



QUARTERLY STATEMENT

As of March 31, 2011  
of the Condition and Affairs of the

PROGRESSIVE PREFERRED INSURANCE COMPANY

|                                                                 |                                                                                                                                |                                                                                            |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| NAIC Group Code.....155, 155<br>(Current Period) (Prior Period) | NAIC Company Code..... 37834                                                                                                   | Employer's ID Number..... 34-1287020                                                       |
| Organized under the Laws of OH                                  | State of Domicile or Port of Entry OH                                                                                          | Country of Domicile US                                                                     |
| Incorporated/Organized..... September 24, 1979                  | Commenced Business..... April 15, 1980                                                                                         |                                                                                            |
| Statutory Home Office                                           | 6300 WILSON MILLS ROAD, W33..... CLEVELAND ..... OH ..... 44143-2182<br>(Street and Number) (City or Town, State and Zip Code) |                                                                                            |
| Main Administrative Office                                      | 6300 WILSON MILLS ROAD, W33..... CLEVELAND ..... OH ..... 44143-2182<br>(Street and Number) (City or Town, State and Zip Code) | 440-461-5000<br>(Area Code) (Telephone Number)                                             |
| Mail Address                                                    | P.O. BOX 89490..... CLEVELAND ..... OH ..... 44101-6490<br>(Street and Number or P. O. Box) (City or Town, State and Zip Code) |                                                                                            |
| Primary Location of Books and Records                           | 6300 WILSON MILLS ROAD, W33..... CLEVELAND ..... OH ..... 44143-2182<br>(Street and Number) (City or Town, State and Zip Code) | 440-395-4460<br>(Area Code) (Telephone Number)                                             |
| Internet Web Site Address                                       | PROGRESSIVE.COM                                                                                                                |                                                                                            |
| Statutory Statement Contact                                     | MARY BETH ANDREANO<br>(Name)<br>FINANCIAL_REPORTING@PROGRESSIVE.COM<br>(E-Mail Address)                                        | 440-395-4460<br>(Area Code) (Telephone Number) (Extension)<br>440-446-7168<br>(Fax Number) |

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

OFFICERS

| Name               | Title     | Name               | Title     |
|--------------------|-----------|--------------------|-----------|
| DAVID JAMES SKOVE  | PRESIDENT | PETER JAMES ALBERT | SECRETARY |
| THOMAS ALFRED KING | TREASURER |                    |           |

OTHER

|                    |                   |                     |                   |
|--------------------|-------------------|---------------------|-------------------|
| PETER JAMES ALBERT | (VICE PRESIDENT)  | MARY BETH ANDREANO  | (VICE PRESIDENT)  |
| KAREN MARIE BARONE | (VICE PRESIDENT)  | KATHLEEN MARY CERNY | (ASST. SECRETARY) |
| JAMES LEE KUSMER   | (ASST. TREASURER) |                     |                   |

DIRECTORS OR TRUSTEES

|                       |                          |                     |                   |
|-----------------------|--------------------------|---------------------|-------------------|
| THOMAS HUDSON HOLLYER | KATHRYN MARGARET LEMIEUX | MARK DONALD NIEHAUS | DAVID LLOYD PRATT |
| DAVID JAMES SKOVE     |                          |                     |                   |

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

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

|                   |                     |                     |
|-------------------|---------------------|---------------------|
| (Signature)       | (Signature)         | (Signature)         |
| DAVID JAMES SKOVE | KATHLEEN MARY CERNY | JAMES LEE KUSMER    |
| 1. (Printed Name) | 2. (Printed Name)   | 3. (Printed Name)   |
| PRESIDENT         | ASSISTANT SECRETARY | ASSISTANT TREASURER |
| (Title)           | (Title)             | (Title)             |

|                                   |                                |                  |
|-----------------------------------|--------------------------------|------------------|
| Subscribed and sworn to before me | a. Is this an original filing? | Yes [ X ] No [ ] |
| This 6TH day of MAY, 2011         | b. If no:                      |                  |
|                                   | 1. State the amendment number  |                  |
|                                   | 2. Date filed                  |                  |
|                                   | 3. Number of pages attached    |                  |

PROGRESSIVE PREFERRED INSURANCE COMPANY  
ASSETS

|                                                                                                                                                      | Current Statement Date |                    |                                   | 4                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------|-----------------------------------|--------------------------------------------|
|                                                                                                                                                      | 1                      | 2                  | 3                                 |                                            |
|                                                                                                                                                      | Assets                 | Nonadmitted Assets | Net Admitted Assets (Cols. 1 - 2) | December 31 Prior Year Net Admitted Assets |
| 1. Bonds.....                                                                                                                                        | 330,080,877            |                    | 330,080,877                       | 450,349,744                                |
| 2. Stocks:                                                                                                                                           |                        |                    |                                   |                                            |
| 2.1 Preferred stocks.....                                                                                                                            |                        |                    | 0                                 |                                            |
| 2.2 Common stocks.....                                                                                                                               |                        |                    | 0                                 |                                            |
| 3. Mortgage loans on real estate:                                                                                                                    |                        |                    |                                   |                                            |
| 3.1 First liens.....                                                                                                                                 |                        |                    | 0                                 |                                            |
| 3.2 Other than first liens.....                                                                                                                      |                        |                    | 0                                 |                                            |
| 4. Real estate:                                                                                                                                      |                        |                    |                                   |                                            |
| 4.1 Properties occupied by the company (less \$.....0 encumbrances).....                                                                             |                        |                    | 0                                 |                                            |
| 4.2 Properties held for the production of income (less \$.....0 encumbrances).....                                                                   |                        |                    | 0                                 |                                            |
| 4.3 Properties held for sale (less \$.....0 encumbrances).....                                                                                       |                        |                    | 0                                 |                                            |
| 5. Cash (\$.....0), cash equivalents (\$....120,999,825) and short-term investments (\$.....0).....                                                  | 120,999,825            |                    | 120,999,825                       |                                            |
| 6. Contract loans (including \$.....0 premium notes).....                                                                                            |                        |                    | 0                                 |                                            |
| 7. Derivatives.....                                                                                                                                  |                        |                    | 0                                 |                                            |
| 8. Other invested assets.....                                                                                                                        |                        |                    | 0                                 |                                            |
| 9. Receivables for securities.....                                                                                                                   |                        |                    | 0                                 |                                            |
| 10. Securities lending reinvested collateral assets.....                                                                                             |                        |                    | 0                                 |                                            |
| 11. Aggregate write-ins for invested assets.....                                                                                                     | 0                      | 0                  | 0                                 | 0                                          |
| 12. Subtotals, cash and invested assets (Lines 1 to 11).....                                                                                         | 451,080,702            | 0                  | 451,080,702                       | 450,349,744                                |
| 13. Title plants less \$.....0 charged off (for Title insurers only).....                                                                            |                        |                    | 0                                 |                                            |
| 14. Investment income due and accrued.....                                                                                                           | 1,019,515              |                    | 1,019,515                         | 1,867,524                                  |
| 15. Premiums and considerations:                                                                                                                     |                        |                    |                                   |                                            |
| 15.1 Uncollected premiums and agents' balances in the course of collection.....                                                                      | 15,910,104             | 3,328,433          | 12,581,671                        | 6,148,092                                  |
| 15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums)..... | 96,867,192             |                    | 96,867,192                        | 91,636,268                                 |
| 15.3 Accrued retrospective premiums.....                                                                                                             |                        |                    | 0                                 |                                            |
| 16. Reinsurance:                                                                                                                                     |                        |                    |                                   |                                            |
| 16.1. Amounts recoverable from reinsurers.....                                                                                                       | 3,486,225              |                    | 3,486,225                         | 5,526,152                                  |
| 16.2 Funds held by or deposited with reinsured companies.....                                                                                        |                        |                    | 0                                 |                                            |
| 16.3 Other amounts receivable under reinsurance contracts.....                                                                                       |                        |                    | 0                                 |                                            |
| 17. Amounts receivable relating to uninsured plans.....                                                                                              |                        |                    | 0                                 |                                            |
| 18.1 Current federal and foreign income tax recoverable and interest thereon.....                                                                    |                        |                    | 0                                 |                                            |
| 18.2 Net deferred tax asset.....                                                                                                                     | 17,110,984             | 261,494            | 16,849,490                        | 16,727,929                                 |
| 19. Guaranty funds receivable or on deposit.....                                                                                                     |                        |                    | 0                                 |                                            |
| 20. Electronic data processing equipment and software.....                                                                                           |                        |                    | 0                                 |                                            |
| 21. Furniture and equipment, including health care delivery assets (\$.....0).....                                                                   |                        |                    | 0                                 |                                            |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates.....                                                                      |                        |                    | 0                                 |                                            |
| 23. Receivables from parent, subsidiaries and affiliates.....                                                                                        | 21,703,559             |                    | 21,703,559                        | 1,592,363                                  |
| 24. Health care (\$.....0) and other amounts receivable.....                                                                                         |                        |                    | 0                                 |                                            |
| 25. Aggregate write-ins for other than invested assets.....                                                                                          | 359,361                | 114,125            | 245,236                           | 245,236                                    |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....                             | 607,537,642            | 3,704,052          | 603,833,590                       | 574,093,308                                |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                                                                     |                        |                    | 0                                 |                                            |
| 28. Total (Lines 26 and 27).....                                                                                                                     | 607,537,642            | 3,704,052          | 603,833,590                       | 574,093,308                                |

DETAILS OF WRITE-INS

|                                                                          |         |         |         |         |
|--------------------------------------------------------------------------|---------|---------|---------|---------|
| 1101. ....                                                               |         |         | 0       |         |
| 1102. ....                                                               |         |         | 0       |         |
| 1103. ....                                                               |         |         | 0       |         |
| 1198. Summary of remaining write-ins for Line 11 from overflow page..... | 0       | 0       | 0       | 0       |
| 1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above).....       | 0       | 0       | 0       | 0       |
| 2501. STATE TAX CREDITS.....                                             | 245,236 |         | 245,236 | 245,236 |
| 2502. PREPAID EXPENSES.....                                              | 101,447 | 101,447 | 0       |         |
| 2503. MISCELLANEOUS OTHER ASSETS.....                                    | 12,678  | 12,678  | 0       |         |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 0       | 0       | 0       | 0       |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 359,361 | 114,125 | 245,236 | 245,236 |

