coverage applies, no other coverage under this policy for rental expenses will apply.

Rental charges will be reimbursed beginning:

1. when the covered auto cannot be driven due to a loss; or
2. if the covered auto can be driven, when you deliver the covered auto to an auto repair shop or one of our Claims Service Centers for repairs due to the loss; and ending the earliest of:
 1. when the covered auto has been returned to you;
 2. when the covered auto has been repaired;
 3. when the covered auto has been replaced;
 4. 72 hours after we make an offer to settle the loss if the covered auto is deemed by us to be a total loss; or
 5. when you incur 30 days worth of rental charges.

You must provide us written proof of your rental charges to be reimbursed.

INSURING AGREEMENT - LOAN/LEASE PAYOFF COVERAGE

If you pay the premium for this coverage, and the covered auto for which this coverage was purchased is deemed by us to be a total loss, we will pay, in addition to any amounts otherwise payable under this Part IV, the difference between:

1. the actual cash value of the covered auto at the time of the total loss; and
2. any greater amount the owner of the covered auto is legally obligated to pay under a written loan or lease agreement to which the covered auto is subject at the time of the total loss, reduced by:
 - a. unpaid finance charges or refunds due to the owner for such charges;
 - b. excess mileage charges or charges for wear and tear;
 - c. charges for extended warranties or refunds due to the owner for extended warranties;
 - d. charges for credit insurance or refunds due to the owner for credit insurance;
 - e. past due payments and charges for past due payments; and
 - f. collection or repossession expenses.

However, our payment under this coverage shall not exceed the limit of liability shown on the declarations page. The limit of liability is a percentage of the actual cash value of the covered auto at the time of the loss.

This coverage applies only if you have purchased both Comprehensive Coverage and Collision Coverage for that covered auto and the loss is covered under one of those coverages.

ADDITIONAL DEFINITIONS

When used in this Part IV:

1. "Collision" means the upset of a vehicle or its impact with another vehicle or object.
2. "Custom parts or equipment" means equipment, devices, accessories, enhancements, and changes, other than those that are offered by the manufacturer specifically for that auto model, or that are installed by the auto dealership as part of the original sale of a new auto, that:
 - a. are permanently installed or attached; and
 - b. alter the appearance or performance of the auto.
3. "Mechanical parts" means operational parts on a vehicle that wear out over time or have a finite useful life or duration typically shorter than the life of the vehicle as a whole. Mechanical parts do not include external crash parts, wheels, paint, or windshields and other glass.
4. "Non-owned auto" means an auto that is not owned by or furnished or available for the regular use of you or a relative while in the custody of or being operated by you or a relative with the permission of the owner of the auto or the person in lawful possession of the auto.

EXCLUSIONS - READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART IV.

Coverage under this Part IV will not apply for loss:

1. to any vehicle while being used to carry persons or property for compensation or a fee, including, but not limited to, pickup or delivery of magazines, newspapers, food, or any other products. This exclusion does not apply to shared-expense car pools;
2. to a non-owned auto while being maintained or used by a person while employed or engaged in any auto business;
3. to any vehicle resulting from, or sustained during practice or preparation for:
 - a. any pre-arranged or organized racing, stunting, speed, or demolition contest or activity; or
 - b. any driving activity conducted on a permanent or temporary racetrack or race-course;
4. to any vehicle for which insurance:
 - a. is afforded under a nuclear energy liability insurance contract; or
 - b. would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability;
5. to any vehicle caused by an intentional act committed by or at the direction of you, a relative, or the owner of a non-owned auto, even if the actual damage is different than that which was intended or expected;
6. to a covered auto while it is leased or rented to others or given in exchange for compensation. This exclusion does not apply to the operation of a covered auto by you or a relative;
7. due to destruction or confiscation by governmental or civil authorities of any vehicle because you or any relative engaged in illegal activities;
8. to any vehicle that is due and confined to:
 - a. wear and tear;
 - b. freezing;
 - c. mechanical, electrical, or electronic breakdown or failure; or
 - d. road damage to tires.This exclusion does not apply if the damage results from the theft of a vehicle;
9. to portable equipment, devices, accessories, and any other personal effects that are not permanently installed. This includes, but is not limited to:
 - a. tapes, compact discs, cassettes, DVDs, and other recording or recorded media;
 - b. any case or other container designed for use in storing or carrying tapes, compact discs, cassettes, DVDs, or other recording or recorded media;
 - c. any device used for the detection or location of radar, laser, or other speed measuring equipment or its transmissions; and
 - d. CB radios, telephones, two-way mobile radios, DVD players, personal computers, personal digital assistants, or televisions;
10. to any vehicle for diminution of value;
11. to any vehicle caused directly or indirectly by:
 - a. war (declared or undeclared) or civil war;

- b. warlike action by any military force of any government, sovereign or other authority using military personnel or agents. This includes any action taken to hinder or defend against an actual or expected attack; or
 - c. Insurrection, rebellion, revolution, usurped power, or any action taken by a governmental authority to hinder or defend against any of these acts;
12. to any vehicle caused directly or indirectly by:
- a. any accidental or intentional discharge, dispersal or release of radioactive, nuclear, pathogenic or poisonous biological material; or
 - b. any intentional discharge, dispersal or release of chemical or hazardous material for any purpose other than its safe and useful purpose; or
13. to any vehicle caused by, or reasonably expected to result from, a criminal act or omission of you, a relative, or the owner of a non-owned auto. This exclusion applies regardless of whether you, the relative, or the owner of the non-owned auto is actually charged with, or convicted of, a crime. For purposes of this exclusion, criminal acts or omissions do not include traffic violations.

LIMITS OF LIABILITY

1. The limit of liability for loss to a covered auto, non-owned auto, or custom parts or equipment is the lowest of:
- a. the actual cash value of the stolen or damaged property at the time of the loss reduced by the applicable deductible;
 - b. the amount necessary to replace the stolen or damaged property reduced by the applicable deductible;
 - c. the amount necessary to repair the damaged property to its pre-loss condition reduced by the applicable deductible; or
 - d. the Stated Amount shown on the declarations page for that covered auto;
- However, the most we will pay for loss to:
- a. custom parts or equipment is \$1,000 unless you purchased Additional Custom Parts or Equipment Coverage ("ACPE"). If you purchased ACPE, the most we will pay is \$1,000 plus the amount of ACPE you purchased;
 - b. a trailer is the limit of liability shown on the declarations page for that trailer. If the trailer is not shown on the declarations page, the limit of liability is \$500.
2. Payments for loss to a covered auto, non-owned auto, or custom parts or equipment are subject to the following provisions:
- a. If coverage applies to a non-owned auto, we will provide the broadest coverage applicable to any covered auto shown on the declarations page.
 - b. If you have elected a Stated Amount for a covered auto, the Stated Amount is the most we will pay for all loss to that covered auto, including its custom parts or equipment.
 - c. Coverage for custom parts or equipment will not cause our limit of liability for loss to an auto under this Part IV to be increased to an amount in excess of the actual cash value of the auto, including its custom parts or equipment.

- d. In determining the amount necessary to repair damaged property to its pre-loss condition, the amount to be paid by us:
- (i) will not exceed the prevailing competitive labor rates charged in the area where the property is to be repaired and the cost of repair or replacement parts and equipment, as reasonably determined by us; and
 - (ii) will be based on the cost of repair or replacement parts and equipment which may be new, reconditioned, remanufactured, or used, including, but not limited to:
 - (a) original manufacturer parts or equipment; and
 - (b) nonoriginal manufacturer parts or equipment.
- e. To determine the amount necessary to repair or replace the damaged property as referred to in subsection 1, the total cost of necessary repair or replacement may be reduced by unrepaired prior damage. Unrepaired prior damage includes broken, cracked, or missing parts; rust; dents; scrapes; gouges; and peeling paint. The reduction for unrepaired prior damage is the cost of labor, parts, and materials necessary to repair or replace damage, deterioration, defects, or wear and tear on exterior body parts, windshields and other glass, wheels, and paint, that existed prior to the accident and that is eliminated as a result of the repair or replacement of property damaged in the loss.
- f. To determine the amount necessary to repair or replace the damaged property as referred to in subsection 1, an adjustment may be made for betterment or depreciation and physical condition on:
- (i) batteries;
 - (ii) tires;
 - (iii) engines and transmissions, if the engine has greater than 80,000 miles; and
 - (iv) any other mechanical parts that are nonfunctioning or inoperative.
- We will not make an adjustment for the labor costs associated with the replacement or repair of these parts.
- g. The actual cash value is determined by the market value, age, and condition of the vehicle at the time the loss occurs.
3. No deductible will apply with respect to damage to automobile safety glass.
 4. Duplicate recovery for the same elements of damages is not permitted.
 5. Any amount paid or payable to a person under this Part IV for property damage to an auto shall be reduced by any amount paid for that property damage to the auto under Part III - Uninsured/Underinsured Motorist Coverage.

PAYMENT OF LOSS

We may, at our option:

1. pay for the loss in money; or
2. repair or replace the damaged or stolen property.

At our expense, we may return any recovered stolen property to you or to the address shown on the declarations page, with payment for any damage resulting from the theft. We may keep all or part of the property at the agreed or appraised value.

We may settle any loss with you or the owner or lienholder of the property.

NO BENEFIT TO BAILEE

Coverage under this Part IV will not directly or indirectly benefit any carrier or other bailee for hire.

LOSS PAYABLE CLAUSE

Payment under this Part IV for a loss to a covered auto will be made according to your interest and the interest of any lienholder shown on the declarations page or designated by you. At our option, payment may be made to both jointly, or to either separately. Either way, we will protect the interest of both. However, if the covered auto is not a total loss, we may make payment to you and the repairer of the auto.

Protection of the lienholder's financial interest will not be affected by any act or omission by any person entitled to coverage under this policy. However, protection under this clause does not apply:

1. in any case of conversion, embezzlement, secretion, or willful damaging or destruction, of the covered auto by or at the direction of you, a relative, or the owner of the covered auto; or
2. to any loss caused by, or reasonably expected to result from, a criminal act or omission of you, a relative, or the owner of the covered auto. This applies regardless of whether you, the relative, or the owner of the covered auto is actually charged with, or convicted of, a crime. For purposes of this clause, criminal acts or omissions do not include traffic violations.

If this policy is cancelled, nonrenewed, or voided, the interest of any lienholder under this agreement will also terminate.

When we make payment to a lienholder for loss under this policy, we will be subrogated to the rights of the party we pay, to the extent of our payment. When we pay a lienholder for a loss for which you are not covered, we are entitled to the lienholder's right of recovery against you to the extent of our payment. Our right to subrogation will not impair the lienholder's right to recover the full amount of its claim.

OTHER SOURCES OF RECOVERY

If other sources of recovery also cover the loss, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide for a non-owned auto, or trailer not shown on the declarations page, will be excess over any other collectible source of recovery including, but not limited to:

1. any coverage provided by the owner of the non-owned auto or trailer;
2. any other applicable physical damage insurance; and
3. any other source of recovery applicable to the loss.

APPRAISAL

If we cannot agree with you on the amount of a loss, then we or you may demand an appraisal of the loss. Within 30 days of any demand for an appraisal, each party shall appoint a competent and impartial appraiser and shall notify the other party of that appraiser's identity. The appraisers will determine the amount of loss. If they fail to agree, the disagreement will be submitted to a qualified and impartial umpire chosen by the appraisers. If the two appraisers are unable to agree upon an umpire within 15 days, we or you may request that a judge of a court of record, in the county where you reside, select an umpire. The appraisers and umpire will determine the amount of loss. The amount of loss agreed to by both appraisers, or by one appraiser and the umpire, will be binding. You will pay your appraiser's fees and expenses. We will pay our appraiser's fees and expenses. All other expenses of the appraisal, including payment of the umpire if one is selected, will be shared equally between us and you. Neither we nor you waive any rights under this policy by agreeing to an appraisal.

PART V - ROADSIDE ASSISTANCE COVERAGE

INSURING AGREEMENT

If you pay the premium for this coverage, we will pay for our authorized service representative to provide the following services when necessary due to a covered emergency:

1. towing of a covered disabled auto to the nearest qualified repair facility; and
2. labor on a covered disabled auto at the place of disablement.

If a covered disabled auto is towed to any place other than the nearest qualified repair facility, you will be responsible for any additional charges incurred.

ADDITIONAL DEFINITIONS

When used in this Part V:

1. "Covered disabled auto" means a covered auto for which this coverage has been purchased that sustains a covered emergency.
2. "Covered emergency" means a disablement that is a result of:
 - a. mechanical or electrical breakdown;
 - b. battery failure;
 - c. insufficient supply of fuel, oil, water, or other fluid;
 - d. flat tire;
 - e. lock-out; or
 - f. entrapment in snow, mud, water, or sand, within 100 feet of a road or highway.

EXCLUSIONS-- READ THE FOLLOWING EXCLUSIONS CAREFULLY. IF AN EXCLUSION APPLIES, COVERAGE WILL NOT BE AFFORDED UNDER THIS PART V.

Coverage under this Part V will not apply to:

1. the cost of purchasing parts, fluid, lubricants, fuel, or replacement keys; or the labor to make replacement keys;
2. installation of products or material not related to the disablement;
3. labor not related to the disablement;
4. labor on a covered disabled auto for any time period in excess of 60 minutes per disablement;
5. towing or storage related to impoundment, abandonment, illegal parking, or other violations of law;
6. assistance with jacks, levelers, airbags, or awnings;
7. towing from a service station, garage, or repair shop;
8. labor or repair work performed at a service station, garage, or repair shop;
9. auto storage charges;
10. a second service call or tow for a single disablement;
11. disablement that occurs on roads not regularly maintained, sand beaches, open fields, or areas designated as not passable due to construction, weather, or earth movement;
12. mounting or removing of snow tires or chains;
13. tire repair;
14. repeated service calls for a covered disabled auto in need of routine maintenance or repair;
15. disablement that results from an intentional or willful act or action by you, a relative, or the operator of a covered disabled auto; or
16. a trailer.

UNAUTHORIZED SERVICE PROVIDER

When service is rendered by a provider in the business of providing roadside assistance and towing services, other than one of our authorized service representatives, we will pay only reasonable charges, as determined by us, for:

1. towing of a covered disabled auto to the nearest qualified repair facility; and
 2. labor on a covered disabled auto at the place of disablement;
- which is necessary due to a covered emergency.

OTHER INSURANCE

Any coverage provided under this Part V for service rendered by an unauthorized service provider will be excess over any other collectible insurance or towing protection coverage.

PART VI - DUTIES IN CASE OF AN ACCIDENT OR LOSS

For coverage to apply under this policy, you or the person seeking coverage must promptly report each accident or loss even if you or the person seeking coverage is not at fault. You or the person seeking coverage must provide us with all accident or loss information including time, place, and how the accident or loss happened. You or the person seeking coverage must also obtain and provide us the names and addresses of all persons involved in the accident or loss, the names and addresses of any witnesses, and the license plate numbers of the vehicles involved.

If you or the person seeking coverage cannot identify the owner or operator of a vehicle involved in the accident, or if theft or vandalism has occurred, you or the person seeking coverage must notify the police within 24 hours or as soon as practicable.

A person seeking coverage must:

1. cooperate with us in any matter concerning a claim or lawsuit;
2. provide any written proof of loss we may reasonably require;
3. allow us to take signed and recorded statements, including sworn statements and examinations under oath, which we may conduct outside the presence of you or any other person seeking coverage, and answer all reasonable questions we may ask as often as we may reasonably require;
4. promptly call to notify us about any claim or lawsuit and send us any and all legal papers relating to the claim or suit;
5. attend hearings and trials as we require;
6. take reasonable steps after a loss to protect the covered auto, or any other vehicle for which coverage is sought, from further loss. We will pay reasonable expenses incurred in providing that protection. If failure to provide such protection results in further loss, any additional damages will not be covered under this policy;
7. allow us to have the damaged covered auto, or any other damaged vehicle for which coverage is sought, inspected and appraised before its repair or disposal;
8. submit to medical examinations at our expense by doctors we select as often as we may reasonably require; and
9. authorize us to obtain medical and other records.

