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June 12, 1997

Phil Morris Insurance Agency  
Harvest Insurance Agency  
3700 Forums Drive, Suite 209  
Flower Mound, TX 75028-1860  
Attn.: Phil Morris

RE: Texas Department of Insurance Administrative Hearing #454970896.C, RE: Phillip  
Debbs Morris

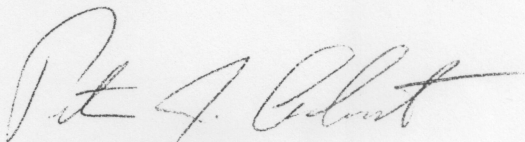
Dear Mr. Morris:

Your fax of June 9, 1997 to John Fitts was referred to me for response. In it, you allege that certain false statements were made in an affidavit by a Progressive employee concerning the existence of an insurance policy for Mr. & Mrs. Derian Hatcher.

My understanding is that you were provided the opportunity to dispute the statements made by our employee through the introduction of contrary evidence, if any, at the above-referenced hearing. It would seem that your remedy lies in the administrative process, and any subsequent appeals that you may wish to institute. Moreover, I've been informed that there are numerous other allegations of impropriety that have been made against you by your customers and other insurance carriers. Given this, it is unlikely that the outcome of the proceeding hinges on Progressive's affidavit.

Also, I'd like to remind you that you still owe Progressive County Mutual Insurance Company \$4,102.85, under the terms of the Settlement, Purchase Agreement & Bill of Sale, dated November 15, 1996. You should remit this amount to us immediately.

Sincerely,



Peter J. Albert  
Corporate Attorney

cc: John Fitts

**PROGRESSIVE**