PROGRESSIVE PREFERRED INSURANCE COMPANY  
LIABILITIES, SURPLUS AND OTHER FUNDS

|                                                                                                                                                      | 1<br>Current<br>Statement Date | 2<br>December 31<br>Prior Year |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| 1. Losses (current accident year \$....35,778,511).....                                                                                              | 167,061,600                    | 167,532,308                    |
| 2. Reinsurance payable on paid losses and loss adjustment expenses.....                                                                              | 1,958,865                      | 2,995,984                      |
| 3. Loss adjustment expenses.....                                                                                                                     | 36,162,163                     | 36,548,806                     |
| 4. Commissions payable, contingent commissions and other similar charges.....                                                                        | 384,887                        | 881,807                        |
| 5. Other expenses (excluding taxes, licenses and fees).....                                                                                          | 21,063,606                     | 17,167,768                     |
| 6. Taxes, licenses and fees (excluding federal and foreign income taxes).....                                                                        | 4,155,322                      | 3,965,236                      |
| 7.1 Current federal and foreign income taxes (including \$....2,314,924 on realized capital gains (losses)).....                                     | 7,919,659                      | 3,368,114                      |
| 7.2 Net deferred tax liability.....                                                                                                                  |                                |                                |
| 8. Borrowed money \$.....0 and interest thereon \$.....0.....                                                                                        |                                |                                |
| 9. Unearned premiums (after deducting unearned premiums for ceded reinsurance of \$....190,049,121 and including warranty reserves of \$.....0)..... | 151,155,119                    | 145,021,712                    |
| 10. Advance premium.....                                                                                                                             | 6,213,955                      | 4,842,729                      |
| 11. Dividends declared and unpaid:                                                                                                                   |                                |                                |
| 11.1 Stockholders.....                                                                                                                               |                                |                                |
| 11.2 Policyholders.....                                                                                                                              |                                |                                |
| 12. Ceded reinsurance premiums payable (net of ceding commissions).....                                                                              | 1,484,455                      | 26,020                         |
| 13. Funds held by company under reinsurance treaties.....                                                                                            |                                |                                |
| 14. Amounts withheld or retained by company for account of others.....                                                                               |                                |                                |
| 15. Remittances and items not allocated.....                                                                                                         |                                |                                |
| 16. Provision for reinsurance.....                                                                                                                   |                                |                                |
| 17. Net adjustments in assets and liabilities due to foreign exchange rates.....                                                                     |                                |                                |
| 18. Drafts outstanding.....                                                                                                                          | 29,280,991                     | 29,446,388                     |
| 19. Payable to parent, subsidiaries and affiliates.....                                                                                              |                                |                                |
| 20. Derivatives.....                                                                                                                                 |                                |                                |
| 21. Payable for securities.....                                                                                                                      |                                |                                |
| 22. Payable for securities lending.....                                                                                                              |                                |                                |
| 23. Liability for amounts held under uninsured plans.....                                                                                            |                                |                                |
| 24. Capital notes \$.....0 and interest thereon \$.....0.....                                                                                        |                                |                                |
| 25. Aggregate write-ins for liabilities.....                                                                                                         | 1,555,030                      | 1,543,523                      |
| 26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....                                                                 | 428,395,652                    | 413,340,395                    |
| 27. Protected cell liabilities.....                                                                                                                  |                                |                                |
| 28. Total liabilities (Lines 26 and 27).....                                                                                                         | 428,395,652                    | 413,340,395                    |
| 29. Aggregate write-ins for special surplus funds.....                                                                                               | 0                              | 0                              |
| 30. Common capital stock.....                                                                                                                        | 3,003,300                      | 3,003,300                      |
| 31. Preferred capital stock.....                                                                                                                     |                                |                                |
| 32. Aggregate write-ins for other than special surplus funds.....                                                                                    | 0                              | 0                              |
| 33. Surplus notes.....                                                                                                                               |                                |                                |
| 34. Gross paid in and contributed surplus.....                                                                                                       | 42,712,474                     | 42,712,474                     |
| 35. Unassigned funds (surplus).....                                                                                                                  | 129,722,164                    | 115,037,139                    |
| 36. Less treasury stock, at cost:                                                                                                                    |                                |                                |
| 36.1 .....0.000 shares common (value included in Line 30 \$.....0).....                                                                              |                                |                                |
| 36.2 .....0.000 shares preferred (value included in Line 31 \$.....0).....                                                                           |                                |                                |
| 37. Surplus as regards policyholders (Lines 29 to 35, less 36).....                                                                                  | 175,437,938                    | 160,752,913                    |
| 38. Totals.....                                                                                                                                      | 603,833,590                    | 574,093,308                    |

| DETAILS OF WRITE-INS                                                     |           |           |
|--------------------------------------------------------------------------|-----------|-----------|
| 2501. OTHER LIABILITIES.....                                             | 746,346   | 953,581   |
| 2502. ESCHEATABLE PROPERTY.....                                          | 470,468   | 258,978   |
| 2503. STATE PLAN LIABILITY.....                                          | 332,373   | 326,216   |
| 2598. Summary of remaining write-ins for Line 25 from overflow page..... | 5,843     | 4,748     |
| 2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....       | 1,555,030 | 1,543,523 |
| 2901. ....                                                               |           |           |
| 2902. ....                                                               |           |           |
| 2903. ....                                                               |           |           |
| 2998. Summary of remaining write-ins for Line 29 from overflow page..... | 0         | 0         |
| 2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above).....       | 0         | 0         |
| 3201. ....                                                               |           |           |
| 3202. ....                                                               |           |           |
| 3203. ....                                                               |           |           |
| 3298. Summary of remaining write-ins for Line 32 from overflow page..... | 0         | 0         |
| 3299. Totals (Lines 3201 thru 3203 plus 3298) (Line 32 above).....       | 0         | 0         |

PROGRESSIVE PREFERRED INSURANCE COMPANY  
STATEMENT OF INCOME

|                                                                                                                                                                | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>to Date | 3<br>Prior Year Ended<br>December 31 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|--------------------------------------|
| UNDERWRITING INCOME                                                                                                                                            |                              |                            |                                      |
| 1. Premiums earned:                                                                                                                                            |                              |                            |                                      |
| 1.1 Direct..... (written \$.....176,183,418).....                                                                                                              | 171,917,779                  | 185,211,867                | 717,296,843                          |
| 1.2 Assumed..... (written \$.....129,865,943).....                                                                                                             | 123,732,536                  | 119,950,602                | 485,991,248                          |
| 1.3 Ceded..... (written \$.....176,183,418).....                                                                                                               | 171,917,779                  | 185,211,867                | 717,296,843                          |
| 1.4 Net..... (written \$.....129,865,943).....                                                                                                                 | 123,732,536                  | 119,950,602                | 485,991,248                          |
| DEDUCTIONS:                                                                                                                                                    |                              |                            |                                      |
| 2. Losses incurred (current accident year \$.....72,362,713):                                                                                                  |                              |                            |                                      |
| 2.1 Direct.....                                                                                                                                                | 106,872,043                  | 106,327,300                | 443,167,307                          |
| 2.2 Assumed.....                                                                                                                                               | 71,376,646                   | 69,104,815                 | 289,368,142                          |
| 2.3 Ceded.....                                                                                                                                                 | 106,872,043                  | 106,327,300                | 443,167,307                          |
| 2.4 Net.....                                                                                                                                                   | 71,376,646                   | 69,104,815                 | 289,368,142                          |
| 3. Loss adjustment expenses incurred.....                                                                                                                      | 12,757,385                   | 12,781,356                 | 52,498,140                           |
| 4. Other underwriting expenses incurred.....                                                                                                                   | 28,260,411                   | 28,404,469                 | 110,948,555                          |
| 5. Aggregate write-ins for underwriting deductions.....                                                                                                        | 2                            | (226)                      | (92,542)                             |
| 6. Total underwriting deductions (Lines 2 through 5).....                                                                                                      | 112,394,444                  | 110,290,414                | 452,722,295                          |
| 7. Net income of protected cells.....                                                                                                                          |                              |                            |                                      |
| 8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....                                                                                            | 11,338,092                   | 9,660,188                  | 33,268,953                           |
| INVESTMENT INCOME                                                                                                                                              |                              |                            |                                      |
| 9. Net investment income earned.....                                                                                                                           | 2,152,853                    | 2,462,775                  | 9,177,296                            |
| 10. Net realized capital gains (losses) less capital gains tax of \$.....2,314,924.....                                                                        | 4,299,146                    | (127,194)                  | 1,151,354                            |
| 11. Net investment gain (loss) (Lines 9 + 10).....                                                                                                             | 6,451,999                    | 2,335,581                  | 10,328,650                           |
| OTHER INCOME                                                                                                                                                   |                              |                            |                                      |
| 12. Net gain or (loss) from agents' or premium balances charged off<br>(amount recovered \$.....141,972 amount charged off \$.....1,571,730).....              | (1,429,758)                  | (1,670,752)                | (7,607,821)                          |
| 13. Finance and service charges not included in premiums.....                                                                                                  | 3,255,834                    | 3,566,068                  | 13,965,050                           |
| 14. Aggregate write-ins for miscellaneous income.....                                                                                                          | 100,006                      | 722,790                    | 1,063,607                            |
| 15. Total other income (Lines 12 through 14).....                                                                                                              | 1,926,082                    | 2,618,106                  | 7,420,836                            |
| 16. Net income before dividends to policyholders, after capital gains tax and before all other federal and<br>foreign income taxes (Lines 8 + 11 + 15).....    | 19,716,173                   | 14,613,875                 | 51,018,439                           |
| 17. Dividends to policyholders.....                                                                                                                            |                              |                            |                                      |
| 18. Net income after dividends to policyholders, after capital gains tax and before all other federal and<br>foreign income taxes (Line 16 minus Line 17)..... | 19,716,173                   | 14,613,875                 | 51,018,439                           |
| 19. Federal and foreign income taxes incurred.....                                                                                                             | 5,604,735                    | 5,245,652                  | 17,026,871                           |
| 20. Net income (Line 18 minus Line 19) (to Line 22).....                                                                                                       | 14,111,438                   | 9,368,223                  | 33,991,568                           |
| CAPITAL AND SURPLUS ACCOUNT                                                                                                                                    |                              |                            |                                      |
| 21. Surplus as regards policyholders, December 31 prior year.....                                                                                              | 160,752,913                  | 158,328,410                | 158,328,410                          |
| 22. Net income (from Line 20).....                                                                                                                             | 14,111,438                   | 9,368,223                  | 33,991,568                           |
| 23. Net transfers (to) from Protected Cell accounts.....                                                                                                       |                              |                            |                                      |
| 24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....2,623.....                                                             | 4,870                        | 3,150                      | 9,772                                |
| 25. Change in net unrealized foreign exchange capital gain (loss).....                                                                                         |                              |                            |                                      |
| 26. Change in net deferred income tax.....                                                                                                                     | 82,041                       | (15,328)                   | (891,579)                            |
| 27. Change in nonadmitted assets.....                                                                                                                          | 486,676                      | 554,057                    | 1,814,742                            |
| 28. Change in provision for reinsurance.....                                                                                                                   |                              |                            |                                      |
| 29. Change in surplus notes.....                                                                                                                               |                              |                            |                                      |
| 30. Surplus (contributed to) withdrawn from protected cells.....                                                                                               |                              |                            |                                      |
| 31. Cumulative effect of changes in accounting principles.....                                                                                                 |                              |                            |                                      |
| 32. Capital changes:                                                                                                                                           |                              |                            |                                      |
| 32.1 Paid in.....                                                                                                                                              |                              |                            |                                      |
| 32.2 Transferred from surplus (Stock Dividend).....                                                                                                            |                              |                            |                                      |
| 32.3 Transferred to surplus.....                                                                                                                               |                              |                            |                                      |
| 33. Surplus adjustments:                                                                                                                                       |                              |                            |                                      |
| 33.1 Paid in.....                                                                                                                                              |                              |                            |                                      |
| 33.2 Transferred to capital (Stock Dividend).....                                                                                                              |                              |                            |                                      |
| 33.3 Transferred from capital.....                                                                                                                             |                              |                            |                                      |
| 34. Net remittances from or (to) Home Office.....                                                                                                              |                              |                            |                                      |
| 35. Dividends to stockholders.....                                                                                                                             |                              |                            | (32,500,000)                         |
| 36. Change in treasury stock.....                                                                                                                              |                              |                            |                                      |
| 37. Aggregate write-ins for gains and losses in surplus.....                                                                                                   | 0                            | 0                          | 0                                    |
| 38. Change in surplus as regards policyholders (Lines 22 through 37).....                                                                                      | 14,685,025                   | 9,910,102                  | 2,424,503                            |
| 39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....                                                                             | 175,437,938                  | 168,238,512                | 160,752,913                          |
| DETAILS OF WRITE-INS                                                                                                                                           |                              |                            |                                      |
| 0501. 2008 NORTH CAROLINA PRIVATE PASSENGER AUTO ESCROW (REFUNDS).....                                                                                         | 2                            | (226)                      | (92,542)                             |
| 0502. ....                                                                                                                                                     |                              |                            |                                      |
| 0503. ....                                                                                                                                                     |                              |                            |                                      |
| 0598. Summary of remaining write-ins for Line 5 from overflow page.....                                                                                        | 0                            | 0                          | 0                                    |
| 0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above).....                                                                                              | 2                            | (226)                      | (92,542)                             |
| 1401. MISCELLANEOUS INCOME.....                                                                                                                                | 75,468                       | 703,542                    | 939,419                              |
| 1402. SERVICE BUSINESS REVENUE.....                                                                                                                            | 17,029                       | 8,705                      | 73,031                               |
| 1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....                                                                                                            | 7,509                        | 10,543                     | 51,157                               |
| 1498. Summary of remaining write-ins for Line 14 from overflow page.....                                                                                       | 0                            | 0                          | 0                                    |
| 1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above).....                                                                                             | 100,006                      | 722,790                    | 1,063,607                            |
| 3701. ....                                                                                                                                                     |                              |                            |                                      |
| 3702. ....                                                                                                                                                     |                              |                            |                                      |
| 3703. ....                                                                                                                                                     |                              |                            |                                      |
| 3798. Summary of remaining write-ins for Line 37 from overflow page.....                                                                                       | 0                            | 0                          | 0                                    |
| 3799. Totals (Lines 3701 thru 3703 plus 3798) (Line 37 above).....                                                                                             | 0                            | 0                          | 0                                    |