PART VII - GENERAL PROVISIONS

POLICY PERIOD AND TERRITORY

This policy applies only to accidents and losses occurring during the policy period shown on the declarations page and that occur within a state, territory, or possession of the United States of America, or a province or territory of Canada, or while a covered auto is being transported between their ports.

CHANGES

This policy contract, your insurance application (which is made a part of this policy as if attached hereto), the declarations page, and all endorsements to this policy issued by us, contain all the agreements between you and us. Subject to the following, the terms of this policy may not be changed or waived except by an endorsement issued by us.

The premium for this policy is based on information we received from you and other sources. You agree to cooperate with us in determining if this information is correct and complete, and to notify us if it changes during the policy period. If this information is incorrect, incomplete, or changes during the policy period, you agree that we may adjust your premium accordingly. Changes that may result in a premium adjustment are contained in our rates and rules. These include, but are not limited to, you or a relative obtaining a driver's license or operator's permit, or changes in:

1. the number, type, or use classification of covered autos;
2. operators using covered autos;
3. an operator's marital status;
4. the place of principal garaging of any covered auto;
5. coverage, deductibles, or limits of liability; or
6. rating territory or discount eligibility.

The coverage provided in your policy may be changed only by the issuance of a new policy or an endorsement by us. However, if during the policy period we broaden any coverage afforded under the current edition of your policy without additional premium charge, that change will automatically apply to your policy as of the date the coverage change is implemented in your state.

If you ask us to delete a vehicle from this policy, no coverage will apply to that vehicle as of the date and time you ask us to delete it.

DUTY TO REPORT CHANGES

You must promptly notify us when:

1. your mailing or residence address changes;
2. the principal garaging address for a covered auto changes;
3. there is a change with respect to the residents in your household or the persons who regularly operate a covered auto;
4. an operator's marital status changes; or
5. you or a relative obtain a driver's license or operator's permit.

SETTLEMENT OF CLAIMS

We may use estimating, appraisal, or injury evaluation systems to assist us in adjusting claims under this policy and to assist us in determining the amount of damages, expenses, or loss payable under this policy. Such systems may be developed by us

or a third party and may include computer software, databases, and specialized technology.

TERMS OF POLICY CONFORMED TO STATUTES

If any provision of this policy fails to conform to the statutes of the state listed on your application as your residence, the provision shall be deemed amended to conform to such statutes. All other provisions shall be given full force and effect. Any disputes as to the coverages provided or the provisions of this policy shall be governed by the law of the state listed on your application as your residence.

TRANSFER

This policy may not be transferred to another person without our written consent. However, if a named insured shown on the declarations page dies, this policy will provide coverage until the end of the policy period for the legal representative of the named insured, while acting as such, and for persons covered under this policy on the date of the named insured's death.

FRAUD OR MISREPRESENTATION

This policy was issued in reliance upon the information provided on your insurance application. We may void this policy at any time, including after the occurrence of an accident or loss, if you:

1. made incorrect statements or representations to us with regard to any material fact or circumstance;
2. concealed or misrepresented any material fact or circumstance; or
3. engaged in fraudulent conduct;

at the time of application. This means that we will not be liable for any claims or damages that would otherwise be covered unless we have certified this policy as proof of financial responsibility. If we have certified this policy as proof of financial responsibility, nothing in this provision shall affect coverage under Part I - Liability To Others up to the minimum limit mandated by the motor vehicle financial responsibility law of South Carolina for an accident that occurs before we notify the named insured that the policy is void. If we void this policy, you must reimburse us if we make a payment.

We may deny coverage for an accident or loss if you or a person seeking coverage has knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim.

PAYMENT OF PREMIUM AND FEES

If your initial premium payment is by check, draft, electronic funds transfer, or similar form of remittance, coverage under this policy is conditioned on payment to us by the financial institution. If the financial institution upon presentation does not honor the

check, draft, electronic funds transfer, or similar form of remittance, this policy may, at our option, be cancelled from its inception by notice of cancellation or rescission. This means we will not be liable under this policy for any claims or damages that would otherwise be covered if the check, draft, electronic funds transfer, or similar form of remittance had been honored by the financial institution. Any action by us to present the remittance for payment more than once shall not affect our right to void this policy.

In addition to premium, fees may be charged on your policy. We may charge fees for installment payments, late payments, and other transactions. Payments made on your policy will be applied first to fees, then to premium due.

CANCELLATION

You may cancel this policy during the policy period by calling or writing us and stating the future date you wish the cancellation to be effective.

We may cancel this policy during the policy period by mailing a notice of cancellation to the named insured shown on the declarations page at the last known address appearing in our records, stating the specific reason for cancellation. Notice will be mailed at least 15 days before the date of cancellation.

We may cancel this policy for any of the following reasons within the first 60 days of the initial policy period:

1. a premium payment by check, draft, electronic funds transfer, or similar form of remittance is not honored upon presentment;
2. you produce proof that you have sold or otherwise disposed of a covered auto, or surrendered its tags and registration;
3. you have secured another policy that satisfies the financial responsibility laws of the State of South Carolina; or
4. you fail to pay when due:
 - a. the premium for the policy;
 - b. an installment of the premium; or
 - c. an installment payment under a premium service contract.

After the policy has been in effect for more than 60 days, but before the policy has been in effect for more than 90 days, we may cancel this policy for any reason.

After this policy is in effect for more than 90 days, or if this is a renewal or continuation policy, we may cancel only for one or more of the following reasons:

1. nonpayment of premium;
2. loss of driving privileges through suspension or revocation of an operator's license issued to you, any driver in your household, or any regular operator of a covered auto; or
3. any other reason permitted by law.

Proof of mailing will be sufficient proof of notice. If this policy is cancelled, coverage will not be provided as of the effective date and time shown in the notice of cancellation. For purposes of cancellation, this policy is neither severable nor divisible. Any cancellation will be effective for all coverages for all persons and all vehicles.

CANCELLATION REFUND

Upon cancellation, you may be entitled to a premium refund. However, our making or offering of a refund is not a condition of cancellation.

If this policy is cancelled, any refund due will be computed on a daily pro-rata basis. However, if this policy is cancelled at your request or if cancellation is for nonpayment of premium, any refund due will be computed on a 90% of a daily pro-rata basis. This is a daily, accelerated method of calculating short-rate earned premium on cancellations. Earned premium is calculated on a daily basis. We will supply a copy of the table to you on request.

When you renew this policy, we will waive our right under the policy to calculate cancellation refunds on a 90% of a daily pro-rata basis; instead, any refund of premium following a cancellation that may apply to the renewal policy will be calculated on a daily pro-rata basis.

NONRENEWAL

If neither we nor one of our affiliates offers to renew or continue this policy, we will mail notice of nonrenewal stating the specific reason for nonrenewal to the named insured shown on the declarations page at the last known address appearing in our records. Proof of mailing will be sufficient proof of notice. Notice will be mailed at least 15 days before the end of the policy period.

AUTOMATIC TERMINATION

If we or an affiliate offers to renew or continue this policy and you or your representative does not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due will mean that you have not accepted our offer.

If you obtain other insurance on a covered auto, any similar insurance provided by this policy will terminate as to that covered auto on the effective date of the other insurance.

If a covered auto is sold or transferred to someone other than you or a relative, any insurance provided by this policy will terminate as to that covered auto on the effective date of the sale or transfer.

LEGAL ACTION AGAINST US

We may not be sued unless there is full compliance with all the terms of this policy.

We may not be sued for payment under Part I - Liability To Others until the obligation of an insured person under Part I to pay is finally determined either by judgment after trial against that person or by written agreement of the insured person, the claimant, and us. No one will have any right to make us a party to a lawsuit to determine the liability of an insured person.

If we retain salvage, we have no duty to preserve or otherwise retain the salvage for any purpose, including evidence for any civil or criminal proceeding.

OUR RIGHTS TO RECOVER PAYMENT

We are entitled to the rights of recovery that the insured person to whom payment was made has against another, to the extent of our payment. That insured person may be required to sign documents related to the recovery and must do whatever else we require to help us exercise those recovery rights, and do nothing after an accident or loss to prejudice those rights.

However, we may not assert rights of recovery:

1. for amounts paid as Underinsured Motorist Coverage benefits; or
2. for amounts paid as Medical Payments Coverage benefits.

When an insured person has been paid by us and also recovers from another, the amount recovered will be held by the insured person in trust for us and reimbursed to us to the extent of our payment. If we are not reimbursed, we may pursue recovery of that amount directly against that insured person.

If an insured person recovers from another without our written consent, the insured person's right to payment under any affected coverage will no longer exist.

If we elect to exercise our rights of recovery against another, we will also attempt to recover any deductible incurred by an insured person under this policy unless we are specifically instructed by that person not to pursue the deductible. We have no obligation to pursue recovery against another for any loss not covered by this policy.

We reserve the right to compromise or settle the deductible and property damage claims against the responsible parties for less than the full amount. We also reserve the right to incur reasonable expenses and attorney fees in pursuit of the recovery.

If the total recovery is less than the total of our payment and the deductible, we will reduce reimbursement of the deductible based on the proportion that the actual recovery bears to the total of our payment and the deductible. A proportionate share

of collection expenses and attorney fees incurred in connection with these recovery efforts will also reduce reimbursement of the deductible.

These provisions will be applied in accordance with state law.

JOINT AND INDIVIDUAL INTERESTS

If there is more than one named insured on this policy, any named insured may cancel or change this policy. The action of one named insured will be binding on all persons provided coverage under this policy.

BANKRUPTCY

The bankruptcy or insolvency of an insured person will not relieve us of any obligations under this policy.

Plaintiff Class Claims

- Improper Definition of "Incurred"
- Improper Adjustment of Medpay Claims
- Declaratory Judgment & Damage Claims

Progressive Casualty

- Adjusts all SC Medpay Claims
- Same Internal Definition of "Incurred" for all Policies
- Same Adjusting Process for all Medpay Claims

Progressive Max

Progressive Direct

Progressive Northern

United Financial Casualty

000553

JOINT SERVICING (COST ALLOCATION) AGREEMENT

This Joint Servicing (Cost Allocation) Agreement ("Agreement") is made as of the 27th day of December, 2003, by and between Progressive Casualty Insurance Company ("PCIC") and Progressive Halcyon Insurance Company ("HIC").

RECITALS

PCIC provides or causes to be provided various services and facilities to its affiliated companies. Such services and facilities are provided by PCIC at cost and enable the affiliates to obtain high quality services and facilities at a price that reflects the efficiencies of economies of scale.

The parties desire that PCIC provide or cause to be provided to HIC those services and facilities that will complement the operations that HIC conducts so that HIC can efficiently provide high quality services and products to its customers.

HIC may have capacity to provide, from time to time, services to PCIC and, on PCIC's behalf, to affiliates of the parties. The parties desire that HIC make such services available to or on behalf of PCIC.

This Agreement establishes the terms and conditions pursuant to which each party provides services and facilities to or on behalf of the other.

* * * *

The foregoing recitals are intended to aid in the interpretation and understanding of this Agreement. None of the recitals constitute, or are to be interpreted as, agreements of the parties; the only provisions of this Agreement that are binding on the parties are set forth below.

ARTICLE I

GENERAL PROVISIONS

- A. **General:** Notwithstanding any other provision of this Agreement, it is understood that the business and affairs of each of the parties hereto shall be subject to the control and direction of its Board of Directors and, to the extent delegated by such Board or, as may otherwise be appropriate, by its appropriately designated officers. Neither party nor its officers shall have any management prerogatives with respect to the business and affairs of the other party. Each party shall own all records of its business.

With respect to the services and facilities (collectively, "services") each party is required to provide hereunder, each party agrees that the other party may (i) provide such services and facilities directly, or (ii) cause or engage another party, which may be an affiliate, to provide such services and facilities, provided that each party shall be responsible for insuring that all services and facilities are provided as required hereunder. Any services or facilities which a party is required to provide under this Agreement will be provided not only to the other party on its own behalf but also to the other party in fulfillment of any contractual obligations which that party might have with its affiliates.

Each party agrees that it shall provide services hereunder only for so long as they are requested by the other party.

- B. **Practices and Procedures:** Each party, in providing services hereunder, intends to provide substantially the same types and quality of services as it provides with respect to its own business of insurance. Each party has evaluated and found these services to be satisfactory in all respects.

Without prior consent from the party to whom services are provided, the party providing services shall not depart from these practices, workflows, and procedures in a way which materially affects the nature of the services provided under this Agreement. Each party shall use its best efforts to effect such reasonable changes in the practices, workflows, and procedures hereunder as are requested by the other party on reasonable notice, such other party agreeing to pay the cost involved with respect to such changes that individually or in the aggregate materially increase the cost to the party providing service hereunder.

- C. **Form, Notice:** Each party, in providing services hereunder, shall use such forms, notices, reports, checks and other similar instruments as the parties hereto may agree upon from time to time. The party being provided service shall provide reasonable advance notice to the party providing service of any changes in such forms, notices, reports, checks or other similar instruments, rules and policies which it may request, the party being provided service agreeing to pay the cost incurred by the party providing service with respect to such changes which individually or in the aggregate materially increase the cost to the party providing services hereunder.
- D. **Administration and Record Keeping:** Each party shall provide internal record keeping and general office administration incidental to or necessary for the proper rendering of services performed in accordance with this Agreement. Each party and regulatory authorities shall have the right to examine the books and records of the other relating to performance under this Agreement. Such other party shall maintain appropriate records and files relating to the policies of the party receiving services, which records and files shall be available to the party receiving services for inspection and which shall be in such forms that upon termination of this Agreement, can be delivered to such party or any other party at the request of the party receiving services. Such files shall be in satisfactory form if they conform to the usual practices of the party providing services or otherwise are in form approved by the party to whom services are provided. In addition, each party shall maintain such accounts and records which may be necessary in the conduct of the other party's business as an independent entity. Notwithstanding anything contained herein to the contrary, each party shall own its general corporate accounts and records, and upon demand, the other party shall provide such accounts and records to the party receiving services without regard to whether any monies may be due and owing from either party to the other.

ARTICLE II

SERVICES AND FACILITIES PROVIDED BY PCIC TO HIC

- A. **Corporate Staff Services:** PCIC shall provide, or cause to be provided, such of the following services to HIC as are required by HIC to conduct its insurance operations in an efficient, professional manner.
1. **Functional Services**

PCIC shall provide such actuarial, financial reporting, data processing, statistical, and accounting services as are required by HIC from time to time. Without limiting the foregoing, PCIC shall be responsible for the preparation of financial and other reports which are required in the ordinary course of HIC's business.
 2. **Investment Services**

PCIC shall provide, or cause to be provided, investment advisory services to HIC subject to the direction of HIC's Board of Directors. PCIC shall also provide to HIC investment accounting services including summary and detailed accounting, general ledger entry for all investment activity, and monthly accrual of investment income expenses, in preparation of annual statement schedules. HIC nevertheless shall at all times have responsibility for and authority over the control and management of its investment portfolio.
 3. **Personnel Services**

In addition to all other services provided hereunder, PCIC shall provide such executive, legal, clerical and other services as may reasonably be required from time to time. ^{and Y}

4. Taxes

PCIC shall be responsible for the preparation and filing of all federal, state, and municipal tax returns, and shall make all payments due thereunder, subject to reimbursement, as herein provided.

5. Data Processing

PCIC shall provide such electronic data processing and system support as may be necessary and directly related to the usual and customary services to be provided under this Agreement.

6. Office, Space, and Furniture

PCIC shall provide to HIC such office space, furniture and equipment as may be required by HIC.

B. Insurance Product Support Services and Facilities:

PCIC shall provide, or cause to be provided, such of the following services and facilities to HIC as are required by HIC to conduct its insurance operations in an efficient, professional manner.