PROGRESSIVE PREFERRED INSURANCE COMPANY  
CASH FLOW

|                                                                                                                     | 1<br>Current Year<br>to Date | 2<br>Prior Year<br>To Date | 3<br>Prior Year Ended<br>December 31 |
|---------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|--------------------------------------|
| CASH FROM OPERATIONS                                                                                                |                              |                            |                                      |
| 1. Premiums collected net of reinsurance.....                                                                       | 121,754,813                  | 122,469,900                | 504,501,497                          |
| 2. Net investment income.....                                                                                       | 3,402,871                    | 1,918,488                  | 10,225,645                           |
| 3. Miscellaneous income.....                                                                                        | 1,600,752                    | 2,105,644                  | 6,979,287                            |
| 4. Total (Lines 1 through 3).....                                                                                   | 126,758,436                  | 126,494,032                | 521,706,429                          |
| 5. Benefit and loss related payments.....                                                                           | 70,844,546                   | 68,800,382                 | 288,589,437                          |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....                         |                              |                            |                                      |
| 7. Commissions, expenses paid and aggregate write-ins for deductions.....                                           | 37,815,437                   | 35,867,200                 | 161,646,769                          |
| 8. Dividends paid to policyholders.....                                                                             |                              |                            |                                      |
| 9. Federal and foreign income taxes paid (recovered) net of \$.....2,281 tax on capital gains (losses).....         | 3,368,114                    | 4,504,153                  | 18,241,170                           |
| 10. Total (Lines 5 through 9).....                                                                                  | 112,028,097                  | 109,171,735                | 468,477,376                          |
| 11. Net cash from operations (Line 4 minus Line 10).....                                                            | 14,730,339                   | 17,322,297                 | 53,229,053                           |
| CASH FROM INVESTMENTS                                                                                               |                              |                            |                                      |
| 12. Proceeds from investments sold, matured or repaid:                                                              |                              |                            |                                      |
| 12.1 Bonds.....                                                                                                     | 330,917,473                  | 15,040,745                 | 94,528,229                           |
| 12.2 Stocks.....                                                                                                    |                              |                            |                                      |
| 12.3 Mortgage loans.....                                                                                            |                              |                            |                                      |
| 12.4 Real estate.....                                                                                               |                              |                            |                                      |
| 12.5 Other invested assets.....                                                                                     |                              |                            |                                      |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments.....                                |                              |                            |                                      |
| 12.7 Miscellaneous proceeds.....                                                                                    |                              |                            |                                      |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7).....                                                            | 330,917,473                  | 15,040,745                 | 94,528,229                           |
| 13. Cost of investments acquired (long-term only):                                                                  |                              |                            |                                      |
| 13.1 Bonds.....                                                                                                     | 204,429,055                  |                            | 146,561,321                          |
| 13.2 Stocks.....                                                                                                    |                              |                            |                                      |
| 13.3 Mortgage loans.....                                                                                            |                              |                            |                                      |
| 13.4 Real estate.....                                                                                               |                              |                            |                                      |
| 13.5 Other invested assets.....                                                                                     |                              |                            |                                      |
| 13.6 Miscellaneous applications.....                                                                                |                              | 14,550                     |                                      |
| 13.7 Total investments acquired (Lines 13.1 to 13.6).....                                                           | 204,429,055                  | 14,550                     | 146,561,321                          |
| 14. Net increase (decrease) in contract loans and premium notes.....                                                |                              |                            |                                      |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14).....                                          | 126,488,418                  | 15,026,195                 | (52,033,092)                         |
| CASH FROM FINANCING AND MISCELLANEOUS SOURCES                                                                       |                              |                            |                                      |
| 16. Cash provided (applied):                                                                                        |                              |                            |                                      |
| 16.1 Surplus notes, capital notes.....                                                                              |                              |                            |                                      |
| 16.2 Capital and paid in surplus, less treasury stock.....                                                          |                              |                            |                                      |
| 16.3 Borrowed funds.....                                                                                            |                              |                            |                                      |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities.....                                    |                              |                            |                                      |
| 16.5 Dividends to stockholders.....                                                                                 |                              |                            | 32,500,000                           |
| 16.6 Other cash provided (applied).....                                                                             | (20,218,932)                 | (4,613,739)                | 23,039,265                           |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6)..... | (20,218,932)                 | (4,613,739)                | (9,460,735)                          |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS                                                 |                              |                            |                                      |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17).....        | 120,999,825                  | 27,734,754                 | (8,264,774)                          |
| 19. Cash, cash equivalents and short-term investments:                                                              |                              |                            |                                      |
| 19.1 Beginning of year.....                                                                                         | 0                            | 8,264,774                  | 8,264,774                            |
| 19.2 End of period (Line 18 plus Line 19.1).....                                                                    | 120,999,825                  | 35,999,528                 | 0                                    |

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

|               |  |  |  |
|---------------|--|--|--|
| 20.0001 ..... |  |  |  |
|---------------|--|--|--|

PROGRESSIVE PREFERRED INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

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

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

2. Accounting Changes and Corrections of Errors

No significant change

3. Business Combinations and Goodwill

No significant change

4. Discontinued Operations

No significant change

5. Investments

D. Loan-Backed Securities

Effective for the third quarter 2009 reporting period, the Company adopted *Statement of Statutory Accounting Principles* (“SSAP”) No. 43R, Loan-backed and Structured Securities. Pursuant to the new standard, the Company analyzes its structured debt securities to determine if the Company intends to sell, or if it is more likely than not that the Company will be required to sell, the security prior to recovery and, if so, the Company writes down the security to its current fair value with the entire amount of the write-down recorded as a realized loss. To the extent that it is more likely than not that the Company will hold the debt security until recovery (which could be maturity), the Company determines if any of the decline in value is due to a credit loss (i.e., where the present value of cash flows expected to be collected is lower than the amortized cost basis of the security) and, if so, the Company recognizes that portion of the impairment as a realized loss.

The sources used to determine prepayment assumptions are derived from updated cash flows from reputable pricing services. The Company’s portfolio managers review the available cash flow data and prepayment assumptions and make adjustments based on current performance indicators on the underlying assets (i.e., delinquency rates, foreclosure rates, and default rates), credit support (via current levels of subordination), and historical credit ratings.

As of March 31, 2011, the Company had \$24,800 of gross unrealized losses in the Company’s loan-backed and structured debt securities. The Company currently does not intend to sell the loan-backed and structured debt securities and determined that it is more likely than not that the Company will not be required to sell these securities for the period of time necessary to recover their cost basis. If the Company’s strategy was to change and these securities were determined to be other-than-temporarily impaired, the Company would recognize a write-down in accordance with the Company’s stated policy.

The following table shows, as of March 31, 2011, the composition of fair value and gross unrealized losses on loan-backed and structured debt securities by the length of time that individual securities have been in a continuous unrealized loss position:

| Fair Value    | Unrealized Loss | Losses less than 12 Months | Losses greater than 12 months | Market Value of losses less than 12 months | Market Value of losses greater than 12 months |
|---------------|-----------------|----------------------------|-------------------------------|--------------------------------------------|-----------------------------------------------|
| \$ 36,953,661 | \$ 24,800       | \$ 24,800                  | \$ --                         | \$ 36,953,661                              | \$ --                                         |

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change

7. Investment Income

No significant change

8. Derivative Instruments

No significant change

PROGRESSIVE PREFERRED INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes
- A. Components of the net deferred tax asset (liability) ("DTA"/"(DTL)")
1. The components of the DTA in accordance with SSAP 10R, Income Taxes, are as follows:

| Description                                    | March 31, 2011            |                               |                           | December 31, 2010         |                               |                           | Change                                 |                                            |                           |
|------------------------------------------------|---------------------------|-------------------------------|---------------------------|---------------------------|-------------------------------|---------------------------|----------------------------------------|--------------------------------------------|---------------------------|
|                                                | (1)<br>Ordinary<br>Income | (2)<br>Capital<br>gain (loss) | (3)<br>(Col 1+2)<br>Total | (4)<br>Ordinary<br>Income | (5)<br>Capital<br>gain (loss) | (6)<br>(Col 4+5)<br>Total | (7)<br>(Col 1-4)<br>Ordinary<br>Income | (8)<br>(Col 2-5)<br>Capital<br>gain (loss) | (9)<br>(Col 7+8)<br>Total |
| (a) Gross deferred tax assets                  | \$ 20,912,311             | \$ 213,573                    | \$ 21,125,884             | \$ 20,964,437             | \$ 214,901                    | \$ 21,179,338             | \$ (52,126)                            | \$ (1,328)                                 | \$ (53,454)               |
| (b) Statutory valuation allowance adjustment   | -                         | -                             | -                         | -                         | -                             | -                         | -                                      | -                                          | -                         |
| (c) Adjusted gross deferred tax assets (1a-1b) | \$ 20,912,311             | \$ 213,573                    | \$ 21,125,884             | \$ 20,964,437             | \$ 214,901                    | \$ 21,179,338             | \$ (52,126)                            | \$ (1,328)                                 | \$ (53,454)               |
| (d) Deferred tax liabilities                   | 3,774,655                 | 240,245                       | 4,014,900                 | 3,863,346                 | 284,426                       | 4,147,772                 | (88,691)                               | (44,181)                                   | (132,872)                 |
| (e) Subtotal (net deferred tax assets) (1c-1d) | \$ 17,137,656             | \$ (26,672)                   | \$ 17,110,984             | \$ 17,101,091             | \$ (69,525)                   | \$ 17,031,566             | \$ 36,565                              | \$ 42,853                                  | \$ 79,418                 |
| (f) Deferred tax assets nonadmitted            | 260,199                   | 1,295                         | 261,494                   | 303,637                   | -                             | 303,637                   | (43,438)                               | 1,295                                      | (42,143)                  |
| (g) Net admitted deferred tax assets (1e-1f)   | \$ 16,877,457             | \$ (27,967)                   | \$ 16,849,490             | \$ 16,797,454             | \$ (69,525)                   | \$ 16,727,929             | \$ 80,003                              | \$ 41,558                                  | \$ 121,561                |

2. The Company has not elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10.e. for the reporting period ended March 31, 2011. The current period election does not differ from the prior year-end.
3. Benefits of adopting SSAP No. 10R, paragraph 10.e.
- Not applicable

C. Current income taxes consist of the following major components:

1. Current Income Tax:

| Description                                                             | (1)<br>March 31,<br>2011 | (2)<br>December 31,<br>2010 |
|-------------------------------------------------------------------------|--------------------------|-----------------------------|
| (a) Federal income tax expense (benefit)                                | \$ 5,604,735             | \$ 17,397,118               |
| (b) Foreign income tax expense (benefit)                                | -                        | -                           |
| (c) Prior year underaccrual (overaccrual)                               | -                        | (370,247)                   |
| (d) Subtotal                                                            | \$ 5,604,735             | \$ 17,026,871               |
| (e) Federal income tax (benefit) on net realized capital gains (losses) | 2,314,924                | 430,365                     |
| (f) Utilization of capital loss carry-forwards                          | -                        | -                           |
| (g) Prior year underaccrual (overaccrual)                               | -                        | (352,106)                   |
| (h) Subtotal                                                            | \$ 2,314,924             | \$ 78,259                   |
| (i) Federal and Foreign income taxes incurred                           | \$ 7,919,659             | \$ 17,105,130               |

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

| Description                             | March 31,<br>2011 | December 31,<br>2010 | Change      |
|-----------------------------------------|-------------------|----------------------|-------------|
| Total deferred tax assets               | \$ 21,125,884     | \$ 21,179,338        | \$ (53,454) |
| Total deferred tax liabilities          | 4,014,900         | 4,147,772            | (132,872)   |
| Net deferred tax asset (liability)      | \$ 17,110,984     | \$ 17,031,566        | \$ 79,418   |
| Tax effect of unrealized gains (losses) |                   |                      | (2,623)     |
| Change in net deferred income tax       |                   |                      | \$ 82,041   |

D. Reconciliation of Federal Income Tax Rate to Actual Effective Rate

The provision for Federal income taxes is different than that which would be obtained by applying the statutory Federal income tax rate to pre-tax income. At March 31, 2011 the significant book to tax adjustments causing this difference are as follows:

| Description                               | Tax Effect<br>Amount | Effective<br>Tax Rate |
|-------------------------------------------|----------------------|-----------------------|
| Provision computed at statutory rate      | \$ 7,710,885         | 35%                   |
| Exempt interest income                    | (50,120)             | --                    |
| Impact of nonadmitted assets              | 155,587              | 1                     |
| Other                                     | 21,266               | --                    |
| Total                                     | \$ 7,837,618         | 36%                   |
| Federal and foreign income taxes incurred | \$ 7,919,659         |                       |
| Change in net deferred income tax         | (82,041)             |                       |
| Total statutory income taxes              | \$ 7,837,618         |                       |

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties
- No significant change

PROGRESSIVE PREFERRED INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11. | Debt                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 12. | Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 13. | Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 14. | Contingencies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| E.  | All Other Contingencies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | <p>The Company is named as defendant in various lawsuits arising out of its insurance operations. All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and loss adjustment expense (“LAE”) reserves. The Company also has potential exposure relating to lawsuits due to its participation in a 100% pooling reinsurance agreement for which it is allocated litigation expenses.</p> <p>Unless specifically noted, the Company does not consider a loss from these cases to be probable and is unable to estimate a range of loss, if any, at this time.</p> <p>As of March 31, 2011, there was a putative class action lawsuit challenging the Company’s use of certain automated database vendors or software to assist in the adjustment of bodily injury claims. Plaintiffs allege that these databases or software systematically undervalue the claims.</p> <p>As of March 31, 2011, the Company was defending a putative statewide class action lawsuit alleging that the Company improperly steers automobile repair work to certain auto body repair shops and challenging the labor rates the Company pays to auto body repair shops.</p> <p>As of March 31, 2011, there was a putative class action lawsuit alleging that the Company charged insureds for illusory underinsured and uninsured motorist coverage on multiple vehicle policies.</p> <p>As of March 31, 2011, there was a putative class action lawsuit challenging the manner in which the Company grants a discount for anti-theft devices.</p>                                                                                                                                   |
| 15. | Leases                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 16. | Information about Financial Instruments with Off-Balance Sheet Risk and with Concentrations of Credit Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 17. | Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| C.  | Wash Sales                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|     | <p>The Company had no wash sales of securities with a National Association of Insurance Commissioners’ rating of 3 or below during the year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 18. | Gain or Loss from Uninsured Plans and the Uninsured Portion of Partially Insured Plans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 19. | Direct Premiums Written / Produced by Managing General Agents / Third Party Administrators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 20. | Fair Value Measurements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| A.  | Inputs Used for Assets and Liabilities Measured at Fair Value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 1.  | Fair Value Measurements by Levels 1, 2 and 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|     | <p>The Company categorizes its financial instruments, based on the degree of subjectivity inherent in the method by which they are valued, into a fair value hierarchy of three levels, as follows:</p> <p>Level 1 - Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., active exchange-traded equity securities).</p> <p>Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.</p> <p>Level 3 - Inputs that are unobservable. Unobservable inputs reflect the Company’s subjective evaluation about the assumptions market participants would use in pricing the financial instrument.</p> <p>The Company evaluated whether the market was distressed or inactive in determining the fair value for those securities reported and reviewed certain market level inputs to evaluate whether sufficient activity, volume, and new issuances existed to create an active market. Based on this evaluation, the Company concluded that there was sufficient activity in determining the fair value for those securities reported.</p> <p>As of March 31, 2011, the Company did not measure and report any securities at fair value on the balance sheet. All bonds were carried at amortized cost.</p> |
| 2.  | Rollforward of Level 3 Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|     | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

PROGRESSIVE PREFERRED INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

|     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.  | Policy on Transfers Into and Out of Level 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 4.  | Inputs and Techniques Used for Level 2 and Level 3 Fair Values                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|     | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 5.  | Derivative Fair Values                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|     | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| C.  | Other Fair Value Disclosures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|     | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| D.  | Reasons Not Practical to Estimate Fair Values                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|     | Not applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 21. | Other Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 22. | Events Subsequent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|     | The Company was not impacted by any subsequent events. Subsequent events have been considered through May 9, 2011 for the statutory statement that was available for issuance by May 15, 2011.                                                                                                                                                                                                                                                                                                                                                                                         |
| 23. | Reinsurance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 24. | Retrospectively Rated Contracts and Contracts Subject to Redetermination                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 25. | Changes in Incurred Losses and Loss Adjustment Expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|     | Incurred losses and LAE attributable to insured events of prior years decreased \$1,505,000 in 2011, which is less than 1% of the total prior year net unpaid losses and LAE of \$204,081,114. The favorable development is primarily from Private Passenger Auto Liability and Commercial Auto Liability with approximately one third of the development from accident years 2008 and prior. In addition, the estimated severity for accident year 2010 decreased by 0.4% for Private Passenger Auto Liability, 1.1% for Commercial Auto Liability and 0.4% for Auto Physical Damage. |
| 26. | Intercompany Pooling Arrangements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 27. | Structured Settlements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 28. | Health Care Receivables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 29. | Participating Accident and Health Policies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 30. | Premium Deficiency Reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 31. | High Deductibles                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 32. | Discounting of Liabilities for Unpaid Losses and Unpaid Loss Adjustment Expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 33. | Asbestos and Environmental Reserves                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 34. | Subscriber Savings Accounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 35. | Multiple Peril Crop Insurance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 36. | Financial Guaranty Insurance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|     | No significant change                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

PROGRESSIVE PREFERRED INSURANCE COMPANY  
GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [ ☐ ]

No [ ☒ X ]

1.2

If yes, has the report been filed with the domiciliary state?

Yes [ ☐ ]

No [ ☐ ]

2.1

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

Yes [ ☐ ]

No [ ☒ X ]

2.2

If yes, date of change:

.....