1. Sales Services

PCIC shall provide sales and marketing services to HIC. PCIC shall be responsible for the appointment and termination of all sales representatives subject to the approval of HIC.

2. Advertising and Promotion

PCIC shall engage in advertising, sales promotion, and producer development on behalf of HIC which, in HIC's reasonable judgment, it deems advisable.

3. Selection and Underwriting

PCIC shall provide selection, underwriting and issuance services for HIC. Underwriting decisions made by PCIC shall be in accordance with the standard selection and underwriting practices of HIC, provided that PCIC underwriting personnel shall consult with officers of HIC in any unusual selection or underwriting situations or upon request. HIC shall have final authority over all underwriting, and shall have final authority to cancel any or all policies underwritten by PCIC on behalf of HIC.

4. Reinsurance

PCIC shall have authority to arrange for the reinsurance of all or a part of HIC's business, and to have HIC reinsure business produced by other insurance companies, provided, however, that HIC shall have the ultimate right to refuse to enter into any such agreements, or to cancel and/or terminate any such agreements.

5. Premium Billing and Collection

PCIC shall provide premium billing services to collect all premiums for HIC, and shall disburse, at the earliest practical time, but in no event later than thirty (30) days (or other mutually agreed period) following receipt, amounts so collected on behalf of HIC to HIC or its designees. Any amounts held by PCIC on behalf of HIC shall be held by PCIC in a

fiduciary capacity. PCIC shall at all times maintain records which identify HIC's funds separately from all other funds.

6. Appointment and Cancellation of Producers

PCIC shall associate, on HIC's behalf, with insurance agents, agencies, brokers, brokerages, and producers (collectively, "producers") for the sale of HIC's products. PCIC may, in the name of HIC, contract with and appoint producers, and shall have the right to cancel and/or terminate producers, provided that in all events HIC shall have ultimate authority to cancel any producer and to revoke any appointments thereof.

7. Commissions

PCIC shall perform calculations and make payment of producer's commissions, including the calculation and payment of any contingent commissions pursuant to commission plans and rates approved by HIC for business produced on its behalf. HIC shall have final authority over the establishment of all commission rates.

8. Claims and Other Policy Payments

PCIC shall provide all claim and other policy payment services, including investigation, adjustment and defense of claims, and shall make all claim and policy payments with respect to HIC, including payments representing claims, policy loans, surrenders, and amounts paid under policy or contract settlement options. In matters involving claim decisions, PCIC claim personnel shall consult with officers of HIC in unusual situations involving disputed claims or upon request. HIC shall monitor claims handling service and retain ultimate authority for adjustments and claim payments made on its behalf. Claim payments made by PCIC following such procedures shall be final and conclusive.

ARTICLE III

SERVICES PROVIDED BY HIC TO AND ON BEHALF OF PCIC

HIC agrees to provide to and on behalf of PCIC such of the following services as HIC may have the capacity to provide and as are required by PCIC.

- A. **Sales Services:** HIC shall provide sales and marketing services to PCIC. HIC shall be responsible for the appointment and termination of all sales representatives subject to the approval of PCIC.
- B. **Advertising and Promotion:** HIC shall engage in advertising, sales promotion, and producer development on behalf of PCIC which, in PCIC's reasonable judgment, it deems advisable.
- C. **Selection and Underwriting:** HIC shall provide selection, underwriting and issuance services for PCIC. Underwriting decisions made by HIC shall be in accordance with the standard selection and underwriting practices of PCIC, provided that HIC underwriting personnel shall consult with officers of PCIC in any unusual selection or underwriting situations or upon request. PCIC shall have final authority over all underwriting, and shall have final authority to cancel any or all policies underwritten by HIC on behalf of PCIC.
- D. **Premium Billing and Collection:** HIC shall provide premium billing services to collect all premiums for PCIC, and shall disburse, at the earliest practical time, but in no event later than thirty (30) days (or other mutually agreed period) following receipt, amounts so collected on behalf of PCIC to PCIC or its designees. Any amounts held by HIC on behalf of PCIC shall be held by HIC in a fiduciary capacity. HIC shall at all times maintain records which identify PCIC's funds separately from all other funds.
- E. **Appointment and Cancellation of Producers:** HIC shall associate, on PCIC's behalf, with

insurance agents, agencies, brokers, brokerages, and producers (collectively, "producers") for the sale of PCIC's products. HIC may, in the name of PCIC, contract with and appoint producers, and shall have the right to cancel and/or terminate producers, provided that in all events PCIC shall have ultimate authority to cancel any producer and to revoke any appointments thereof.

- F. **Commissions:** HIC shall perform calculations and make payment of producer's commissions, including the calculation and payment of any contingent commissions pursuant to commission plans and rates approved by PCIC for business produced on its behalf. PCIC shall have final authority over the establishment of all commission rates.
- G. **Claims and Other Policy Payments:** HIC shall provide all claim and other policy payment services, including investigation, adjustment and defense of claims, and shall make all claim and policy payments with respect to PCIC, including payments representing claims, policy loans, surrenders, and amounts paid under policy or contract settlement options. In matters involving claim decisions, HIC claim personnel shall consult with officers of PCIC in unusual situations involving disputed claims or upon request. PCIC shall monitor claims handling service and retain ultimate authority for adjustments and claim payments made on its behalf. Claim payments made by HIC following such procedures shall be final and conclusive.
- H. **Other Services:** HIC shall provide such executive services, management and review as are necessary and proper.

ARTICLE IV

EXPENSE ALLOCATION

Each party is hereby authorized and directed, in discharging its obligations under this Agreement, to pay or arrange for the payment of all ordinary and necessary expenses that are associated with the services provided hereunder and that are not paid directly by the party receiving services. All expenses incurred by PCIC on behalf of HIC and its affiliates owned, directly or indirectly, by Progressive Direct Holdings, Inc. shall be allocated to HIC. HIC in turn will allocate expenses relating to such affiliates in accordance with the respective cost allocation provisions pertaining to these companies in the applicable Management (Cost Allocation) Agreements between HIC and these companies. Expenses shall be apportioned in accordance with SSAP No. 70, "Allocation of Expenses." The books, accounts and records shall be so maintained as to clearly and accurately disclose the nature and details of the transactions including such accounting information as is necessary to support the expenses apportioned to the respective parties. The party receiving services shall reimburse the party providing services for such expenses, as well as for all other expenses incurred by the party providing services in discharging its obligations under this Agreement as follows:

- A. **Identifiable Expenses:** The party receiving services may pay all or a part of the expenses that are incurred by it and that are readily identifiable as its expenses. If the servicing party pays, on the other party's behalf, any expenses that are readily identifiable as expenses of such other party, such other party shall reimburse the party providing services dollar for dollar.
- B. **Non-Identifiable Expenses:**
 - 1. Each party may, in providing services hereunder, pay or incur certain expenses on behalf of the other party that are not readily identifiable as expenses of such other party. Such expenses shall be referred to below as "non-identifiable expenses", and include unallocated loss adjustment expenses, operating expenses, and administrative expenses.

The servicing party shall allocate non-identifiable expenses to a particular product (identified by an assigned "rate manual") in a particular state using various allocation formulas and factors. From time to time the parties may revise the formulas and factors to more accurately allocate to the party to or for whom services are provided the expenses that are paid on its behalf by the party providing services. All formulas and factors used by the

parties:

- i. shall be based on objective criteria; and
- ii. shall be intended to allocate all non-identifiable expenses incurred by the party providing services to the other party.

The party providing services shall maintain an audit trail that documents and supports every expense allocation.

2. The amount of non-identifiable expenses allocated to a party for a given state shall be the sum of all non-identifiable expenses allocated pursuant to Paragraph (B)(1) to that party for all products written in that state by that party or an affiliate to whom that party provides services or facilities. The total non-identifiable expenses to be allocated to each party hereunder for all states are the sum of expenses to be allocated for each state determined as described above.

Notwithstanding the foregoing, the party to or on whose behalf services are provided shall not be allocated a percentage of a type or class of a non-identifiable expense that such party pays or reimburses as an identifiable expense.

C. Expense Reimbursement:

The party receiving services shall reimburse the party providing services for:

1. all identifiable expenses; and
2. all non-identifiable expenses allocated pursuant to Paragraph (B)(2) to the party to or on whose behalf services are provided

that are paid or incurred by the party providing services. Also such expenses shall be reimbursed within ninety (90) days after the close of each calendar quarter.

D. No Separate Management Fee:

Each party agrees that the amount of administrative overhead allocated to the other hereunder will fairly and adequately compensate such party for the management services that it provides hereunder. Neither party shall be entitled to any additional or separate management fees.

E. Other Agreements:

Notwithstanding anything contained in this Agreement, each party shall be assessed its portion of:

1. investment management expenses pursuant to the terms of the Investment Services Agreement between Progressive Capital Management Corporation and certain of its affiliates, including the parties, for as long as they are subject to that Agreement; and
2. federal tax liability pursuant to the Affiliate Agreement - Allocation of Federal Income Taxes between The Progressive Corporation and certain of its affiliates, including the parties, for as long as they are subject to that Agreement.

ARTICLE V

MISCELLANEOUS

A. Termination:

This Agreement shall be in effect as of the date first above written and shall remain in full force and effect thereafter, provided, however, that either party may terminate this Agreement with or without cause by giving ninety (90) days written notice of termination to the other.

B. Amendment:

This Agreement may be changed at any time by an amendment executed by both parties.

C. Non-Assignment:

This Agreement shall not be assigned by either party.

D. Governing Law:

This Agreement shall be interpreted in accordance with the laws of the State of Ohio.

E. Nondisclosure of Nonpublic Personal Information:

In performing this Agreement, a party may disclose to the other party, or a party may obtain, certain Nonpublic Personal Information concerning one or more of the other party's insureds, claimants or other consumers. 'Nonpublic Personal Information' will be defined by the Gramm-Leach-Bliley Act of 1999, 15 U.S.C. §§ 6801 et seq., and applicable federal and state laws and regulations implementing the act ("Privacy Laws"). Reuse and redisclosure of Nonpublic Personal Information by a party is restricted by applicable Privacy Laws. Accordingly, each party agrees to: (1) use the Nonpublic Personal Information only to carry out the purpose(s) for which it was disclosed; (2) hold the Nonpublic Personal Information in confidence and safeguard it from unauthorized use or disclosure; (3) not further disclose Nonpublic Personal Information, except as may be permitted by applicable Privacy Laws; and (4) return to the other party or destroy, at the other party's option, all such information in its possession or control upon completing the performance of services or functions for which the Nonpublic Personal Information is provided.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their designated officers.

PROGRESSIVE CASUALTY INSURANCE COMPANY

By: _____

Its: Vice President

PROGRESSIVE HALCYON INSURANCE COMPANY

By: _____

Its: Secretary

AMENDMENT TO JOINT SERVICING (COST ALLOCATION) AGREEMENT

Progressive Direct Insurance Company (formerly known as Progressive Halcyon Insurance Company) ("PRDRT") and Progressive Casualty Insurance Company ("PCIC") hereby amend the Joint Servicing (Cost Allocation) Agreement ("Agreement"), originally entered into on the 27th day of December, 2003 between the parties. This Amendment shall be effective as of December 8, 2009.

In consideration of the mutual promises contained herein, PRDRT and PCIC agree to amend the Agreement as follows:

As respects charges from PCIC to PRDRT in connection with insurance business written in foreign countries, it is understood that:

1. The Agreement will qualify as a "Shared Services Agreement" pursuant to the U.S. Treasury Department regulations promulgated under Section 482 of the Internal Revenue Code, and to the extent not inconsistent therewith, the "Cost Contribution Arrangement" provisions of the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.
2. Any reference in this Agreement to the reimbursement or allocation of an expense shall be considered to include the expense plus an applicable markup if such expense is required to be charged with a markup under U.S. or foreign tax laws, including transfer pricing regulations. These markups will be determined based on an analysis of the profits earned on similar transactions in the marketplace in an arm's-length setting. Such analysis will be performed by an independent third party, and will be updated periodically as dictated by changes in market conditions. The results of such analysis will be provided to regulators upon request. As of the date of this Amendment, the services to be charged with such a markup are those described in attached Exhibit A.
3. For all services to be charged out at cost, the parties intend to apply the "Services Cost Method" as defined in U.S. Treasury Regulation §1.482-9T to evaluate the arm's length charge pursuant to a shared services arrangement.
4. For all services to charge out with a markup, the amount of markup on these services will be determined in accordance with U.S. and foreign transfer pricing rules and may be adjusted from time to time.
5. The parties agree that the formulas used to allocate costs are the most reliable measure of the parties' share of reasonable anticipated benefits from those services without regard to whether the anticipated benefits are in fact realized.

All other terms and conditions of the Agreement remain unchanged.

IN WITNESS WHEREOF, the parties have caused this Amendment to be signed by their duly authorized representatives.

PROGRESSIVE DIRECT INSURANCE COMPANY

By: Karen A. Kosuda

Name: KAREN A. KOSUDA

Title: Assistant Secretary

PROGRESSIVE CASUALTY INSURANCE COMPANY

By: Kathleen M. Cerny

Name: Kathleen M. Cerny

Title: Assistant Secretary

EXHIBIT A

SERVICES TO BE CHARGED OUT WITH A MARKUP

1. **Selection and Underwriting:** PCIC shall provide selection, underwriting and issuance services for PRDRT. Underwriting decisions made by PCIC shall be in accordance with the standard selection and underwriting practices of PRDRT, provided that PCIC underwriting personnel shall consult with officers of PRDRT in any unusual selection or underwriting situations or upon request. PRDRT shall have final authority over all underwriting, and shall have final authority to cancel any or all policies underwritten by PCIC on behalf of PRDRT.
2. **Reinsurance:** PCIC shall have authority to arrange for the reinsurance of all or a part of PRDRT's business, and to have PRDRT reinsure business produced by other insurance companies, provided, however, that PRDRT shall have the ultimate right to refuse to enter into any such agreements, or to cancel and/or terminate any such agreements.
3. **Executive Services:** PCIC shall make available such executive services as may reasonably be required from time to time.
4. **Software Development:** PCIC shall make available such services as may be necessary for the design, development and implementation of software to be used by PRDRT for managing and processing its insurance business in foreign countries.

JOINT SERVICING (COST ALLOCATION) AGREEMENT

This Joint Servicing (Cost Allocation) Agreement ("Agreement") is made as of the 1st day of July, 2007, by and between Progressive Northern Insurance Company ("PNIC") and Progressive Casualty Insurance Company ("PCIC").

RECITALS

PCIC provides or causes to be provided various services and facilities to its affiliated companies. Such services and facilities are provided by PCIC at cost and enable the affiliates to obtain high quality services and facilities at a price that reflects the efficiencies of economies of scale.

The parties desire that PCIC provide or cause to be provided to PNIC those services and facilities that will complement the operations that PNIC conducts so that PNIC can efficiently provide high quality services and products to its customers.

PNIC may have capacity to provide, from time to time, services to PCIC and, on PCIC's behalf, to affiliates of the parties. The parties desire that PNIC make such services available to or on behalf of PCIC.

This Agreement establishes the terms and conditions pursuant to which each party provides services and facilities to or on behalf of the other.

* * * *

The foregoing recitals are intended to aid in the interpretation and understanding of this Agreement. None of the recitals constitute, or are to be interpreted as, agreements of the parties; the only provisions of this Agreement that are binding on the parties are set forth below.

ARTICLE I

GENERAL PROVISIONS

- A. **General:** Notwithstanding any other provision of this Agreement, it is understood that the business and affairs of each of the parties hereto shall be subject to the control and direction of its Board of Directors and, to the extent delegated by such Board or, as may otherwise be appropriate, by its appropriately designated officers. Neither party nor its officers shall have any management prerogatives with respect to the business and affairs of the other party. Each party shall own all records of its business.

With respect to the services and facilities (collectively, "services") each party is required to provide hereunder, each party agrees that the other party may (i) provide such services and facilities directly, or (ii) cause or engage another party, which may be an affiliate, to provide such services and facilities, provided that each party shall be responsible for insuring that all services and facilities are provided as required hereunder. Any services or facilities which a party is required to provide under this Agreement will be provided not only to the other party on its own behalf but also to the other party in fulfillment of any contractual obligations which that party might have with its affiliates.

Each party agrees that it shall provide services hereunder only for so long as they are requested by the other party.

- B. **Practices and Procedures:** Each party, in providing services hereunder, intends to provide substantially the same types and quality of services as it provides with respect to its own business of insurance. Each party has evaluated and found these services to be satisfactory in all respects. Without prior consent from the party to whom services are provided, the party providing services

shall not depart from these practices, workflows, and procedures in a way which materially affects the nature of the services provided under this Agreement. Each party shall use its best efforts to effect such reasonable changes in the practices, workflows, and procedures hereunder as are requested by the other party on reasonable notice, such other party agreeing to pay the cost involved with respect to such changes that individually or in the aggregate materially increase the cost to the party providing service hereunder.

- C. **Form, Notice:** Each party, in providing services hereunder, shall use such forms, notices, reports, checks and other similar instruments as the parties hereto may agree upon from time to time. The party being provided service shall provide reasonable advance notice to the party providing service of any changes in such forms, notices, reports, checks or other similar instruments, rules and policies which it may request, the party being provided service agreeing to pay the cost incurred by the party providing service with respect to such changes which individually or in the aggregate materially increase the cost to the party providing services hereunder.
- D. **Administration and Record Keeping:** Each party shall provide internal record keeping and general office administration incidental to or necessary for the proper rendering of services performed in accordance with this Agreement. Each party and regulatory authorities shall have the right to examine the books and records of the other relating to performance under this Agreement. Such other party shall maintain appropriate records and files relating to the policies of the party receiving services, which records and files shall be available to the party receiving services for inspection and which shall be in such forms that upon termination of this Agreement, can be delivered to such party or any other party at the request of the party receiving services. Such files shall be in satisfactory form if they conform to the usual practices of the party providing services or otherwise are in form approved by the party to whom services are provided. In addition, each party shall maintain such accounts and records which may be necessary in the conduct of the other party's business as an independent entity. Notwithstanding anything contained herein to the contrary, each party shall own its general corporate accounts and records, and upon demand, the other party shall provide such accounts and records to the party receiving services without regard to whether any monies may be due and owing from either party to the other.

ARTICLE II

SERVICES AND FACILITIES PROVIDED BY PCIC TO PNIC

- A. **Corporate Staff Services:** PCIC shall provide, or cause to be provided, such of the following services to PNIC as are required by PNIC to conduct its insurance operations in an efficient, professional manner.
1. **Functional Services**

PCIC shall provide such actuarial, financial reporting, data processing, statistical, and accounting services as are required by PNIC from time to time. Without limiting the foregoing, PCIC shall be responsible for the preparation of financial and other reports which are required in the ordinary course of PNIC's business.
 2. **Investment Services**

PCIC shall provide, or cause to be provided, investment advisory services to PNIC subject to the direction of PNIC's Board of Directors. PCIC shall also provide to PNIC investment accounting services including summary and detailed accounting, general ledger entry for all investment activity, and monthly accrual of investment income expenses, in preparation of annual statement schedules. PNIC nevertheless shall at all times have responsibility for and authority over the control and management of its investment portfolio.
 3. **Personnel Services**

In addition to all other services provided hereunder, PCIC shall provide such executive,

legal, clerical and other services as may reasonably be required from time to time.

4. Taxes

PCIC shall be responsible for the preparation and filing of all federal, state, and municipal tax returns, and shall make all payments due thereunder, subject to reimbursement, as herein provided.

5. Data Processing

PCIC shall provide such electronic data processing and system support as may be necessary and directly related to the usual and customary services to be provided under this Agreement.

6. Office, Space, and Furniture

PCIC shall provide to PNIC such office space, furniture and equipment as may be required by PNIC.

B. Insurance Product Support Services and Facilities:

PCIC shall provide, or cause to be provided, such of the following services and facilities to PNIC as are required by PNIC to conduct its insurance operations in an efficient, professional manner.

1. Sales Services

PCIC shall provide sales and marketing services to PNIC. PCIC shall be responsible for the appointment and termination of all sales representatives subject to the approval of PNIC.

2. Advertising and Promotion

PCIC shall engage in advertising, sales promotion, and producer development on behalf of PNIC which, in PNIC's reasonable judgment, it deems advisable.

3. Selection and Underwriting

PCIC shall provide selection, underwriting and issuance services for PNIC. Underwriting decisions made by PCIC shall be in accordance with the standard selection and underwriting practices of PNIC, provided that PCIC underwriting personnel shall consult with officers of PNIC in any unusual selection or underwriting situations or upon request. PNIC shall have final authority over all underwriting, and shall have final authority to cancel any or all policies underwritten by PCIC on behalf of PNIC.

4. Reinsurance

PCIC shall have authority to arrange for the reinsurance of all or a part of PNIC's business, and to have PNIC reinsure business produced by other insurance companies, provided, however, that PNIC shall have the ultimate right to refuse to enter into any such agreements, or to cancel and/or terminate any such agreements.

5. Premium Billing and Collection

PCIC shall provide premium billing services to collect all premiums for PNIC, and shall disburse, at the earliest practical time, but in no event later than thirty (30) days (or other mutually agreed period) following receipt, amounts so collected on behalf of PNIC to PNIC or its designees. Any amounts held by PCIC on behalf of PNIC shall be held by PCIC in a fiduciary capacity. PCIC shall at all times maintain records which identify PNIC's funds separately from all other funds.

6. Appointment and Cancellation of Producers

PCIC shall associate, on PNIC's behalf, with insurance agents, agencies, brokers, brokerages, and producers (collectively, "producers") for the sale of PNIC's products. PCIC may, in the name of PNIC, contract with and appoint producers, and shall have the right to cancel and/or terminate producers, provided that in all events PNIC shall have ultimate authority to cancel any producer and to revoke any appointments thereof.

7. Commissions

PCIC shall perform calculations and make payment of producer's commissions, including the calculation and payment of any contingent commissions pursuant to commission plans and rates approved by PNIC for business produced on its behalf. PNIC shall have final authority over the establishment of all commission rates.

8. Claims and Other Policy Payments

PCIC shall provide all claim and other policy payment services, including investigation, adjustment and defense of claims, and shall make all claim and policy payments with respect to PNIC, including payments representing claims, policy loans, surrenders, and amounts paid under policy or contract settlement options. In matters involving claim decisions, PCIC claim personnel shall consult with officers of PNIC in unusual situations involving disputed claims or upon request. PNIC shall monitor claims handling service and retain ultimate authority for adjustments and claim payments made on its behalf. Claim payments made by PCIC following such procedures shall be final and conclusive.

ARTICLE III

SERVICES PROVIDED BY PNIC TO AND ON BEHALF OF PCIC

PNIC agrees to provide to and on behalf of PCIC such of the following services as PNIC may have the capacity to provide and as are required by PCIC.

- A. **Sales Services:** PNIC shall provide sales and marketing services to PCIC. PNIC shall be responsible for the appointment and termination of all sales representatives subject to the approval of PCIC.
- B. **Advertising and Promotion:** PNIC shall engage in advertising, sales promotion, and producer development on behalf of PCIC which, in PCIC's reasonable judgment, it deems advisable.
- C. **Selection and Underwriting:** PNIC shall provide selection, underwriting and issuance services for PCIC. Underwriting decisions made by PNIC shall be in accordance with the standard selection and underwriting practices of PCIC, provided that PNIC underwriting personnel shall consult with officers of PCIC in any unusual selection or underwriting situations or upon request. PCIC shall have final authority over all underwriting, and shall have final authority to cancel any or all policies underwritten by PNIC on behalf of PCIC.
- D. **Premium Billing and Collection:** PNIC shall provide premium billing services to collect all premiums for PCIC, and shall disburse, at the earliest practical time, but in no event later than thirty (30) days (or other mutually agreed period) following receipt, amounts so collected on behalf of PCIC to PCIC or its designees. Any amounts held by PNIC on behalf of PCIC shall be held by PNIC in a fiduciary capacity. PNIC shall at all times maintain records which identify PCIC's funds separately from all other funds.
- E. **Appointment and Cancellation of Producers:** PNIC shall associate, on PCIC's behalf, with insurance agents, agencies, brokers, brokerages, and producers (collectively, "producers") for the sale of PCIC's products. PNIC may, in the name of PCIC, contract with and appoint producers, and shall have the right to cancel and/or terminate producers, provided that in all events PCIC shall have

ultimate authority to cancel any producer and to revoke any appointments thereof.

- F. **Commissions:** PNIC shall perform calculations and make payment of producer's commissions, including the calculation and payment of any contingent commissions pursuant to commission plans and rates approved by PCIC for business produced on its behalf. PCIC shall have final authority over the establishment of all commission rates.
- G. **Claims and Other Policy Payments:** PNIC shall provide all claim and other policy payment services, including investigation, adjustment and defense of claims, and shall make all claim and policy payments with respect to PCIC, including payments representing claims, policy loans, surrenders, and amounts paid under policy or contract settlement options. In matters involving claim decisions, PNIC claim personnel shall consult with officers of PCIC in unusual situations involving disputed claims or upon request. PCIC shall monitor claims handling service and retain ultimate authority for adjustments and claim payments made on its behalf. Claim payments made by PNIC following such procedures shall be final and conclusive.
- H. **Other Services:** PNIC shall provide such executive services, management and review as are necessary and proper.

ARTICLE IV

EXPENSE ALLOCATION

Each party is hereby authorized and directed, in discharging its obligations under this Agreement, to pay or arrange for the payment of all ordinary and necessary expenses that are associated with the services provided hereunder and that are not paid directly by the party receiving services. Expenses shall be apportioned in accordance with SSAP No. 70, "Allocation of Expenses." The books, accounts and records shall be so maintained as to clearly and accurately disclose the nature and details of the transactions including such accounting information as is necessary to support the expenses apportioned to the respective parties. The party receiving services shall reimburse the party providing services for such expenses, as well as for all other expenses incurred by the party providing services in discharging its obligations under this Agreement as follows:

- A. **Identifiable Expenses:** The party receiving services may pay all or a part of the expenses that are incurred by it and that are readily identifiable as its expenses. If the servicing party pays, on the other party's behalf, any expenses that are readily identifiable as expenses of such other party, such other party shall reimburse the party providing services dollar for dollar.

B. **Non-Identifiable Expenses:**

1. Each party may, in providing services hereunder, pay or incur certain expenses on behalf of the other party that are not readily identifiable as expenses of such other party. Such expenses shall be referred to below as "non-identifiable expenses", and include unallocated loss adjustment expenses, operating expenses, and administrative expenses.

The servicing party shall allocate non-identifiable expenses to a particular product (identified by an assigned "rate manual") in a particular state using various allocation formulas and factors. From time to time the parties may revise the formulas and factors to more accurately allocate to the party to or for whom services are provided the expenses that are paid on its behalf by the party providing services. All formulas and factors used by the parties:

- i. shall be based on objective criteria; and
- ii. shall be intended to allocate all non-identifiable expenses incurred by the party providing services to the other party.

The party providing services shall maintain an audit trail that documents and supports every

expense allocation.

2. The amount of non-identifiable expenses allocated to a party for a given state shall be the sum of all non-identifiable expenses allocated pursuant to Paragraph (B)(1) to that party for all products written in that state by that party or an affiliate to whom that party provides services or facilities. The total non-identifiable expenses to be allocated to each party hereunder for all states are the sum of expenses to be allocated for each state determined as described above.

Notwithstanding the foregoing, the party to or on whose behalf services are provided shall not be allocated a percentage of a type or class of a non-identifiable expense that such party pays or reimburses as an identifiable expense.

C. Expense Reimbursement:

The party receiving services shall reimburse the party providing services for:

1. all identifiable expenses; and
2. all non-identifiable expenses allocated pursuant to Paragraph (B)(2) to the party to or on whose behalf services are provided

that are paid or incurred by the party providing services. Also such expenses shall be reimbursed within ninety (90) days after the close of each calendar quarter.

D. No Separate Management Fee:

Each party agrees that the amount of administrative overhead allocated to the other hereunder will fairly and adequately compensate such party for the management services that it provides hereunder. Neither party shall be entitled to any additional or separate management fees.

E. Other Agreements:

Notwithstanding anything contained in this Agreement, each party shall be assessed its portion of:

1. investment management expenses pursuant to the terms of the Investment Services Agreement between Progressive Capital Management Corporation and certain of its affiliates, including the parties, for as long as they are subject to that Agreement; and
2. federal tax liability pursuant to the Affiliate Agreement - Allocation of Federal Income Taxes between The Progressive Corporation and certain of its affiliates, including the parties, for as long as they are subject to that Agreement.

ARTICLE V

MISCELLANEOUS

A. Termination:

This Agreement shall be in effect as of the date first above written and shall remain in full force and effect thereafter, provided, however, that either party may terminate this Agreement with or without cause by giving ninety (90) days written notice of termination to the other.

B. Amendment:

This Agreement may be changed at any time by an amendment executed by both parties. Both parties shall notify their respective domiciliary insurance department at least thirty (30) days prior to the amendment of this Agreement.

Progressive00861
Confidential

C. **Non-Assignment:**

This Agreement shall not be assigned by either party.

D. **Governing Law:**

This Agreement shall be interpreted in accordance with the laws of the State of Ohio.

E. **Nondisclosure of Nonpublic Personal Information:**

In performing this Agreement, a party may disclose to the other party, or a party may obtain, certain Nonpublic Personal Information concerning one or more of the other party's Insureds, claimants or other consumers. 'Nonpublic Personal Information' will be defined by the Gramm-Leach-Bliley Act of 1999, 15 U.S.C. §§ 6801 et seq., and applicable federal and state laws and regulations implementing the act ("Privacy Laws"). Reuse and redisclosure of Nonpublic Personal Information by a party is restricted by applicable Privacy Laws. Accordingly, each party agrees to: (1) use the Nonpublic Personal Information only to carry out the purpose(s) for which it was disclosed; (2) hold the Nonpublic Personal Information in confidence and safeguard it from unauthorized use or disclosure; (3) not further disclose Nonpublic Personal Information, except as may be permitted by applicable Privacy Laws; and (4) return to the other party or destroy, at the other party's option, all such information in its possession or control upon completing the performance of services or functions for which the Nonpublic Personal Information is provided.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their designated officers.

PROGRESSIVE NORTHERN INSURANCE COMPANY

By: Kathleen M. Cenny
Its: Asst. Secretary

PROGRESSIVE CASUALTY INSURANCE COMPANY

By: Dore A. Holloway
Its: Secretary

JOINT SERVICING (COST ALLOCATION) AGREEMENT

This Joint Servicing (Cost Allocation) Agreement ("Agreement") is made as of the 1st day of January, 2005, by and between Progressive Casualty Insurance Company ("PCIC") and United Financial Casualty Company ("UFCC").

RECITALS

PCIC provides or causes to be provided various services and facilities to its affiliated companies. Such services and facilities are provided by PCIC at cost and enable the affiliates to obtain high quality services and facilities at a price that reflects the efficiencies of economies of scale.

The parties desire that PCIC provide or cause to be provided to UFCC those services and facilities that will complement the operations that UFCC conducts so that UFCC can efficiently provide high quality services and products to its customers.

UFCC may have capacity to provide, from time to time, services to PCIC and, on PCIC's behalf, to affiliates of the parties. The parties desire that UFCC make such services available to or on behalf of PCIC.

This Agreement establishes the terms and conditions pursuant to which each party provides services and facilities to or on behalf of the other.

* * * *

The foregoing recitals are intended to aid in the interpretation and understanding of this Agreement. None of the recitals constitute, or are to be interpreted as, agreements of the parties; the only provisions of this Agreement that are binding on the parties are set forth below.