3.

Have there been any substantial changes in the organizational chart since the prior quarter end?  
If yes, complete the Schedule Y-Part 1 - Organizational chart.

Yes [ ☐ ]

No [ ☒ X ]

4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [ ☐ ]

No [ ☒ X ]

4.2

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

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

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?  
If yes, attach an explanation.

Yes [ ☐ ]

No [ ☒ X ]

N/A [ ☐ ]

6.1

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

12/31/2007.....

6.2

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

12/31/2007.....

6.3

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

4/7/2009.....

6.4

By what department or departments?  
OHIO

6.5

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

Yes [ ☐ ]

No [ ☐ ]

N/A [ ☒ X ]

6.6

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

Yes [ ☒ X ]

No [ ☐ ]

N/A [ ☐ ]

7.1

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

Yes [ ☐ ]

No [ ☒ X ]

7.2

If yes, give full information:

8.1

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

Yes [ ☐ ]

No [ ☒ X ]

8.2

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

8.3

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

Yes [ ☐ ]

No [ ☒ X ]

8.4

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

|                |                        |     |     |     |      |     |
|----------------|------------------------|-----|-----|-----|------|-----|
| 1              | 2                      | 3   | 4   | 5   | 6    | 7   |
| Affiliate Name | Location (City, State) | FRB | OCC | OTS | FDIC | SEC |
|                |                        |     |     |     |      |     |

9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
(c) Compliance with applicable governmental laws, rules and regulations;  
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
(e) Accountability for adherence to the code.

Yes [ ☒ X ]

No [ ☐ ]

9.11

If the response to 9.1 is No, please explain:

9.2

Has the code of ethics for senior managers been amended?

Yes [ ☐ ]

No [ ☒ X ]

9.21

If the response to 9.2 is Yes, provide information related to amendment(s).

9.3

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

Yes [ ☐ ]

No [ ☒ X ]

PROGRESSIVE PREFERRED INSURANCE COMPANY  
GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

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

10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$.....0

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]

11.2 If yes, give full and complete information relating thereto:

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$.....0

13. Amount of real estate and mortgages held in short-term investments: \$.....0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [ ] No [ X ]

14.2 If yes, please complete the following:

|                                                                                                    | 1                            | 2                            |
|----------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
|                                                                                                    | Prior Year-End               | Current Quarter              |
|                                                                                                    | Book/Adjusted Carrying Value | Book/Adjusted Carrying Value |
| 14.21 Bonds.....                                                                                   | \$ .....0                    | \$ .....0                    |
| 14.22 Preferred Stock.....                                                                         | \$ .....0                    | \$ .....0                    |
| 14.23 Common Stock.....                                                                            | \$ .....0                    | \$ .....0                    |
| 14.24 Short-Term Investments.....                                                                  | \$ .....0                    | \$ .....0                    |
| 14.25 Mortgage Loans on Real Estate.....                                                           | \$ .....0                    | \$ .....0                    |
| 14.26 All Other.....                                                                               | \$ .....0                    | \$ .....0                    |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)..... | \$ .....0                    | \$ .....0                    |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above.....                       | \$ .....0                    | \$ .....0                    |

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [ ] No [ X ]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ]  
If no, attach a description with this statement.

16. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III. Conducting Examinations, F-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [ X ] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1                    | 2                                       |
|----------------------|-----------------------------------------|
| Name of Custodian(s) | Custodian Address                       |
| CITIBANK, N.A.       | 338 GREENWICH STREET NEW YORK, NY 10013 |

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation.

| 1       | 2           | 3                       |
|---------|-------------|-------------------------|
| Name(s) | Location(s) | Complete Explanation(s) |
| NONE    |             |                         |

16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? Yes [ ] No [ X ]

16.4 If yes, give full and complete information relating thereto:

| 1             | 2             | 3              | 4      |
|---------------|---------------|----------------|--------|
| Old Custodian | New Custodian | Date of Change | Reason |
| NONE          |               |                |        |

16.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1                               | 2       | 3       |
|---------------------------------|---------|---------|
| Central Registration Depository | Name(s) | Address |
| NONE                            |         |         |

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [ X ] No [ ]

17.2 If no, list exceptions:

PROGRESSIVE PREFERRED INSURANCE COMPANY  
GENERAL INTERROGATORIES (continued)

PART 2  
PROPERTY & CASUALTY INTERROGATORIES

1.

If the reporting entity is a member of a pooling arrangement, did the agreement or the reporting entity's participation change?  
If yes, attach an explanation.

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

2.

Has the reporting entity reinsured any risk with any other reporting entity and agreed to release such entity from liability, in whole or in part, from any loss that may occur on the risk, or portion thereof, reinsured?  
If yes, attach an explanation.

Yes [ ] No [X]

3.1

Have any of the reporting entity's primary reinsurance contracts been canceled?

Yes [ ] No [X]

3.2

If yes, give full and complete information thereto:

4.1

Are any of the liabilities for unpaid losses and loss adjustment expenses other than certain workers' compensation liabilities tabular reserves (see Annual Statement Instructions pertaining to disclosure of discounting for definition of "tabular reserves,") discounted at a rate of interest greater than zero?

Yes [ ] No [X]

4.2

If yes, complete the following schedule:

| 1                | 2                | 3             | Total Discount     |                 |           |            | Discount Taken During Period |                 |            |             |
|------------------|------------------|---------------|--------------------|-----------------|-----------|------------|------------------------------|-----------------|------------|-------------|
| Line of Business | Maximum Interest | Disc. Rate    | 4<br>Unpaid Losses | 5<br>Unpaid LAE | 6<br>IBNR | 7<br>Total | 8<br>Unpaid Losses           | 9<br>Unpaid LAE | 10<br>IBNR | 11<br>Total |
|                  | .....            | .....         | .....              | .....           | .....     | .....0     | .....                        | .....           | .....      | .....0      |
| Total.....       | .....XXX...      | .....XXX..... | .....0             | .....0          | .....0    | .....0     | .....0                       | .....0          | .....0     | .....0      |

5.

Operating Percentages:

5.1

A&H loss percent

0.0 %

5.2

A&H cost containment percent

0.0 %

5.3

A&H expense percent excluding cost containment expenses

0.0 %

6.1

Do you act as a custodian for health savings accounts?

Yes [ ] No [X]

6.2

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

0

6.3

Do you act as an administrator for health savings accounts?

Yes [ ] No [X]

6.4

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

0

**PROGRESSIVE PREFERRED INSURANCE COMPANY**  
**SCHEDULE F - CEDED REINSURANCE**

Showing All New Reinsurers - Current Year to Date

| 1                       | 2                       | 3                 | 4                        | 5                                        |
|-------------------------|-------------------------|-------------------|--------------------------|------------------------------------------|
| NAIC<br>Company<br>Code | Federal<br>ID<br>Number | Name of Reinsurer | Domiciliary Jurisdiction | Is Insurer<br>Authorized?<br>(YES or NO) |