ARTICLE I

GENERAL PROVISIONS

- A. **General:** Notwithstanding any other provision of this Agreement, it is understood that the business and affairs of each of the parties hereto shall be subject to the control and direction of its Board of Directors and, to the extent delegated by such Board or, as may otherwise be appropriate, by its appropriately designated officers. Neither party nor its officers shall have any management prerogatives with respect to the business and affairs of the other party. Each party shall own all records of its business.

With respect to the services and facilities (collectively, "services") each party is required to provide hereunder, each party agrees that the other party may (i) provide such services and facilities directly, or (ii) cause or engage another party, which may be an affiliate, to provide such services and facilities, provided that each party shall be responsible for insuring that all services and facilities are provided as required hereunder. Any services or facilities which a party is required to provide under this Agreement will be provided not only to the other party on its own behalf but also to the other party in fulfillment of any contractual obligations which that party might have with its affiliates.

Each party agrees that it shall provide services hereunder only for so long as they are requested by the other party.

- B. **Practices and Procedures:** Each party, in providing services hereunder, intends to provide substantially the same types and quality of services as it provides with respect to its own business of insurance. Each party has evaluated and found these services to be satisfactory in all respects. Without prior consent from the party to whom services are provided, the party providing services

shall not depart from these practices, workflows, and procedures in a way which materially affects the nature of the services provided under this Agreement. Each party shall use its best efforts to effect such reasonable changes in the practices, workflows, and procedures hereunder as are requested by the other party on reasonable notice, such other party agreeing to pay the cost involved with respect to such changes that individually or in the aggregate materially increase the cost to the party providing service hereunder.

- C. **Form, Notice:** Each party, in providing services hereunder, shall use such forms, notices, reports, checks and other similar instruments as the parties hereto may agree upon from time to time. The party being provided service shall provide reasonable advance notice to the party providing service of any changes in such forms, notices, reports, checks or other similar instruments, rules and policies which it may request, the party being provided service agreeing to pay the cost incurred by the party providing service with respect to such changes which individually or in the aggregate materially increase the cost to the party providing services hereunder.
- D. **Administration and Record Keeping:** Each party shall provide internal record keeping and general office administration incidental to or necessary for the proper rendering of services performed in accordance with this Agreement. Each party and regulatory authorities shall have the right to examine the books and records of the other relating to performance under this Agreement. Such other party shall maintain appropriate records and files relating to the policies of the party receiving services, which records and files shall be available to the party receiving services for inspection and which shall be in such forms that upon termination of this Agreement, can be delivered to such party or any other party at the request of the party receiving services. Such files shall be in satisfactory form if they conform to the usual practices of the party providing services or otherwise are in form approved by the party to whom services are provided. In addition, each party shall maintain such accounts and records which may be necessary in the conduct of the other party's business as an independent entity. Notwithstanding anything contained herein to the contrary, each party shall own its general corporate accounts and records, and upon demand, the other party shall provide such accounts and records to the party receiving services without regard to whether any monies may be due and owing from either party to the other.

ARTICLE II

SERVICES AND FACILITIES PROVIDED BY PCIC TO UFCC

- A. **Corporate Staff Services:** PCIC shall provide, or cause to be provided, such of the following services to UFCC as are required by UFCC to conduct its insurance operations in an efficient, professional manner.
1. **Functional Services**

PCIC shall provide such actuarial, financial reporting, data processing, statistical, and accounting services as are required by UFCC from time to time. Without limiting the foregoing, PCIC shall be responsible for the preparation of financial and other reports which are required in the ordinary course of UFCC's business.
 2. **Investment Services**

PCIC shall provide, or cause to be provided, investment advisory services to UFCC subject to the direction of UFCC's Board of Directors. PCIC shall also provide to UFCC investment accounting services including summary and detailed accounting, general ledger entry for all investment activity, and monthly accrual of investment income expenses, in preparation of annual statement schedules. UFCC nevertheless shall at all times have responsibility for and authority over the control and management of its investment portfolio.
 3. **Personnel Services**

In addition to all other services provided hereunder, PCIC shall provide such executive,

legal, clerical and other services as may reasonably be required from time to time.

4. Taxes

PCIC shall be responsible for the preparation and filing of all federal, state, and municipal tax returns, and shall make all payments due thereunder, subject to reimbursement, as herein provided.

5. Data Processing

PCIC shall provide such electronic data processing and system support as may be necessary and directly related to the usual and customary services to be provided under this Agreement.

6. Office, Space, and Furniture

PCIC shall provide to UFCC such office space, furniture and equipment as may be required by UFCC.

B. Insurance Product Support Services and Facilities:

PCIC shall provide, or cause to be provided, such of the following services and facilities to UFCC as are required by UFCC to conduct its insurance operations in an efficient, professional manner.

1. Sales Services

PCIC shall provide sales and marketing services to UFCC. PCIC shall be responsible for the appointment and termination of all sales representatives subject to the approval of UFCC.

2. Advertising and Promotion

PCIC shall engage in advertising, sales promotion, and producer development on behalf of UFCC which, in UFCC's reasonable judgment, it deems advisable.

3. Selection and Underwriting

PCIC shall provide selection, underwriting and issuance services for UFCC. Underwriting decisions made by PCIC shall be in accordance with the standard selection and underwriting practices of UFCC, provided that PCIC underwriting personnel shall consult with officers of UFCC in any unusual selection or underwriting situations or, upon request, UFCC shall have final authority over all underwriting, and shall have final authority to cancel any or all policies underwritten by PCIC on behalf of UFCC.

4. Reinsurance

PCIC shall have authority to arrange for the reinsurance of all or a part of UFCC's business, and to have UFCC reinsure business produced by other insurance companies, provided, however, that UFCC shall have the ultimate right to refuse to enter into any such agreements, or to cancel and/or terminate any such agreements.

5. Premium Billing and Collection

PCIC shall provide premium billing services to collect all premiums for UFCC, and shall disburse, at the earliest practical time, but in no event later than thirty (30) days (or other mutually agreed period) following receipt, amounts so collected on behalf of UFCC to UFCC or its designees. Any amounts held by PCIC on behalf of UFCC shall be held by PCIC in a fiduciary capacity. PCIC shall at all times maintain records which identify UFCC's funds separately from all other funds.

6. Appointment and Cancellation of Producers

PCIC shall associate, on UFCC's behalf, with insurance agents, agencies, brokers, brokerages, and producers (collectively, "producers") for the sale of UFCC's products. PCIC may, in the name of UFCC, contract with and appoint producers, and shall have the right to cancel and/or terminate producers, provided that in all events UFCC shall have ultimate authority to cancel any producer and to revoke any appointments thereof.

7. Commissions

PCIC shall perform calculations and make payment of producer's commissions, including the calculation and payment of any contingent commissions pursuant to commission plans and rates approved by UFCC for business produced on its behalf. UFCC shall have final authority over the establishment of all commission rates.

8. Claims and Other Policy Payments

PCIC shall provide all claim and other policy payment services, including investigation, adjustment and defense of claims, and shall make all claim and policy payments with respect to UFCC, including payments representing claims, policy loans, surrenders, and amounts paid under policy or contract settlement options. In matters involving claim decisions, PCIC claim personnel shall consult with officers of UFCC in unusual situations involving disputed claims or upon request. UFCC shall monitor claims handling service and retain ultimate authority for adjustments and claim payments made on its behalf. Claim payments made by PCIC following such procedures shall be final and conclusive.

ARTICLE III

SERVICES PROVIDED BY UFCC TO AND ON BEHALF OF PCIC

UFCC agrees to provide to and on behalf of PCIC such of the following services as UFCC may have the capacity to provide and as are required by PCIC.

- A. **Sales Services:** UFCC shall provide sales and marketing services to PCIC. UFCC shall be responsible for the appointment and termination of all sales representatives subject to the approval of PCIC.
- B. **Advertising and Promotion:** UFCC shall engage in advertising, sales promotion, and producer development on behalf of PCIC which, in PCIC's reasonable judgment, it deems advisable.
- C. **Selection and Underwriting:** UFCC shall provide selection, underwriting and issuance services for PCIC. Underwriting decisions made by UFCC shall be in accordance with the standard selection and underwriting practices of PCIC, provided that UFCC underwriting personnel shall consult with officers of PCIC in any unusual selection or underwriting situations or upon request. PCIC shall have final authority over all underwriting, and shall have final authority to cancel any or all policies underwritten by UFCC on behalf of PCIC.
- D. **Premium Billing and Collection:** UFCC shall provide premium billing services to collect all premiums for PCIC, and shall disburse, at the earliest practical time, but in no event later than thirty (30) days (or other mutually agreed period) following receipt, amounts so collected on behalf of PCIC to PCIC or its designees. Any amounts held by UFCC on behalf of PCIC shall be held by UFCC in a fiduciary capacity. UFCC shall at all times maintain records which identify PCIC's funds separately from all other funds.
- E. **Appointment and Cancellation of Producers:** UFCC shall associate, on PCIC's behalf, with insurance agents, agencies, brokers, brokerages, and producers (collectively, "producers") for the sale of PCIC's products. UFCC may, in the name of PCIC, contract with and appoint producers, and

shall have the right to cancel and/or terminate producers, provided that in all events PCIC shall have ultimate authority to cancel any producer and to revoke any appointments thereof.

- F. **Commissions:** UFCC shall perform calculations and make payment of producer's commissions, including the calculation and payment of any contingent commissions pursuant to commission plans and rates approved by PCIC for business produced on its behalf. PCIC shall have final authority over the establishment of all commission rates.
- G. **Claims and Other Policy Payments:** UFCC shall provide all claim and other policy payment services, including investigation, adjustment and defense of claims, and shall make all claim and policy payments with respect to PCIC, including payments representing claims, policy loans, surrenders, and amounts paid under policy or contract settlement options. In matters involving claim decisions, UFCC claim personnel shall consult with officers of PCIC in unusual situations involving disputed claims or upon request. PCIC shall monitor claims handling service and retain ultimate authority for adjustments and claim payments made on its behalf. Claim payments made by UFCC following such procedures shall be final and conclusive.
- H. **Other Services:** UFCC shall provide such executive services, management and review as are necessary and proper.

ARTICLE IV

EXPENSE ALLOCATION

Each party is hereby authorized and directed, in discharging its obligations under this Agreement, to pay or arrange for the payment of all ordinary and necessary expenses that are associated with the services provided hereunder and that are not paid directly by the party receiving services. Expenses shall be apportioned in accordance with SSAP No. 70, "Allocation of Expenses." The books, accounts and records shall be so maintained as to clearly and accurately disclose the nature and details of the transactions including such accounting information as is necessary to support the expenses apportioned to the respective parties. The party receiving services shall reimburse the party providing services for such expenses, as well as for all other expenses incurred by the party providing services in discharging its obligations under this Agreement as follows:

- A. **Identifiable Expenses:** The party receiving services may pay all or a part of the expenses that are incurred by it and that are readily identifiable as its expenses. If the servicing party pays, on the other party's behalf, any expenses that are readily identifiable as expenses of such other party, such other party shall reimburse the party providing services dollar for dollar.

- B. **Non-Identifiable Expenses:**

- 1. Each party may, in providing services hereunder, pay or incur certain expenses on behalf of the other party that are not readily identifiable as expenses of such other party. Such expenses shall be referred to below as "non-identifiable expenses", and include unallocated loss adjustment expenses, operating expenses, and administrative expenses.

The servicing party shall allocate non-identifiable expenses to a particular product (identified by an assigned "rate manual") in a particular state using various allocation formulas and factors. From time to time the parties may revise the formulas and factors to more accurately allocate to the party to or for whom services are provided the expenses that are paid on its behalf by the party providing services. All formulas and factors used by the parties:

- i. shall be based on objective criteria; and
 - ii. shall be intended to allocate all non-identifiable expenses incurred by the party providing services to the other party.

The party providing services shall maintain an audit trail that documents and supports every expense allocation.

2. The amount of non-identifiable expenses allocated to a party for a given state shall be the sum of all non-identifiable expenses allocated pursuant to Paragraph (B)(1) to that party for all products written in that state by that party or an affiliate to whom that party provides services or facilities. The total non-identifiable expenses to be allocated to each party hereunder for all states are the sum of expenses to be allocated for each state determined as described above.

Notwithstanding the foregoing, the party to or on whose behalf services are provided shall not be allocated a percentage of a type or class of a non-identifiable expense that such party pays or reimburses as an identifiable expense.

C. Expense Reimbursement:

The party receiving services shall reimburse the party providing services for:

1. all identifiable expenses; and
2. all non-identifiable expenses allocated pursuant to Paragraph (B)(2) to the party to or on whose behalf services are provided

that are paid or incurred by the party providing services. Also such expenses shall be reimbursed within ninety (90) days after the close of each calendar quarter.

D. No Separate Management Fee:

Each party agrees that the amount of administrative overhead allocated to the other hereunder will fairly and adequately compensate such party for the management services that it provides hereunder. Neither party shall be entitled to any additional or separate management fees.

E. Other Agreements:

Notwithstanding anything contained in this Agreement, each party shall be assessed its portion of:

1. Investment management expenses pursuant to the terms of the Investment Services Agreement between Progressive Capital Management Corporation and certain of its affiliates, including the parties, for as long as they are subject to that Agreement; and
2. federal tax liability pursuant to the Affiliate Agreement - Allocation of Federal Income Taxes between The Progressive Corporation and certain of its affiliates, including the parties, for as long as they are subject to that Agreement.

ARTICLE V

MISCELLANEOUS

A. Termination:

This Agreement shall be in effect as of the date first above written and shall remain in full force and effect thereafter, provided, however, that either party may terminate this Agreement with or without cause by giving ninety (90) days written notice of termination to the other.

B. Amendment:

This Agreement may be changed at any time by an amendment executed by both parties.

C. Non-Assignment:

This Agreement shall not be assigned by either party.

D. **Governing Law:**

This Agreement shall be interpreted in accordance with the laws of the State of Ohio.

E. **Nondisclosure of Nonpublic Personal Information:**

In performing this Agreement, a party may disclose to the other party, or a party may obtain, certain Nonpublic Personal Information concerning one or more of the other party's insureds, claimants or other consumers. 'Nonpublic Personal Information' will be defined by the Gramm-Leach-Bliley Act of 1999, 15 U.S.C. §§ 6801 et seq., and applicable federal and state laws and regulations implementing the act ("Privacy Laws"). Reuse and redisclosure of Nonpublic Personal Information by a party is restricted by applicable Privacy Laws. Accordingly, each party agrees to: (1) use the Nonpublic Personal Information only to carry out the purpose(s) for which it was disclosed; (2) hold the Nonpublic Personal Information in confidence and safeguard it from unauthorized use or disclosure; (3) not further disclose Nonpublic Personal Information, except as may be permitted by applicable Privacy Laws; and (4) return to the other party or destroy, at the other party's option, all such information in its possession or control upon completing the performance of services or functions for which the Nonpublic Personal Information is provided.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their designated officers.

PROGRESSIVE CASUALTY INSURANCE COMPANY

By: Kathleen M. Cerny
Its: Assistant Secretary

UNITED FINANCIAL CASUALTY COMPANY

By: Margaret A. Rose
Its: Assistant Secretary

The following documents have been mailed to you:

> IDCARD

> Log in to view your new documents:

<http://re.progressive.com?ie831209544193+T1>

It's about you. And it's about time.

You are subscribed as smith.stephanie@sc.sysco.com

To update your e-mail address or opt-out of further communication,
please visit your preferences page:

<http://re.progressive.com?ie831209544193+T7>

Please add customerservice@email.progressive.com to your e-mail
address book and/or list of approved e-mail addresses to ensure that
our communications reach you.

Your privacy is important to us. To see how we protect your
information, view our privacy policy:

<http://re.progressive.com?ie831209544193+T8>

Your policy is underwritten by Progressive Max Insurance Company

Progressive Direct Insurance Company

6300 Wilson Mills Road, Mayfield Village, Ohio 44143

Quick Fact Sheet

- o Any amount payable to an insured person under this part II (Medpay) will be reduced by any amount paid or payable for the same expense under Part I (BI) or Part III- UM/UIM
- o Can duplicate benefits paid under Medical Payments and Incurred Health Insurance costs. "Incurred" (Amount paid by Health Carrier, copays, ded; any balance bill issues)
- o Will not duplicate benefits paid under Medpay on other policy.
- o No Subro
- o Liens and Assignments received need to be reviewed
- o If medical bills paid by a Federal (Medicare) or State run (Medicaid) insurance program, can only reimburse provider or that agency that made payment directly. Will not issue payment to the insured.

Liens

All liens received should be reviewed for language.

Subrogation

Subrogation for Medical Payments is not allowed.

Worker's Compensation

South Carolina policies contain an exclusion for MedPay if workers compensation coverage is available.

CONFIDENTIAL

**Compliance with
State and Local
Regulations**

State specific State and local regulations listed under State Specific guidelines..

**Initial Handling
Guidelines**

South Carolina

Initial Contact – Requirements:
See general SOPS

Meaningful Contact – At a Minimum, the following must be addressed during the initial contact with the injured party or their representative:

See general SOPS

Coverage

Policy status and applicable Med Pay/PIP coverage exclusions should be reviewed to confirm coverage is in order

See general SOPS

- Allowed to recover for same damages paid under health insurance

Bill Handling

- See general SOPS

- First Health/Coventry: All bills flagged in Mitchell for being possible members of the VPNP should be sent to the network
- South Carolina is part of the VPNP Network

See general SOPS

**Balance
Billing
Resolution**

See general SOPS

**First
Health/Coventry
Resolution**

IME/IMR Approval Process: See general SOPS

IME/IMR

**Exposure
Recognition**

UM/UIM Exposure Recognition: See general SOPS

**Documentation
of Claim**

See general SOPS

**Claim Notes
Documentation**

See general SOPS

Feature Resolution

**CWP of MedPay/PIP features
See general SOPS**

Subrogation

**Claims meeting local guidelines for referral to subrogation should be
referred immediately.**

- **Subrogation is not allowed in South Carolina**
- **Liability should be addressed by NMPU representative for
subrogation.**

STATE OF SOUTH CAROLINA

COUNTY OF HORRY

STEPHANIE A SMITH on behalf of herself and
all others similarly situated,

Plaintiff,

v.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE DIRECT
INSURANCE CO., PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY INSURANCE,

Defendants.

IN THE CIRCUIT COURT

Case No. 2010-CP-26-10502

**DEFENDANTS' SUPPLEMENTAL ANSWERS
TO PLAINTIFF'S SUPPLEMENTAL
INTERROGATORY**

**(DESIGNATED CONFIDENTIAL PURSUANT TO
CONFIDENTIALITY STIPULATION)**

TO: NATE FATA, ESQUIRE, ESQUIRE, and CHARLES V. LEONARD, ATTORNEYS FOR PLAINTIFF:

The Defendants (collectively referred to as "Progressive"), hereby supplement their answers and objections to Plaintiff's Supplemental Interrogatory herein as follows:

GENERAL OBJECTIONS

1. Defendants object to each and every interrogatory to the extent that the Interrogatory purports to seek attorney-client communications, attorney work-product, or any other privileged communication on the grounds that such interrogatories are beyond the scope of discovery permitted under the South Carolina Rules of Civil Procedure.

2. By responding to these interrogatories, Defendants do not intend to waive the attorney-client privilege, the work-product doctrine, or any other privilege, objection, or limitation upon discovery as to that interrogatory or any other discovery request.

3. Defendants object to each and every interrogatory to the extent that the interrogatory seeks to impose obligations inconsistent with, incongruent with, or in addition to those required by the South Carolina Rules of Civil Procedure.

4. Defendants object to each and every interrogatory to the extent that the interrogatory is ambiguous, overly broad, unduly burdensome, oppressive, intended to annoy or embarrass, vague, or seeks information that is not relevant to the subject involved in the litigation or reasonably calculated to lead to the discovery of admissible evidence.

5. Defendants reserve the right to supplement and/or amend its answers to these interrogatories as information is obtained through discovery in this matter.

6. These answers to interrogatories are made without waiver of, and with preservation of:

- (a) all questions of competency, relevancy, confidentiality, materiality, privilege, and admissibility or other issues related to evidentiary concerns;
- (b) the right to object on any ground at any time to a demand or request for further discovery; and
- (c) the right at any time to revise, correct, supplement, or clarify any of the responses contained herein.

7. These answers are specifically designated as CONFIDENTIAL under the Confidentiality Stipulation herein.

8. The Defendants specifically object to further discovery with respect to the information provided herein regarding Progressive Northern and United Financial, on the grounds that such discovery would exceed the bounds of permissible discovery under SCRC 26.

INTERROGATORY

1. For each calendar year beginning 2007 to present, for insured persons (as defined in the policy) with any Progressive Insurer In the State of South Carolina who submitted claims under the personal injury protection ("PIP") or med pay ("Med Pay") provision of their respective South Carolina policies and who did not receive payment in the amount of charges entered by Progressive and were not paid the maximum of their PIP/Med Pay policy limits, set forth the total amount of the reductions (i.e., submitted bill amounts or charges entered minus amount paid).

ANSWER:

The Defendants provide the following information reflecting the number of MedPay *features* in South Carolina for the time period referenced, (please see the definition of a *feature* in the Rule 30(b)(6) deposition testimony provided by Michael D. Silver, and also as discussed in Defendant's Second Supplemental Answers to Plaintiff's First Set of Interrogatories, served on August 31, 2011) in which the amount paid on the *feature* was less than the amount entered on the *feature*, and the claim was not paid the maximum of their MedPay benefits. This information is provided with respect to the named-Defendants only (Progressive Direct, Progressive Max, and Progressive Casualty), and the Defendants object to this interrogatory insofar as it seeks information relating to other, unnamed entities, as not reasonably related to any claim or defense herein and unduly burdensome. As has been stated in response to previous interrogatories, the Defendants do not sell PIP coverage in South Carolina, and this response is therefore limited to MedPay *features*. The explanations of terms, search parameters, and objections set forth in Defendant's Second Supplemental Responses to Plaintiff's First Set of Interrogatories are

incorporated herein and restated as well. Subject to the search parameters and definitions as described above, the total dollar reductions from amounts entered to amounts paid, on MedPay policies that were not at-limits, based upon a database review for the subject time-period, are as follows:

2007: \$31,807.55
2008: \$35,959.45
2009: \$189,300.37
2010: \$135,478.33
2011 (through August): \$113,798.41

SUPPLEMENTAL ANSWER: The previous response to this Interrogatory combined responsive information for both Progressive Direct and Progressive Max. This supplement separates the responsive information by company. This supplement also provides information for Progressive Northern and United Financial, pursuant to agreement among the parties, without waiving the Defendants' right to object to production or admission of this information, and subject to the Confidentiality Stipulation herein.

The data below is by "Claim Year." The amounts reflect amounts as of the date the data was retrieved.

The information for Progressive Direct is as follows:

2007: \$27,957.16
2008: \$24,454.44
2009: \$160,600.17
2010: \$62,484.19
2011 (through August): \$69,458.25
Total: \$344,654.21

The information for Progressive Max is as follows:

2007: \$3,850.39

2008: \$11,505.01
2009: \$28,700.20
2010: \$72,994.14
2011 (through August): \$44,640.16
Total: \$161,689.90

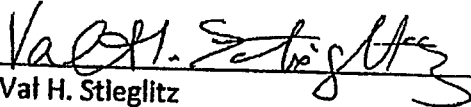
The information for Progressive Northern is as follows:

2007: \$12,825.98
2008: \$51,514.99
2009: \$77,686.97
2010: \$149,468.05
2011 (through August): \$536,552.89
Total: \$828,048.88

The information for United Financial is as follows:

2007: \$68.00
2008: \$425.20
2009: \$5,641.00
2010: \$1,167.52
2011 (through August): \$-0-
Total: \$7,328.72

The objections, definitions, explanations of terms, and search parameters set forth in previous responses to this interrogatory are incorporated and specifically apply to these responses.


Val H. Stieglitz
Amy H. Geddes
NEXSEN PRUET, LLC
PO Drawer 2426
Columbia, SC 29202
vstieglitz@nexsenpruet.com

Paul A. Dominick
Anne R. Rosen

STATE OF SOUTH CAROLINA

COUNTY OF HORRY

STEPHANIE A SMITH on behalf of herself and
all others similarly situated,

Plaintiff,

v.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE DIRECT
INSURANCE CO., PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY INSURANCE,

Defendants.

IN THE CIRCUIT COURT

Case No. 2010-CP-26-10502

**DEFENDANTS' FOURTH SUPPLEMENTAL
ANSWERS TO PLAINTIFF'S FIRST SET OF
INTERROGATORIES**

**(DESIGNATED CONFIDENTIAL PURSUANT TO
CONFIDENTIALITY STIPULATION)**

TO: NATE FATA, ESQUIRE, and CHARLES V. LEONARD, ESQUIRE, ATTORNEY FOR PLAINTIFF:

The Defendants (collectively referred to as "Progressive"), hereby provide these Fourth Supplemental Responses to Plaintiff's First Set of Interrogatories.

GENERAL OBJECTIONS

1. Defendants object to each and every interrogatory to the extent that the interrogatory purports to seek attorney-client communications, attorney work-product, or any other privileged communication on the grounds that such interrogatories are beyond the scope of discovery permitted under the South Carolina Rules of Civil Procedure.

2. By responding to these interrogatories, Defendants do not intend to waive the attorney-client privilege, the work-product doctrine, or any other privilege, objection, or limitation upon discovery as to that interrogatory or any other discovery request.

3. Defendants object to each and every interrogatory to the extent that the interrogatory seeks to impose obligations inconsistent with, incongruent with, or in addition to those required by the South Carolina Rules of Civil Procedure.

4. Defendants object to each and every interrogatory to the extent that the interrogatory is ambiguous, overly broad, unduly burdensome, oppressive, intended to annoy or embarrass, vague, or seeks information that is not relevant to the subject involved in the litigation or reasonably calculated to lead to the discovery of admissible evidence.

5. Defendants reserve the right to supplement and/or amend its answers to these interrogatories as information is obtained through discovery in this matter.

6. These answers to interrogatories are made without waiver of, and with preservation of:

- (a) all questions of competency, relevancy, confidentiality, materiality, privilege, and admissibility or other issues related to evidentiary concerns;
- (b) the right to object on any ground at any time to a demand or request for further discovery; and
- (c) the right at any time to revise, correct, supplement, or clarify any of the responses contained herein.

7. These answers are specifically designated as CONFIDENTIAL under the Confidentiality Stipulation herein.

8. The Defendants specifically object to further discovery with respect to the information provided herein regarding Progressive Northern and United Financial, on the grounds that such discovery would exceed the bounds of permissible discovery under SCRCP 26.

INTERROGATORIES

5. For each calendar year beginning 2007 to present, state the number of Progressive Insureds in the State of South Carolina who submitted claims to you under the personal injury protection or med pay provision of their respective South Carolina Progressive policies.

ANSWER:

From the stated class period starting October 2007 through the time this lawsuit was filed, 478 Progressive Insureds submitted claims to Progressive pursuant to the med pay provisions of their respective South Carolina policies.

South Carolina policies do not contain PIP coverage.

MedPay/Individual Claims per year during the stated class period

10/1/2007 through 12/2007: 16

2008: 58

2009: 177

2010: 227

SUPPLEMENTAL RESPONSE: For the period January 1, 2007, through August, 2011, by year, the following MedPay claims were submitted on policies issued in South Carolina by Progressive Direct and Progressive Max:

2007: 543

2008: 466

2009: 544

2010: 477

2011 (through August): 367

Total: 2,397

South Carolina policies do not contain PIP coverage, and these figures represent only MedPay coverage.

SECOND SUPPLEMENTAL RESPONSE: The previous responses to this Interrogatory have combined responsive information for both Progressive Direct and Progressive Max. This supplement separates the responsive information by company. This supplement also provides information for Progressive Northern and United Financial, pursuant to agreement among the parties, without waiving Defendants' rights to object to production or admission of this information, and subject to the Confidentiality Stipulation herein.

The information for Progressive Direct is as follows:

2007: 404
2008: 408
2009: 367
2010: 234
2011 (through August): 159
Total: 1,572

The information for Progressive Max is as follows:

2007: 134
2008: 58
2009: 177
2010: 243
2011 (through August): 208
Total: 820

The information for Progressive Northern is as follows:

2007: 620
2008: 601
2009: 746
2010: 941
2011 (through August): 661
Total: 3,569

The information for United Financial is as follows:

2007: 64
2008: 43
2009: 46
2010: 26
2011 (through August): 1
Total: 180

* In addition, in 2007, there were 5 claims/features for Progressive Casualty.

The objections, definitions, explanations of terms, and search parameters set forth in previous responses specifically apply to these supplemental responses.

6. For each calendar year beginning 2007 to present, state the number of Progressive Insureds or Insured persons (as defined in the policy) in the State of South Carolina

who submitted claims to you under the personal injury protection ("PIP") or med pay ("Med Pay") provision of their respective South Carolina policies and who did not receive payment in the amount of their medical bills and were not paid the maximum of their PIP/Med Pay policy limits.

ANSWER:

Progressive objects to this Interrogatory on the basis that it is overbroad and seeks information that is not relevant to this litigation. Without waiving said objection, Progressive states, upon information and belief, that 23 Progressive Insureds submitted med pay claims during the stated class period which exceeded the statutory requirements for class certification in South Carolina, were under the stated policy limit, and were further adjusted from the original billed amount.

Oct. 2007 - 12/2007: 0
2008: 4
2009: 6
2010: 13

As previously stated, South Carolina policies do not contain PIP coverage.

SUPPLEMENTAL RESPONSE: Defendants object to this Interrogatory on the basis that it is overbroad and seeks information that is not relevant to this litigation. Defendants further object on the basis that the data provided herein, especially as related to Progressive Direct (which did not insure the Plaintiff) is irrelevant for purposes of class certification. Defendants do not intend to waive any objections which could be raised as to the relevance of the following data upon a motion for class certification and hereby preserve all proper objections which could be raised at the class certification stage or at the trial of the case.

Without waiving said objections, Defendants supplement their prior response to Interrogatory No. 6 in stating that upon information and belief, there were 4,031 medical payment features identified for Defendants' South Carolina policies and for the class period defined as Oct. 1, 2007 through December, 2010. A feature is defined as each exposure of loss on a claim. Of the 4,031 med pay features, there are 2,574 med pay features below limits itemized by year as follows:

2007: 137
2008: 628
2009: 834
2010: 975

Of the total features, the medical bills of 586 features were reduced. Of the 586 features showing medical bill reductions, 439 had reductions in excess of \$100. Of the 439 with reductions in

excess of \$100, 269 of these had already met policy limits, leaving 171 claim features having medical bill reductions and not having met or exceeded policy limits.

SECOND SUPPLEMENTAL RESPONSE: Without waiving the objections set forth in previous responses, and based upon its continued investigation, Defendants provide this second supplementation of their prior responses to Interrogatory No. 6, as follows: The figures provided in previous responses to this Interrogatory included data for entities that are not Defendants in this action, and are therefore not relevant in this action. Only two Defendants in this action (Progressive Direct and Progressive Max) underwrite MedPay coverage in South Carolina. With respect to policies issued by these two Defendants, Progressive's current information is that there were 281 MedPay *features* during the time period set forth below, in which the amount paid was less than the amount of the medical charges entered into the Progressive database by the adjuster/claims representative. By year, these figures are as follows:

2007 (October through year-end): 16
2008: 51
2009: 103
2010 (through November): 111

Please see previous responses to this interrogatory, and the Rule 30(b)(6) deposition testimony provided by Michael D. Silver, for an explanation of what constitutes a "*feature*." As testified to by Mr. Silver, this data is collected and stored by *feature*, not by "*insured*." Thus, Progressive supplies this data based upon *features*, and not *insureds*. The Defendants further note that, as also testified to by Mr. Silver, the amount of the medical charges entered by the adjuster/claim representative may differ the gross amount charged by the medical provider. The Defendants' computer databases contain and store data for the charges as entered, but not the gross amounts of the medical provider bills. The gross amount of the medical provider charges could only be determined by a manual review of the claim-files involved, and manual review of each bill from each medical provider. Progressive objects to conducting such a manual review, on the grounds that this is overly burdensome and costly; if conducted at all, the cost of such review should be borne by the Plaintiff. The information provided herein – which is based upon extracting data on MedPay *features*, and amounts *entered* versus amounts *paid* - constitutes a reasonable and good-faith response to this interrogatory.