NONE

PROGRESSIVE PREFERRED INSURANCE COMPANY  
SCHEDULE T - EXHIBIT OF PREMIUMS WRITTEN

Current Year to Date - Allocated by States and Territories

| States, Etc.                        | 1<br>Active Status | Direct Premiums Written   |                         | Direct Losses Paid (Deducting Salvage) |                         | Direct Losses Unpaid      |                         |
|-------------------------------------|--------------------|---------------------------|-------------------------|----------------------------------------|-------------------------|---------------------------|-------------------------|
|                                     |                    | 2<br>Current Year to Date | 3<br>Prior Year to Date | 4<br>Current Year to Date              | 5<br>Prior Year to Date | 6<br>Current Year to Date | 7<br>Prior Year to Date |
| 1. Alabama.....AL                   | N                  |                           |                         |                                        |                         |                           |                         |
| 2. Alaska.....AK                    | L                  |                           |                         |                                        |                         |                           |                         |
| 3. Arizona.....AZ                   | L                  | 32,681,042                | 31,100,377              | 18,059,077                             | 14,560,970              | 32,189,412                | 26,369,072              |
| 4. Arkansas.....AR                  | N                  |                           |                         |                                        |                         |                           |                         |
| 5. California.....CA                | N                  |                           |                         |                                        |                         |                           |                         |
| 6. Colorado.....CO                  | L                  | 30,251,992                | 24,660,588              | 16,386,771                             | 12,780,587              | 35,669,986                | 27,084,994              |
| 7. Connecticut.....CT               | N                  |                           |                         |                                        |                         |                           |                         |
| 8. Delaware.....DE                  | L                  |                           |                         |                                        |                         |                           |                         |
| 9. District of Columbia.....DC      | L                  |                           |                         |                                        |                         |                           |                         |
| 10. Florida.....FL                  | N                  |                           |                         |                                        |                         |                           |                         |
| 11. Georgia.....GA                  | L                  | 2,855,752                 | 3,941,342               | 3,001,669                              | 3,524,179               | 9,685,826                 | 14,983,398              |
| 12. Hawaii.....HI                   | L                  |                           |                         |                                        |                         |                           |                         |
| 13. Idaho.....ID                    | L                  |                           |                         |                                        |                         |                           |                         |
| 14. Illinois.....IL                 | N                  |                           |                         |                                        |                         |                           |                         |
| 15. Indiana.....IN                  | L                  |                           |                         | (370)                                  | (967)                   |                           |                         |
| 16. Iowa.....IA                     | L                  |                           |                         |                                        |                         |                           |                         |
| 17. Kansas.....KS                   | N                  |                           |                         |                                        |                         |                           |                         |
| 18. Kentucky.....KY                 | L                  |                           |                         |                                        |                         |                           |                         |
| 19. Louisiana.....LA                | N                  |                           |                         |                                        |                         |                           |                         |
| 20. Maine.....ME                    | L                  |                           |                         |                                        |                         |                           |                         |
| 21. Maryland.....MD                 | L                  |                           |                         |                                        |                         |                           |                         |
| 22. Massachusetts.....MA            | N                  |                           |                         |                                        |                         |                           |                         |
| 23. Michigan.....MI                 | L                  |                           |                         |                                        |                         |                           |                         |
| 24. Minnesota.....MN                | L                  | 48,513,086                | 46,842,750              | 31,713,042                             | 27,231,000              | 69,924,649                | 65,775,471              |
| 25. Mississippi.....MS              | L                  |                           |                         |                                        |                         |                           |                         |
| 26. Missouri.....MO                 | L                  | 14,992,090                | 19,979,261              | 9,734,802                              | 13,706,897              | 20,991,670                | 24,299,837              |
| 27. Montana.....MT                  | L                  |                           |                         |                                        |                         |                           |                         |
| 28. Nebraska.....NE                 | L                  |                           |                         |                                        |                         |                           |                         |
| 29. Nevada.....NV                   | L                  | 2,233,955                 | 2,913,097               | 920,590                                | 1,850,852               | 2,959,035                 | 3,859,503               |
| 30. New Hampshire.....NH            | N                  |                           |                         |                                        |                         |                           |                         |
| 31. New Jersey.....NJ               | L                  |                           |                         |                                        |                         |                           |                         |
| 32. New Mexico.....NM               | L                  | 745,210                   | 892,746                 | 525,891                                | 444,828                 | 1,747,754                 | 1,207,579               |
| 33. New York.....NY                 | L                  | 13,008,946                | 20,157,975              | 12,935,382                             | 16,622,782              | 47,404,481                | 61,344,375              |
| 34. North Carolina.....NC           | L                  |                           |                         | (2,231)                                | (75)                    |                           |                         |
| 35. North Dakota.....ND             | N                  |                           |                         |                                        |                         |                           |                         |
| 36. Ohio.....OH                     | L                  | 11,847,297                | 19,950,672              | 9,061,428                              | 10,851,757              | 19,181,372                | 28,330,115              |
| 37. Oklahoma.....OK                 | L                  |                           |                         | (271)                                  | (2,452)                 | 20,112                    | 22,600                  |
| 38. Oregon.....OR                   | L                  | 266,636                   | 359,613                 | 102,711                                | 167,675                 | 543,449                   | 411,961                 |
| 39. Pennsylvania.....PA             | L                  | 18,726,203                | 15,418,116              | 10,786,504                             | 8,353,942               | 19,104,346                | 12,433,153              |
| 40. Rhode Island.....RI             | L                  |                           |                         |                                        |                         |                           |                         |
| 41. South Carolina.....SC           | L                  |                           |                         | 2,114                                  | (133)                   | 51,862                    | 65,457                  |
| 42. South Dakota.....SD             | L                  |                           |                         |                                        |                         |                           |                         |
| 43. Tennessee.....TN                | L                  |                           |                         |                                        |                         |                           |                         |
| 44. Texas.....TX                    | L                  |                           |                         |                                        |                         |                           |                         |
| 45. Utah.....UT                     | L                  |                           |                         | (133)                                  | (200)                   |                           |                         |
| 46. Vermont.....VT                  | N                  |                           |                         |                                        |                         |                           |                         |
| 47. Virginia.....VA                 | L                  |                           | 62                      | 4,841                                  | 5,850                   | 86,364                    | 208,655                 |
| 48. Washington.....WA               | L                  | 61,210                    | 72,578                  | (1,288)                                | (6,045)                 | 137,659                   | 140,093                 |
| 49. West Virginia.....WV            | L                  |                           |                         |                                        |                         |                           |                         |
| 50. Wisconsin.....WI                | N                  |                           |                         |                                        |                         |                           |                         |
| 51. Wyoming.....WY                  | N                  |                           |                         |                                        |                         |                           |                         |
| 52. American Samoa.....AS           | N                  |                           |                         |                                        |                         |                           |                         |
| 53. Guam.....GU                     | N                  |                           |                         |                                        |                         |                           |                         |
| 54. Puerto Rico.....PR              | N                  |                           |                         |                                        |                         |                           |                         |
| 55. US Virgin Islands.....VI        | N                  |                           |                         |                                        |                         |                           |                         |
| 56. Northern Mariana Islands.....MP | N                  |                           |                         |                                        |                         |                           |                         |
| 57. Canada.....CN                   | N                  |                           |                         |                                        |                         |                           |                         |
| 58. Aggregate Other Alien.....OT    | XXX                | 0                         | 0                       | 0                                      | 0                       | 0                         | 0                       |
| 59. Totals.....                     | (a).....37         | 176,183,419               | 186,289,177             | 113,230,529                            | 110,091,447             | 259,697,977               | 266,536,263             |

| DETAILS OF WRITE-INS                                                     |     |   |   |   |   |   |   |
|--------------------------------------------------------------------------|-----|---|---|---|---|---|---|
| 5801. ....                                                               | XXX |   |   |   |   |   |   |
| 5802. ....                                                               | XXX |   |   |   |   |   |   |
| 5803. ....                                                               | XXX |   |   |   |   |   |   |
| 5898. Summary of remaining write-ins for Line 58 from overflow page..... | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above).....     | XXX | 0 | 0 | 0 | 0 | 0 | 0 |

(L) - Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) - Registered - Non-domiciled RRGs; (Q) - Qualified - Qualified or Accredited Reinsurer;  
(E) - Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) - None of the above - Not allowed to write business in the state.  
(a)    Insert the number of L responses except for Canada and Other Alien.

**SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**

PART 1 – ORGANIZATIONAL CHART

---

**NONE**

PROGRESSIVE PREFERRED INSURANCE COMPANY  
PART 1 - LOSS EXPERIENCE

| Lines of Business                                            | Current Year to Date           |                                |                                | Prior Year to Date<br>Direct Loss<br>Percentage |
|--------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------------------------------|
|                                                              | 1<br>Direct Premiums<br>Earned | 2<br>Direct Losses<br>Incurred | 3<br>Direct<br>Loss Percentage |                                                 |
| 1. Fire.....                                                 |                                |                                | 0.0                            |                                                 |
| 2. Allied lines.....                                         |                                |                                | 0.0                            |                                                 |
| 3. Farmowners multiple peril.....                            |                                |                                | 0.0                            |                                                 |
| 4. Homeowners multiple peril.....                            | 318,445                        | 120,603                        | 37.9                           | (16.7)                                          |
| 5. Commercial multiple peril.....                            |                                |                                | 0.0                            |                                                 |
| 6. Mortgage guaranty.....                                    |                                |                                | 0.0                            |                                                 |
| 8. Ocean marine.....                                         |                                |                                | 0.0                            |                                                 |
| 9. Inland marine.....                                        | 1,012,942                      | 529,500                        | 52.3                           | 22.4                                            |
| 10. Financial guaranty.....                                  |                                |                                | 0.0                            |                                                 |
| 11.1. Medical professional liability - occurrence.....       |                                |                                | 0.0                            |                                                 |
| 11.2. Medical professional liability - claims-made.....      |                                |                                | 0.0                            |                                                 |
| 12. Earthquake.....                                          |                                |                                | 0.0                            |                                                 |
| 13. Group accident and health.....                           |                                |                                | 0.0                            |                                                 |
| 14. Credit accident and health.....                          |                                |                                | 0.0                            |                                                 |
| 15. Other accident and health.....                           |                                |                                | 0.0                            |                                                 |
| 16. Workers' compensation.....                               |                                |                                | 0.0                            |                                                 |
| 17.1 Other liability-occurrence.....                         | 679,261                        | 149,327                        | 22.0                           | (18.4)                                          |
| 17.2 Other liability-claims made.....                        |                                |                                | 0.0                            |                                                 |
| 17.3 Excess workers' compensation.....                       |                                |                                | 0.0                            |                                                 |
| 18.1 Products liability-occurrence.....                      |                                |                                | 0.0                            |                                                 |
| 18.2 Products liability-claims made.....                     |                                |                                | 0.0                            |                                                 |
| 19.1, 19.2 Private passenger auto liability.....             | 108,524,463                    | 67,294,863                     | 62.0                           | 59.8                                            |
| 19.3, 19.4 Commercial auto liability.....                    | 2,347,018                      | 1,560,845                      | 66.5                           | 29.3                                            |
| 21. Auto physical damage.....                                | 59,035,649                     | 37,216,904                     | 63.0                           | 56.6                                            |
| 22. Aircraft (all perils).....                               |                                |                                | 0.0                            |                                                 |
| 23. Fidelity.....                                            |                                |                                | 0.0                            |                                                 |
| 24. Surety.....                                              |                                |                                | 0.0                            |                                                 |
| 26. Burglary and theft.....                                  |                                |                                | 0.0                            |                                                 |
| 27. Boiler and machinery.....                                |                                |                                | 0.0                            |                                                 |
| 28. Credit.....                                              |                                |                                | 0.0                            |                                                 |
| 29. International.....                                       |                                |                                | 0.0                            |                                                 |
| 30. Warranty.....                                            |                                |                                | 0.0                            |                                                 |
| 31. Reinsurance-nonproportional assumed property.....        | XXX                            | XXX                            | XXX                            | XXX                                             |
| 32. Reinsurance-nonproportional assumed liability.....       | XXX                            | XXX                            | XXX                            | XXX                                             |
| 33. Reinsurance-nonproportional assumed financial lines..... | XXX                            | XXX                            | XXX                            | XXX                                             |
| 34. Aggregate write-ins for other lines of business.....     | 0                              | 0                              | 0.0                            |                                                 |
| 35. Totals.....                                              | 171,917,778                    | 106,872,042                    | 62.2                           | 57.4                                            |

DETAILS OF WRITE-INS

|                                                                       |   |   |     |     |
|-----------------------------------------------------------------------|---|---|-----|-----|
| 3401. ....                                                            |   |   | 0.0 |     |
| 3402. ....                                                            |   |   | 0.0 |     |
| 3403. ....                                                            |   |   | 0.0 |     |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0.0 | XXX |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....          | 0 | 0 | 0.0 |     |