Progressive notes that it is continuing to examine and collect data from its database regarding this interrogatory, in a continuing effort to be accurate and thorough. For example, Progressive is currently collecting the above data for the period starting with January 2007, and running through the present, and intends to supplement this response further when it has completed this examination.

Progressive objects to collecting this data for all Progressive-related entities that issue MedPay coverage/policies in South Carolina, or for all MedPay claims adjusted by Progressive Casualty (which adjusts MedPay claims for all Progressive-related entities that write MedPay

coverage in South Carolina.) This objection is made on the grounds that this data would not be relevant or reasonably calculated to lead to the discovery of admissible evidence in this action, would be excessively burdensome and costly and, further, that the Plaintiff could not qualify as a class representative with respect to policies written by companies other than the company that wrote her policy.

As previously stated, South Carolina policies do not contain PIP coverage.

THIRD SUPPLEMENTAL RESPONSE: Without waiving the objections set forth in previous responses, and based upon its continued investigation, Defendants provide this third supplementation of their prior responses to Interrogatory No. 6, as follows:

2007: 50
2008: 49
2009: 101
2010: 91
2011 (through August): 73

Total: 364

This response incorporates the objections, definitions, explanations of terms, and search parameters set forth in Defendant's Second Supplemental Responses. All of those objections, definitions, explanations, and search parameters specifically apply to this response.

FOURTH SUPPLEMENTAL RESPONSE: The previous responses to this Interrogatory have combined responsive information for both Progressive Direct and Progressive Max. This supplement separates the responsive information by company. This supplement also provides information for Progressive Northern and United Financial, pursuant to agreement among the parties, without waiving the Defendants' right to object to production or admission of this information, and subject to the Confidentiality Stipulation herein.

The information for Progressive Direct is as follows:

2007: 43
2008: 42
2009: 80
2010: 44
2011 (through August): 25
Total: 234

The information for Progressive Max is as follows:

2007: 7
2008: 7

2009: 21
2010: 47
2011 (through August): 48
Total: 130

The information for Progressive Northern is as follows:

2007: 18
2008: 36
2009: 79
2010: 96
2011 (through August): 97
Total: 326

The information for United Financial is as follows:

2007: 2
2008: 3
2009: 2
2010: 4
2011 (through August): 0
Total: 11

The objections, definitions, explanations of terms, and search parameters set forth in previous responses specifically apply to these fourth supplemental responses.

7. For each calendar year beginning 2007 to present, state the number of Progressive insureds or insured persons (as defined in the policy) in the State of South Carolina who submitted claims to you under the personal injury protection ("PIP") or med pay ("Med Pay") provision of their respective South Carolina policies and who did not receive payment in the amount of their medical bills and were paid the maximum of their PIP/Med Pay policy limits.

ANSWER:

Progressive objects to this interrogatory on the grounds that it is vague and overly broad, and seeks information not relevant in this litigation. Without waiving said objection, Progressive

states that 30 Progressive Insureds were paid the maximum of their med pay limits, had the original billed amount of their medical bills adjusted in some way, and had adjustments that exceeded the minimum statutory limit for class certification in South Carolina.

Below is a breakdown for each calendar year, starting at the beginning of the class period:

Oct. 2007 – 12/2007: 1
2008: 5
2009: 11
2010: 13

Progressive re-states that it does not offer PIP coverage in South Carolina.

SUPPLEMENTAL RESPONSE: Defendants object to this Interrogatory on the basis that it is overbroad and seeks information that is not relevant to this litigation. Defendants further object on the basis that the data provided herein, especially as related to Progressive Direct (which did not insure the Plaintiff) is irrelevant for purposes of class certification. Defendants do not intend to waive any objections which could be raised as to the relevance of the following data upon a motion for class certification and hereby preserve all proper objections which could be raised at the class certification stage or at the trial of the case.

Without waiving said objection, Defendants hereby supplement their prior response to Interrogatory No. 7. Defendants refer to the supplemental response to Interrogatory No. 6 above. Further answering, Defendants state the following Med Pay Features were determined to be at policy limits for Defendants' South Carolina policies for the defined class period:

2007: 110
2008: 482
2009: 502
2010: 363

SECOND SUPPLEMENTAL RESPONSE: Without waiving its previous objections, Defendants provide this second supplementation of their prior responses to Interrogatory #7, as follows: The figures provided in previous responses to this Interrogatory included data for entities that are not Defendants in this action. With respect to the two Defendants in this action that underwrite MedPay coverage in South Carolina (Progressive Direct and Progressive Max), these figures are as follows:

2007 (October through year-end): 30
2008: 169
2009: 166
2010 (through November): 99

The Defendants refer to and incorporate the substance of its Second Supplemental Response to Interrogatory No. 6 above, which states the limitations, parameters, and objections associated with these Second Supplemental Responses. All these limitations, parameters, and objections apply to this response as well, and are incorporated by reference herein.

THIRD SUPPLEMENTAL RESPONSE: Without waiving its previous objections, Defendants provide this third supplementation of their prior responses to Interrogatory No. 7, as follows:

2007: 39
2008: 67
2009: 119
2010: 104
2011 (through August): 54

Total: 383

This response incorporates the objections, definitions, explanations of terms, and search parameters set forth in Defendant's Second Supplemental Responses. All of those objections, definitions, explanations of terms, and search parameters specifically apply to these responses.

FOURTH SUPPLEMENTAL RESPONSE: The previous responses to this Interrogatory have combined the responsive information for both Progressive Direct and Progressive Max. This supplement separates the responsive information by company. This supplement also provides information for Progressive Northern and United Financial, pursuant to agreement among the parties, without waiving the defendants' rights to object to production or admission of this information, and subject to the Confidentiality Stipulation herein.

The information for Progressive Direct is as follows:

2007: 31
2008: 59
2009: 79
2010: 53
2011 (through August): 26
Total: 248

The information for Progressive Max is as follows:

2007: 8
2008: 8
2009: 40
2010: 51
2011 (through August): 28
Total: 135

The information for Progressive Northern is as follows:

2007: 25
2008: 91
2009: 247
2010: 262
2011 (through August): 206
Total: 831

The information for United Financial is as follows:

2007: 0
2008: 6
2009: 14
2010: 4
2011 (through August): 0
Total: 24

The objections, definitions, explanations of terms, and search parameters set forth in previous responses specifically apply to these fourth supplemental responses.

8. For each calendar year beginning 2007 to present, state the total amount of all medical bills submitted to you by insureds in the State of South Carolina under the personal injury protection or med pay provision of their respective South Carolina Progressive policies.

ANSWER:

Progressive objects to this interrogatory on the basis that it is vague and overbroad. Without waiving said objection, Progressive states that the amount submitted for med pay claims for the stated class period is \$129,557.40.

SUPPLEMENTAL RESPONSE: Defendants object to this interrogatory on the basis that it is vague and overly broad. Without waiving said objection and incorporating previously asserted objections in these supplemental responses, Defendants state \$874,791.10

SECOND SUPPLEMENTAL RESPONSE: Without waiving its previous objections, Defendants provide this second supplementation of their prior responses to Interrogatory No. 8, as follows: As described in its second supplemental responses to No. 6 and 7 above, the information sought by this interrogatory is not reasonably accessible, in that the Defendants' computer databases store

only the amounts *entered* by claims adjusters/representatives, as described above. The Defendants refer to and incorporate the substance of their Second Supplemental Responses above, which state the limitations, parameters, and objections associated with these Second Supplemental Responses. All these limitations, parameters, and objections apply to this response as well. Progressive's current information is that a total of \$ 1,242,868.64 was *entered* in connection with the 281 MedPay *features* opened on policies issued by Progressive Direct and Progressive Max, during the time period October 2007 through November 2010. Progressive is in the process of analyzing this figure for the time period January 2007 to the present, and will further supplement when this data is collected. As stated above, Progressive contends that collection of this data from its computer system constitutes a reasonable and adequate search, and objects to any manual review of files in the grounds that it is unduly burdensome and costly.

THIRD SUPPLEMENTAL RESPONSE: Without waiving its previous objections, Defendants provide this third supplementation of their prior responses to Interrogatory No. 8, as follows: As described in previous responses to interrogatories, the information sought by this interrogatory is not reasonably accessible, in that Defendants' computer databases store only the amounts *entered* by claims representatives/adjusters, as has been described previously and in deposition testimony. Defendants refer to and incorporate the substance of their Second Supplemental Responses above, which state the limitations, parameters, and objections associated with these Third Supplemental responses. All these limitations, parameters, and objections apply to this response as well. Progressive's current information is that the following amounts were *entered* in connection with 2,397 MedPay features opened on policies issued by Progressive Direct and Progressive Max, during the time period January 1, 2007, through August, 2011. This total is broken down by year as follows:

2007: \$348,815.77
2008: \$1,009,105.05
2009: \$1,504,862.59
2010: \$1,879,040.48
2011 (through August): \$1,342,332.00

Total: \$6,084,155.89 *[This total was understated by 29 cents when this Third Supplemental response was originally served, and is now corrected.]*

As stated in previous responses, Progressive contends that collection of this data from its computer system constitutes a reasonable and adequate search, and objects to any manual review of files on the grounds that it is unduly burdensome and costly.

FOURTH SUPPLEMENTAL RESPONSE: The previous responses to this Interrogatory have combined the responsive information for Progressive Direct and Progressive Max. This supplement separates the responsive information by company. This supplement also provides information for Progressive Northern and United Financial, pursuant to agreement among the parties, without waiving the Defendants' right to object to production or admission of this information, and pursuant to the Confidentiality Stipulation herein.

The information for Progressive Direct is as follows:

2007: \$282,424.52
2008: \$928,804.39
2009: \$1,237,819.21
2010: \$747,284.37
2011 (through August): \$858,706.92
Total: \$4,031,039.41

The information for Progressive Max is as follows:

2007: \$90,391.25
2008: \$80,300.66
2009: \$267,043.38
2010: \$1,131,756.11
2011 (through August): \$483,625.08
Total: \$2,053,116.48

The information for Progressive Northern is as follows:

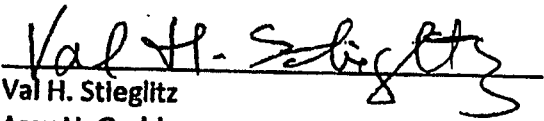
2007: \$142,489.77
2008: \$1,404,002.80
2009: \$3,089,542.91
2010: \$3,617,360.72
2011 (through August): \$4,052,656.18
Total: \$12,306,052.38

The information for United Financial is as follows:

2007: \$3,449.50
2008: \$31,982.39
2009: \$135,566.37
2010: \$23,494.25
2011 (through August): \$-0-
Total: \$194,492.51

The objections, definitions, explanations of terms, and search parameters set forth in previous responses specifically apply to these fourth supplemental responses.

The amounts referenced in these interrogatory answers are by "Claim Year," and reflect the data as of the date it was retrieved.



Val H. Stieglitz
Amy H. Geddes
NEXSEN PRUET, LLC
PO Drawer 2426
Columbia, SC 29202
vstieglitz@nexsenpruet.com

Paul A. Dominick
Anne R. Rosen
NEXSEN PRUET, LLC
PO Box 286
Charleston, SC 29402
pdominick@nexsenpruet.com
arosen@nexsenpruet.com

Attorneys for Defendants

February 17, 2012

STATE OF SOUTH CAROLINA

COUNTY OF HORRY

STEPHANIE A SMITH on behalf of herself and
all others similarly situated,

Plaintiff,

v.

PROGRESSIVE HALCYON INSURANCE
COMPANY, n/k/a PROGRESSIVE DIRECT
INSURANCE CO., PROGRESSIVE MAX, and
PROGRESSIVE CASUALTY INSURANCE,

Defendants.

IN THE CIRCUIT COURT

Case No. 2010-CP-26-10502

**DEFENDANTS' FIFTH SUPPLEMENTAL
ANSWERS TO PLAINTIFF'S FIRST SET OF
INTERROGATORIES, NO. 6**

**(DESIGNATED CONFIDENTIAL PURSUANT TO
CONFIDENTIALITY STIPULATION)**

TO: NATE FATA, ESQUIRE, and CHARLES V. LEONARD, ESQUIRE, ATTORNEY FOR PLAINTIFF:

The Defendants (collectively referred to as "Progressive"), hereby provide these Sixth Supplemental Answers to Plaintiff's First Set of Interrogatories, Interrogatory No. 6.

GENERAL OBJECTIONS

1. Defendants object to each and every interrogatory to the extent that the interrogatory purports to seek attorney-client communications, attorney work-product, or any other privileged communication on the grounds that such interrogatories are beyond the scope of discovery permitted under the South Carolina Rules of Civil Procedure.

2. By responding to these interrogatories, Defendants do not intend to waive the attorney-client privilege, the work-product doctrine, or any other privilege, objection, or limitation upon discovery as to that interrogatory or any other discovery request.

3. Defendants object to each and every interrogatory to the extent that the interrogatory seeks to impose obligations inconsistent with, incongruent with, or in addition to those required by the South Carolina Rules of Civil Procedure.

4. Defendants object to each and every interrogatory to the extent that the interrogatory is ambiguous, overly broad, unduly burdensome, oppressive, intended to annoy or embarrass, vague, or seeks information that is not relevant to the subject involved in the litigation or reasonably calculated to lead to the discovery of admissible evidence.

5. Defendants reserve the right to supplement and/or amend its answers to these interrogatories as information is obtained through discovery in this matter.

6. These answers to interrogatories are made without waiver of, and with preservation of:

- (a) all questions of competency, relevancy, confidentiality, materiality, privilege, and admissibility or other issues related to evidentiary concerns;
- (b) the right to object on any ground at any time to a demand or request for further discovery; and
- (c) the right at any time to revise, correct, supplement, or clarify any of the responses contained herein.

7. These answers are specifically designated as CONFIDENTIAL under the Confidentiality Stipulation herein.

8. The Defendants specifically object to further discovery with respect to the information provided herein regarding Progressive Northern and United Financial, on the grounds that such discovery would exceed the bounds of permissible discovery under SCRC 26.

INTERROGATORIES

6. For each calendar year beginning 2007 to present, state the number of Progressive Insureds or insured persons (as defined in the policy) in the State of South Carolina who submitted claims to you under the personal injury protection ("PIP") or med pay ("Med Pay") provision of their respective South Carolina policies and who did not receive payment in the amount of their medical bills and were not paid the maximum of their PIP/Med Pay policy limits.

ANSWER:

Progressive objects to this Interrogatory on the basis that it is overbroad and seeks information that is not relevant to this litigation. Without waiving said objection, Progressive states, upon information and belief, that 23 Progressive Insureds submitted med pay claims during the stated class period which exceeded the statutory requirements for class certification in South Carolina, were under the stated policy limit, and were further adjusted from the original billed amount.

Oct. 2007 - 12/2007: 0
2008: 4
2009: 6
2010: 13

As previously stated, South Carolina policies do not contain PIP coverage.

SUPPLEMENTAL RESPONSE: Defendants object to this Interrogatory on the basis that it is overbroad and seeks information that is not relevant to this litigation. Defendants further object on the basis that the data provided herein, especially as related to Progressive Direct (which did not insure the Plaintiff) is irrelevant for purposes of class certification. Defendants do not intend to waive any objections which could be raised as to the relevance of the following data upon a motion for class certification and hereby preserve all proper objections which could be raised at the class certification stage or at the trial of the case.

Without waiving said objections, Defendants supplement their prior response to Interrogatory No. 6 in stating that upon information and belief, there were 4,031 medical payment features identified for Defendants' South Carolina policies and for the class period defined as Oct. 1, 2007 through December, 2010. A feature is defined as each exposure of loss on a claim. Of the 4,031 med pay features, there are 2,574 med pay features below limits itemized by year as follows:

2007: 137
2008: 628

2009: 834

2010: 975

Of the total features, the medical bills of 586 features were reduced. Of the 586 features showing medical bill reductions, 439 had reductions in excess of \$100. Of the 439 with reductions in excess of \$100, 269 of these had already met policy limits, leaving 171 claim features having medical bill reductions and not having met or exceeded policy limits.

SECOND SUPPLEMENTAL RESPONSE: Without waiving the objections set forth in previous responses, and based upon its continued investigation, Defendants provide this second supplementation of their prior responses to Interrogatory No. 6, as follows: The figures provided in previous responses to this Interrogatory included data for entities that are not Defendants in this action, and are therefore not relevant in this action. Only two Defendants in this action (Progressive Direct and Progressive Max) underwrite MedPay coverage in South Carolina. With respect to policies issued by these two Defendants, Progressive's current information is that there were 281 MedPay *features* during the time period set forth below, in which the amount paid was less than the amount of the medical charges entered into the Progressive database by the adjuster/claims representative. By year, these figures are as follows:

2007 (October through year-end): 16

2008: 51

2009: 103

2010 (through November): 111

Please see previous responses to this interrogatory, and the Rule 30(b)(6) deposition testimony provided by Michael D. Silver, for an explanation of what constitutes a "feature." As testified to by Mr. Silver, this data is collected and stored by *feature*, not by "insured." Thus, Progressive supplies this data based upon *features*, and not *insureds*. The Defendants further note that, as also testified to by Mr. Silver, the amount of the medical charges entered by the adjuster/claim representative may differ the gross amount charged by the medical provider. The Defendants' computer databases contain and store data for the charges as entered, but not the gross amounts of the medical provider bills. The gross amount of the medical provider charges could only be determined by a manual review of the claim-files involved, and manual review of each bill from each medical provider. Progressive objects to conducting such a manual review, on the grounds that this is overly burdensome and costly; if conducted at all, the cost of such review should be borne by the Plaintiff. The information provided herein – which is based upon extracting data on MedPay *features*, and amounts *entered* versus amounts *paid* - constitutes a reasonable and good-faith response to this interrogatory.

Progressive notes that it is continuing to examine and collect data from its database regarding this interrogatory, in a continuing effort to be accurate and thorough. For example, Progressive is currently collecting the above data for the period starting with January 2007, and

running through the present, and intends to supplement this response further when it has completed this examination.

Progressive objects to collecting this data for all Progressive-related entities that issue MedPay coverage/policies in South Carolina, or for all MedPay claims adjusted by Progressive Casualty (which adjusts MedPay claims for all Progressive-related entities that write MedPay coverage in South Carolina.) This objection is made on the grounds that this data would not be relevant or reasonably calculated to lead to the discovery of admissible evidence in this action, would be excessively burdensome and costly and, further, that the Plaintiff could not qualify as a class representative with respect to policies written by companies other than the company that wrote her policy.

As previously stated, South Carolina policies do not contain PIP coverage.

THIRD SUPPLEMENTAL RESPONSE: Without waiving the objections set forth in previous responses, and based upon its continued investigation, Defendants provide this third supplementation of their prior responses to Interrogatory No. 6, as follows:

2007: 50
2008: 49
2009: 101
2010: 91
2011 (through August): 73

Total: 364

This response incorporates the objections, definitions, explanations of terms, and search parameters set forth in Defendant's Second Supplemental Responses. All of those objections, definitions, explanations, and search parameters specifically apply to this response.

FOURTH SUPPLEMENTAL RESPONSE: The previous responses to this Interrogatory have combined responsive information for both Progressive Direct and Progressive Max. This supplement separates the responsive information by company. This supplement also provides information for Progressive Northern and United Financial, pursuant to agreement among the parties, without waiving the Defendants' right to object to production or admission of this information, and subject to the Confidentiality Stipulation herein.

The information for Progressive Direct is as follows:

2007: 43
2008: 42
2009: 80
2010: 44
2011 (through August): 25

Total: 234

The information for Progressive Max is as follows:

2007: 7
2008: 7
2009: 21
2010: 47
2011 (through August): 48
Total: 130

The information for Progressive Northern is as follows:

2007: 18
2008: 36
2009: 79
2010: 96
2011 (through August): 97
Total: 326

The information for United Financial is as follows:

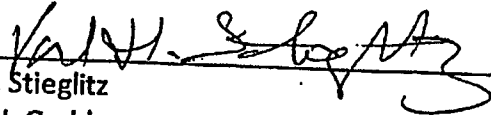
2007: 2
2008: 3
2009: 2
2010: 4
2011 (through August): 0
Total: 11

The objections, definitions, explanations of terms, and search parameters set forth in previous responses specifically apply to these fourth supplemental responses.

FIFTH SUPPLEMENTAL RESPONSE:

The 364 "features" which have been described in previous responses to this Interrogatory include 301 unique Progressive Max and/or Progressive Direct policyholders, as follows:

2007: 43
2008: 43
2009: 82
2010: 77
2011 (through August): 56


Val H. Stieglitz
Amy H. Geddes
NEXSEN PRUET, LLC
PO Drawer 2426
Columbia, SC 29202
vstieglitz@nexsenpruet.com

Paul A. Dominick
Anne R. Rosen
NEXSEN PRUET, LLC
PO Box 286
Charleston, SC 29402
pdominick@nexsenpruet.com
arosen@nexsenpruet.com

Attorneys for Defendants

September 20, 2012

NEXSEN|PRUET

Vol H. Sleglitz
Member
Admitted in SC

October 25, 2012

VIA US MAIL AND FAX

Nate Fata, Esquire
Post Office Box 16620
The Courtyard, Suite 215
Surfside Beach, SC 29587

Re: *Stephanie Smith, Individually and as Class Representative on behalf of those similarly situated, vs. Progressive Halcyon Insurance Company, n/k/a Progressive Direct Insurance Co., and Progressive Max*
Case No.: 2010-CP-26-10502

Dear Nate:

Charleston
Charlotte
Columbia
Greensboro
Greenville
Hilton Head
Myrtle Beach
Raleigh

Please allow this letter to memorialize our agreements regarding the class certification and discovery supplementation issues that we have been discussing recently:

1. Progressive will not contest any aspect of the SCRPC 23(a)(1) numerosity element, as it applies to the Plaintiff's pending Motion for Class Certification. Progressive will not contend that applying the \$100.00 requirement of SCRPC 23(a)(5) would cause the proposed class in the pending Motion to fail the numerosity element, but reserves the right to assert that persons who do not meet the requirements of SCRPC 23(a)(5) should not be included in any class.

2. The Plaintiff will withdraw her pending Motion to Compel, without prejudice.

3. The parties agree to confer in good faith on a schedule to supplement certain interrogatory answers, consistent with the burdens upon Progressive and the legitimate, relevant needs of the case after the Court enters its Order on class certification. The parties reserve all rights in the event that they are unable to reach an agreement on supplementation.

1230 Main Street
Suite 700 (28201)
PO Drawer 2426
Columbia, SC 29202
www.naxsenpruet.com

T 803.253.8282
F 803.727.1488
E VSleglitz@naxsenpruet.com
Naxsen Pruet, LLC
Attorneys and Counselors at Law

Nate Fata, Esquire
October 25, 2012
Page 2

4. The parties reserve all rights with respect to matters not covered by the above agreement.

5. The parties agree to note this agreement in the record in a manner consistent with SCRCP 43(k).

Yours Truly,



Val H. Stieglitz

VHS/lt

cc: Charles V. Leonard, Esquire

Under the Policy, all of the following are reasons why Progressive might refuse to pay a claim or pay less than the full amount of a claim:

The submitted expenses were not "reasonable expenses."	Policy Part II, Insuring Agreement
The submitted expenses were not "incurred."	Policy Part II, Insuring Agreement
The submitted expenses were not for "necessary medical services."	Policy Part II, Insuring Agreement
The medical services for which the bill was submitted were not received within three years from the date of a motor vehicle accident.	Policy Part II, Insuring Agreement
The insured did not sustain "bodily injury"	Policy Part II, Insuring Agreement
The insured's bodily injury was not caused by the motor vehicle accident.	Policy Part II, Insuring Agreement
The bodily injury was not sustained by an "insured person."	Policy Part II, Insuring Agreement, Additional Definitions
The motor vehicle accident did not involve a "covered auto."	Policy Part II, Insuring Agreement, Additional Definitions
The insured did not pay his or her premiums.	Policy Part II, Insuring Agreement
The bodily injury was "sustained by any person while occupying a covered auto while it is being used to carry persons or property for compensation or a fee."	Policy, Part II, Exclusions, ¶ 1
The accident involved "a vehicle while being maintained or used by a person while employed or engaged in any auto business."	Policy, Part II, Exclusions, ¶ 2
The accident "resulted from" or was "sustained during practice or preparation for" a "pre-arranged or organized racing, stunting, speed, or demolition contest or activity."	Policy, Part II, Exclusions, ¶ 3(a)
The accident "resulted from" or was "sustained during practice or preparation for . . . any driving activity conducted on a permanent or temporary racetrack or racecourse."	Policy, Part II, Exclusions, ¶ 3(b)
The bodily injury was "due to a nuclear reaction or radiation."	Policy, Part II, Exclusions, ¶ 4
The bodily injury was one for which insurance was "afforded under a nuclear energy liability insurance contract."	Policy, Part II, Exclusions, ¶ 4(a)
The bodily injury was one for which insurance "would be afforded under a nuclear energy liability insurance contract but for its termination upon exhaustion of its limit of liability."	Policy, Part II, Exclusions, ¶ 5
The bodily injury was one "for which the	Policy, Part II, Exclusions, ¶ 6

United States Government is liable under the Federal Tort Claims Act."	
The bodily injury was "sustained by any person while occupying any vehicle or trailer while located for use as a residence or premises."	Policy, Part II, Exclusions, ¶ 7
The bodily injury was covered by workers' compensation benefits.	Policy, Part II, Exclusions, ¶ 8
The bodily injury was "sustained by any person while occupying or when struck by any vehicle owned by you or furnished or available for your regular use, other than a covered auto for which this coverage has been purchased."	Policy, Part II, Exclusions, ¶ 9
The bodily injury was "sustained by any person while occupying or when struck by any vehicle owned by a relative or furnished or available for the regular use of a relative , other than a covered auto for which this coverage has been purchased," and the person sustaining the injury was not the policy owner.	Policy, Part II, Exclusions, ¶ 10
The policy owner or relative was injured "while occupying any vehicle, other than a covered auto , without the permission of the owner of the vehicle or the person in lawful possession of the vehicle."	Policy, Part II, Exclusions, ¶ 11
The bodily injury was sustained by "any person while occupying a covered auto while leased or rented to others or given in exchange for any compensation."	Policy, Part II, Exclusions, ¶ 12
The bodily injury was caused directly or indirectly by war or other similar circumstances.	Policy, Part II, Exclusions, ¶ 13
The bodily injury was "caused directly or indirectly the accidental or intentional discharge, dispersal, or release of radioactive, nuclear, pathogenic, or poisonous biological material."	Policy, Part II, Exclusions, ¶ 14(a)
The bodily injury was "caused directly or indirectly the intentional discharge, dispersal, or release of chemical or hazardous material for any purpose other than its sale and useful purpose."	Policy, Part II, Exclusions, ¶ 14(b)
The bodily injury was "caused by, or reasonably expected to result from, a criminal act or omission of an insured person."	Policy, Part II, Exclusions, ¶ 15

There was other applicable auto medical payments insurance.	Policy, Part II, Other Insurance
The accident was not promptly reported to Progressive.	Policy, Part VI, Duties in Case of an Accident or Loss
The insured did not provide Progressive with all accident or loss information, including time, place, and how the accident or loss happened as well as the names and addresses of all persons involved, the names and addresses of all witnesses, and the license plate numbers of the vehicles involved.	Policy, Part VI, Duties in Case of an Accident or Loss
The person seeking coverage did not cooperate with Progressive in any matter concerning the claim.	Policy, Part VI, Duties in Case of an Accident or Loss, ¶ 1
The person seeking coverage did not provide written proof of loss if reasonably required by Progressive.	Policy, Part VI, Duties in Case of an Accident or Loss, ¶ 2
The person seeking coverage did not allow Progressive to take signed and recorded statements or did not answer all reasonable questions asked by Progressive.	Policy, Part VI, Duties in Case of an Accident or Loss, ¶ 3
The person seeking coverage did not submit to medical examinations at Progressive's expense and by doctors that it selected if reasonably required to do so.	Policy, Part VI, Duties in Case of an Accident or Loss, ¶ 8
The person seeking coverage did not authorize Progressive to obtain medical and other records.	Policy, Part VI, Duties in Case of an Accident or Loss, ¶ 9
The accident occurred outside of the policy period.	Policy, Part VII, Policy Period and Territory
The accident occurred outside the United States or Canada.	Policy, Part VII, Policy Period and Territory
The policy was voided because, at the time of the application for insurance, the policy owner "(1) made incorrect statements or representations to us with regard to any material fact or circumstance; (2) concealed or misrepresented any material fact or circumstance; or (3) engaged in fraudulent conduct."	Policy, Part VII, Fraud or Misrepresentation
The policy owner or a person seeking coverage has "knowingly concealed or misrepresented any material fact or circumstance, or engaged in fraudulent conduct, in connection with the presentation or settlement of a claim."	Policy, Part VII, Fraud or Misrepresentation

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM HORRY COUNTY
Court of Common Pleas

Larry B. Hyman, Jr., Circuit Court Judge

Case No. 2010-CP-26-10502

Stephanie A. Smith, on behalf of herself and all others similarly situated.....Appellant,
v.
Progressive Halcyon Insurance Company, n/k/a Progressive Direct Insurance Co., Progressive
Max, and Progressive Casualty Insurance.....Respondents.

CERTIFICATE OF COUNSEL

The undersigned certified that this Record on Appeal complies with Rule 210, SCACR.

October 14, 2014



Charles V. Leonard (SC Bar No. 64072)
4615 Oleander Drive, Suite 202
Myrtle Beach, South Carolina 29577
(843) 497-0202
Attorney for Appellant

Natale Fata (SC Bar No. 009866)
Nate Fata, P.A.
Post Office Box 16620
Surfside Beach SC 29587
Attorney for Appellant

RECEIVED

NOV 03 2014

SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM HORRY COUNTY
Court of Common Pleas

Larry B. Hyman, Jr., Circuit Court Judge

Case No. 2010-CP-26-10502

Stephanie A. Smith, on behalf of herself and all others similarly situated.....Appellant,
v.
Progressive Halcyon Insurance Company, n/k/a Progressive Direct Insurance Co., Progressive
Max, and Progressive Casualty Insurance.....Respondents.

PROOF OF SERVICE

I certify that I have served the Record on Appeal on The Honorable Jenny Abbott Kitchings,
Clerk of Court, South Carolina Court of Appeals, by depositing fifteen (15) copies of same with
FedEx Ground, postage prepaid, on October 30, 2014, addressed to 1205 Pendleton Street, Columbia
SC 29201.



Charles V. Leonard (SC Bar No. 64072)
4615 Oleander Drive, Suite 202
Myrtle Beach, South Carolina 29577
(843) 497-0202
Attorney for Appellant

RECEIVED
NOV 03 2014
SC Court of Appeals