PART 2 - DIRECT PREMIUMS WRITTEN

| Lines of Business                                            | 1<br>Current<br>Quarter | 2<br>Current<br>Year to Date | 3<br>Prior Year<br>Year to Date |
|--------------------------------------------------------------|-------------------------|------------------------------|---------------------------------|
| 1. Fire.....                                                 |                         |                              |                                 |
| 2. Allied lines.....                                         |                         |                              |                                 |
| 3. Farmowners multiple peril.....                            |                         |                              |                                 |
| 4. Homeowners multiple peril.....                            | 318,104                 | 318,104                      | 227,399                         |
| 5. Commercial multiple peril.....                            |                         |                              |                                 |
| 6. Mortgage guaranty.....                                    |                         |                              |                                 |
| 8. Ocean marine.....                                         |                         |                              |                                 |
| 9. Inland marine.....                                        | 708,384                 | 708,384                      | 988,331                         |
| 10. Financial guaranty.....                                  |                         |                              |                                 |
| 11.1 Medical professional liability - occurrence.....        |                         |                              |                                 |
| 11.2 Medical professional liability - claims made.....       |                         |                              |                                 |
| 12. Earthquake.....                                          |                         |                              |                                 |
| 13. Group accident and health.....                           |                         |                              |                                 |
| 14. Credit accident and health.....                          |                         |                              |                                 |
| 15. Other accident and health.....                           |                         |                              |                                 |
| 16. Workers' compensation.....                               |                         |                              |                                 |
| 17.1 Other liability-occurrence.....                         | 578,970                 | 578,970                      | 599,999                         |
| 17.2 Other liability-claims made.....                        |                         |                              |                                 |
| 17.3 Excess workers' compensation.....                       |                         |                              |                                 |
| 18.1 Products liability-occurrence.....                      |                         |                              |                                 |
| 18.2 Products liability-claims made.....                     |                         |                              |                                 |
| 19.1 19.2 Private passenger auto liability.....              | 111,197,160             | 111,197,160                  | 116,778,528                     |
| 19.3 19.4 Commercial auto liability.....                     | 2,726,815               | 2,726,815                    | 2,816,993                       |
| 21. Auto physical damage.....                                | 60,653,984              | 60,653,984                   | 64,877,926                      |
| 22. Aircraft (all perils).....                               |                         |                              |                                 |
| 23. Fidelity.....                                            |                         |                              |                                 |
| 24. Surety.....                                              |                         |                              |                                 |
| 26. Burglary and theft.....                                  |                         |                              |                                 |
| 27. Boiler and machinery.....                                |                         |                              |                                 |
| 28. Credit.....                                              |                         |                              |                                 |
| 29. International.....                                       |                         |                              |                                 |
| 30. Warranty.....                                            |                         |                              |                                 |
| 31. Reinsurance-nonproportional assumed property.....        | XXX                     | XXX                          | XXX                             |
| 32. Reinsurance-nonproportional assumed liability.....       | XXX                     | XXX                          | XXX                             |
| 33. Reinsurance-nonproportional assumed financial lines..... | XXX                     | XXX                          | XXX                             |
| 34. Aggregate write-ins for other lines of business.....     | 0                       | 0                            | 0                               |
| 35. Totals.....                                              | 176,183,417             | 176,183,417                  | 186,289,176                     |

DETAILS OF WRITE-INS

|                                                                       |   |   |   |
|-----------------------------------------------------------------------|---|---|---|
| 3401. ....                                                            |   |   |   |
| 3402. ....                                                            |   |   |   |
| 3403. ....                                                            |   |   |   |
| 3498. Sum. of remaining write-ins for Line 34 from overflow page..... | 0 | 0 | 0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498) (Line 34).....          | 0 | 0 | 0 |

PART 3 (000 omitted)

LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES SCHEDULE

|                                                      | 1                                               | 2                                         | 3                                                        | 4                                                                  | 5                                                                    | 6                                              | 7                                                                                           | 8                                                                                                      | 9                                    | 10                                                 | 11                                                                                                        | 12                                                                                                      | 13                                                                                       |
|------------------------------------------------------|-------------------------------------------------|-------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Years in Which Losses Occurred                       | Prior Year-End Known Case Loss and LAE Reserves | Prior Year-End IBNR Loss and LAE Reserves | Total Prior Year-End Loss and LAE Reserves (Cols. 1 + 2) | 2011 Loss and LAE Payments on Claims Reported as of Prior Year-End | 2011 Loss and LAE Payments on Claims Unreported as of Prior Year-End | Total 2011 Loss and LAE Payments (Cols. 4 + 5) | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported and Open as of Prior Year-End | Q.S. Date Known Case Loss and LAE Reserves on Claims Reported or Reopened Subsequent to Prior Year-End | Q.S. Date IBNR Loss and LAE Reserves | Total Q.S. Loss and LAE Reserves (Cols. 7 + 8 + 9) | Prior Year-End Known Case Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 4 + 7 minus Col. 1) | Prior Year-End IBNR Loss and LAE Reserves Developed (Savings)/Deficiency (Cols. 5 + 8 + 9 minus Col. 2) | Prior Year-End Total Loss and LAE Reserve Developed (Savings)/Deficiency (Cols. 11 + 12) |
| 1. 2008 + Prior.....                                 | .....35,237                                     | .....7,507                                | .....42,745                                              | .....6,485                                                         | .....10                                                              | .....6,495                                     | .....28,229                                                                                 | .....763                                                                                               | .....6,475                           | .....35,467                                        | .....(523)                                                                                                | .....(259)                                                                                              | .....(782)                                                                               |
| 2. 2009.....                                         | .....37,361                                     | .....9,171                                | .....46,532                                              | .....6,656                                                         | .....300                                                             | .....6,956                                     | .....30,411                                                                                 | .....2,159                                                                                             | .....7,360                           | .....39,930                                        | .....(295)                                                                                                | .....648                                                                                                | .....353                                                                                 |
| 3. Subtotals 2009 + Prior.....                       | .....72,599                                     | .....16,678                               | .....89,277                                              | .....13,141                                                        | .....310                                                             | .....13,451                                    | .....58,640                                                                                 | .....2,922                                                                                             | .....13,835                          | .....75,398                                        | .....(818)                                                                                                | .....389                                                                                                | .....(429)                                                                               |
| 4. 2010.....                                         | .....87,747                                     | .....27,057                               | .....114,804                                             | .....25,786                                                        | .....2,489                                                           | .....28,275                                    | .....59,906                                                                                 | .....7,746                                                                                             | .....17,800                          | .....85,453                                        | .....(2,055)                                                                                              | .....979                                                                                                | .....(1,076)                                                                             |
| 5. Subtotals 2010 + Prior.....                       | .....160,346                                    | .....43,736                               | .....204,081                                             | .....38,927                                                        | .....2,799                                                           | .....41,726                                    | .....118,546                                                                                | .....10,669                                                                                            | .....31,635                          | .....160,850                                       | .....(2,873)                                                                                              | .....1,368                                                                                              | .....(1,505)                                                                             |
| 6. 2011.....                                         | .....XXX.....                                   | .....XXX.....                             | .....XXX.....                                            | .....XXX.....                                                      | .....43,266                                                          | .....43,266                                    | .....XXX.....                                                                               | .....30,440                                                                                            | .....11,933                          | .....42,373                                        | .....XXX.....                                                                                             | .....XXX.....                                                                                           | .....XXX.....                                                                            |
| 7. Totals.....                                       | .....160,346                                    | .....43,736                               | .....204,081                                             | .....38,927                                                        | .....46,065                                                          | .....84,992                                    | .....118,546                                                                                | .....41,109                                                                                            | .....43,569                          | .....203,224                                       | .....(2,873)                                                                                              | .....1,368                                                                                              | .....(1,505)                                                                             |
| 8. Prior Year-End's Surplus As Regards Policyholders | .....160,753                                    |                                           |                                                          |                                                                    |                                                                      |                                                |                                                                                             |                                                                                                        |                                      |                                                    | Col. 11, Line 7<br>As % of Col. 1,<br>Line 7                                                              | Col. 12, Line 7<br>As % of Col. 2,<br>Line 7                                                            | Col. 13, Line 7<br>As % of Col. 3,<br>Line 7                                             |
|                                                      |                                                 |                                           |                                                          |                                                                    |                                                                      |                                                |                                                                                             |                                                                                                        |                                      |                                                    |                                                                                                           |                                                                                                         |                                                                                          |
|                                                      |                                                 |                                           |                                                          |                                                                    |                                                                      |                                                |                                                                                             |                                                                                                        |                                      |                                                    | 1. ....(1.8)%                                                                                             | 2. ....3.1 %                                                                                            | 3. ....(0.7)%                                                                            |
|                                                      |                                                 |                                           |                                                          |                                                                    |                                                                      |                                                |                                                                                             |                                                                                                        |                                      |                                                    | Col. 13, Line 7<br>Line 8                                                                                 |                                                                                                         |                                                                                          |
|                                                      |                                                 |                                           |                                                          |                                                                    |                                                                      |                                                |                                                                                             |                                                                                                        |                                      |                                                    | 4. ....(0.9)%                                                                                             |                                                                                                         |                                                                                          |

PROGRESSIVE PREFERRED INSURANCE COMPANY

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

|                                                                                                                       | Response      |
|-----------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC with this statement?          | <div>NO</div> |
| 2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?          | <div>NO</div> |
| 3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement? | <div>NO</div> |
| 4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?     | <div>NO</div> |

Explanation:

1.
2.
3.
4.

Bar Code:



**PROGRESSIVE PREFERRED INSURANCE COMPANY**  
**Overflow Page for Write-Ins**

**Additional Write-ins for Liabilities:**

|                                                       | 1<br>Current<br>Statement Date | 2<br>December 31,<br>Prior Year |
|-------------------------------------------------------|--------------------------------|---------------------------------|
| 2504. UNEARNED FEE RESERVE.....                       | .....5,843                     | .....4,748                      |
| 2597. Summary of remaining write-ins for Line 25..... | .....5,843                     | .....4,748                      |

PROGRESSIVE PREFERRED INSURANCE COMPANY  
SCHEDULE A - VERIFICATION

Real Estate

|                                                                                       | 1            | 2                               |
|---------------------------------------------------------------------------------------|--------------|---------------------------------|
|                                                                                       | Year to Date | Prior Year Ended<br>December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year.....                       | 0            |                                 |
| 2. Cost of acquired:                                                                  |              |                                 |
| 2.1 Actual cost at time of acquisition.....                                           |              |                                 |
| 2.2 Additional investment made after acquisition.....                                 |              |                                 |
| 3. Current year change in encumbrances.....                                           |              |                                 |
| 4. Total gain (loss) on disposals.....                                                |              |                                 |
| 5. Deduct amounts received on disposals.....                                          |              |                                 |
| 6. Total foreign exchange change in book/adjusted carrying value.....                 |              |                                 |
| 7. Deduct current year's other than temporary impairment recognized.....              |              |                                 |
| 8. Deduct current year's depreciation.....                                            |              |                                 |
| 9. Book/adjusted carrying value at end of current period (Lines 1+2+3+4-5+6-7-8)..... | 0            | 0                               |
| 10. Deduct total nonadmitted amounts.....                                             |              |                                 |
| 11. Statement value at end of current period (Line 9 minus Line 10).....              | 0            | 0                               |

SCHEDULE B - VERIFICATION

Mortgage Loans

|                                                                                                                          | 1            | 2                               |
|--------------------------------------------------------------------------------------------------------------------------|--------------|---------------------------------|
|                                                                                                                          | Year to Date | Prior Year Ended<br>December 31 |
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year.....                             | 0            |                                 |
| 2. Cost of acquired:                                                                                                     |              |                                 |
| 2.1 Actual cost at time of acquisition.....                                                                              |              |                                 |
| 2.2 Additional investment made after acquisition.....                                                                    |              |                                 |
| 3. Capitalized deferred interest and other.....                                                                          |              |                                 |
| 4. Accrual of discount.....                                                                                              |              |                                 |
| 5. Unrealized valuation increase (decrease).....                                                                         |              |                                 |
| 6. Total gain (loss) on disposals.....                                                                                   |              |                                 |
| 7. Deduct amounts received on disposals.....                                                                             |              |                                 |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees.....                                  |              |                                 |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest.....                       |              |                                 |
| 10. Deduct current year's other than temporary impairment recognized.....                                                |              |                                 |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)..... | 0            | 0                               |
| 12. Total valuation allowance.....                                                                                       |              |                                 |
| 13. Subtotal (Line 11 plus Line 12).....                                                                                 | 0            | 0                               |
| 14. Deduct total nonadmitted amounts.....                                                                                |              |                                 |
| 15. Statement value at end of current period (Line 13 minus Line 14).....                                                | 0            | 0                               |

SCHEDULE BA - VERIFICATION

Other Long-Term Invested Assets

|                                                                                             | 1            | 2                               |
|---------------------------------------------------------------------------------------------|--------------|---------------------------------|
|                                                                                             | Year to Date | Prior Year Ended<br>December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year.....                             | 0            |                                 |
| 2. Cost of acquired:                                                                        |              |                                 |
| 2.1 Actual cost at time of acquisition.....                                                 |              |                                 |
| 2.2 Additional investment made after acquisition.....                                       |              |                                 |
| 3. Capitalized deferred interest and other.....                                             |              |                                 |
| 4. Accrual of discount.....                                                                 |              |                                 |
| 5. Unrealized valuation increase (decrease).....                                            |              |                                 |
| 6. Total gain (loss) on disposals.....                                                      |              |                                 |
| 7. Deduct amounts received on disposals.....                                                |              |                                 |
| 8. Deduct amortization of premium and depreciation.....                                     |              |                                 |
| 9. Total foreign exchange change in book/adjusted carrying value.....                       |              |                                 |
| 10. Deduct current year's other than temporary impairment recognized.....                   |              |                                 |
| 11. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10)..... | 0            | 0                               |
| 12. Deduct total nonadmitted amounts.....                                                   |              |                                 |
| 13. Statement value at end of current period (Line 11 minus Line 12).....                   | 0            | 0                               |

SCHEDULE D - VERIFICATION

Bonds and Stocks

|                                                                                          | 1            | 2                               |
|------------------------------------------------------------------------------------------|--------------|---------------------------------|
|                                                                                          | Year to Date | Prior Year Ended<br>December 31 |
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year.....      | 450,349,742  | 398,216,013                     |
| 2. Cost of bonds and stocks acquired.....                                                | 204,429,055  | 146,561,321                     |
| 3. Accrual of discount.....                                                              | 28,106       | 100,209                         |
| 4. Unrealized valuation increase (decrease).....                                         | 7,493        | 15,033                          |
| 5. Total gain (loss) on disposals.....                                                   | 6,614,069    | 1,229,614                       |
| 6. Deduct consideration for bonds and stocks disposed of.....                            | 330,917,473  | 94,528,229                      |
| 7. Deduct amortization of premium.....                                                   | 430,115      | 1,244,219                       |
| 8. Total foreign exchange change in book/adjusted carrying value.....                    |              |                                 |
| 9. Deduct current year's other than temporary impairment recognized.....                 |              |                                 |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 330,080,877  | 450,349,742                     |
| 11. Deduct total nonadmitted amounts.....                                                |              |                                 |
| 12. Statement value at end of current period (Line 10 minus Line 11).....                | 330,080,877  | 450,349,742                     |

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

|                                          | 1                                                               | 2                                         | 3                                         | 4                                                 | 5                                                       | 6                                                        | 7                                                       | 8                                                         |
|------------------------------------------|-----------------------------------------------------------------|-------------------------------------------|-------------------------------------------|---------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------|
|                                          | Book/Adjusted Carrying<br>Value Beginning<br>of Current Quarter | Acquisitions<br>During<br>Current Quarter | Dispositions<br>During<br>Current Quarter | Non-Trading Activity<br>During<br>Current Quarter | Book/Adjusted Carrying<br>Value End of<br>First Quarter | Book/Adjusted Carrying<br>Value End of<br>Second Quarter | Book/Adjusted Carrying<br>Value End of<br>Third Quarter | Book/Adjusted Carrying<br>Value December 31<br>Prior Year |
| BONDS                                    |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 1. Class 1 (a).....                      | 450,349,743                                                     | 436,105,504                               | 457,303,968                               | (392,969)                                         | 428,758,310                                             |                                                          |                                                         | 450,349,743                                               |
| 2. Class 2 (a).....                      |                                                                 | 29,319,715                                | 6,999,434                                 | 2,111                                             | 22,322,392                                              |                                                          |                                                         |                                                           |
| 3. Class 3 (a).....                      |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 4. Class 4 (a).....                      |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 5. Class 5 (a).....                      |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 6. Class 6 (a).....                      |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 7. Total Bonds.....                      | 450,349,743                                                     | 465,425,219                               | 464,303,402                               | (390,858)                                         | 451,080,702                                             | 0                                                        | 0                                                       | 450,349,743                                               |
| PREFERRED STOCK                          |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 8. Class 1.....                          |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 9. Class 2.....                          |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 10. Class 3.....                         |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 11. Class 4.....                         |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 12. Class 5.....                         |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 13. Class 6.....                         |                                                                 |                                           |                                           |                                                   |                                                         |                                                          |                                                         |                                                           |
| 14. Total Preferred Stock.....           | 0                                                               | 0                                         | 0                                         | 0                                                 | 0                                                       | 0                                                        | 0                                                       | 0                                                         |
| 15. Total Bonds and Preferred Stock..... | 450,349,743                                                     | 465,425,219                               | 464,303,402                               | (390,858)                                         | 451,080,702                                             | 0                                                        | 0                                                       | 450,349,743                                               |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation:  
NAIC 1 \$.....0; NAIC 2 \$.....0; NAIC 3 \$.....0; NAIC 4 \$.....0; NAIC 5 \$.....0; NAIC 6 \$.....0.

SCHEDULE DA - PART 1

Short-Term Investments

|                      | 1<br>Book/Adjusted<br>Carrying Value | 2<br>Per Value | 3<br>Actual<br>Cost | 4<br>Interest Collected<br>Year To Date | 5<br>Paid for Accrued Interest<br>Year To Date |
|----------------------|--------------------------------------|----------------|---------------------|-----------------------------------------|------------------------------------------------|
| 9199999. Totals..... |                                      | XXX            |                     |                                         |                                                |

SCHEDULE DA - VERIFICATION

Short-Term Investments

|                                                                                          | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....                          | 0                 | 8,264,773                            |
| 2. Cost of short-term investments acquired.....                                          |                   |                                      |
| 3. Accrual of discount.....                                                              |                   |                                      |
| 4. Unrealized valuation increase (decrease).....                                         |                   |                                      |
| 5. Total gain (loss) on disposals.....                                                   |                   |                                      |
| 6. Deduct consideration received on disposals.....                                       |                   | 8,240,000                            |
| 7. Deduct amortization of premium.....                                                   |                   | 24,773                               |
| 8. Total foreign exchange change in book/adjusted carrying value.....                    |                   |                                      |
| 9. Deduct current year's other than temporary impairment recognized.....                 |                   |                                      |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | 0                 | 0                                    |
| 11. Deduct total nonadmitted amounts.....                                                |                   |                                      |
| 12. Statement value at end of current period (Line 10 minus Line 11).....                | 0                 | 0                                    |

Sch. DB-Pt A-Verification  
NONE

Sch. DB-Pt B-Verification  
NONE

Sch. DB-Pt C-Sn 1  
NONE

Sch. DB-Pt C-Sn 2  
NONE

Sch. DB-Verification  
NONE

PROGRESSIVE PREFERRED INSURANCE COMPANY  
SCHEDULE E- VERIFICATION

Cash Equivalents

|                                                                                          | 1<br>Year to Date | 2<br>Prior Year Ended<br>December 31 |
|------------------------------------------------------------------------------------------|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year.....                          | .....0            | .....                                |
| 2. Cost of cash equivalents acquired.....                                                | .....260,996,164  | .....171,393,660                     |
| 3. Accrual of discount.....                                                              | .....3,661        | .....6,340                           |
| 4. Unrealized valuation increase (decrease).....                                         | .....             | .....                                |
| 5. Total gain (loss) on disposals.....                                                   | .....             | .....                                |
| 6. Deduct consideration received on disposals.....                                       | .....140,000,000  | .....171,400,000                     |
| 7. Deduct amortization of premium.....                                                   | .....             | .....                                |
| 8. Total foreign exchange change in book/ adjusted carrying value.....                   | .....             | .....                                |
| 9. Deduct current year's other than temporary impairment recognized.....                 | .....             | .....                                |
| 10. Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9)..... | .....120,999,825  | .....0                               |
| 11. Deduct total nonadmitted amounts.....                                                | .....             | .....                                |
| 12. Statement value at end of current period (Line 10 minus Line 11).....                | .....120,999,825  | .....0                               |

Sch. A-Pt 2  
NONE

Sch. A-Pt 3  
NONE

Sch. B-Pt 2  
NONE

Sch. B-Pt 3  
NONE

Sch. BA-Pt 2  
NONE

Sch. BA-Pt 3  
NONE

SCHEDULE D - PART 3

Show all Long-Term Bonds and Stock Acquired During the Current Quarter

| 1                                                   | 2                                                               |  |  |  | 3       | 4             | 5                                 |  | 6                         | 7                | 8                | 9                                       | 10                                       |
|-----------------------------------------------------|-----------------------------------------------------------------|--|--|--|---------|---------------|-----------------------------------|--|---------------------------|------------------|------------------|-----------------------------------------|------------------------------------------|
| CUSIP Identification                                | Description                                                     |  |  |  | Foreign | Date Acquired | Name of Vendor                    |  | Number of Shares of Stock | Actual Cost      | Par Value        | Paid for Accrued Interest and Dividends | NAIC Designation or Market Indicator (a) |
| Bonds - U.S. Government                             |                                                                 |  |  |  |         |               |                                   |  |                           |                  |                  |                                         |                                          |
| 912828 PM 6                                         | US TREASURY NOTE 2.125% 12/31/15.....                           |  |  |  |         | ...01/05/2011 | Barclays Capital.....             |  |                           | .....5,001,172   | .....5,000,000   | .....1,761                              | 1.....                                   |
| 912828 PZ 7                                         | US TREASURY NOTE 1.250% 03/15/14.....                           |  |  |  |         | ...03/30/2011 | Goldman Sachs.....                |  |                           | .....499,727     | .....500,000     | .....272                                | 1.....                                   |
| 912828 QJ 2                                         | US TREASURY NOTE 2.125% 02/29/16.....                           |  |  |  |         | ...03/25/2011 | Barclays Capital.....             |  |                           | .....86,125,977  | .....86,300,000  | .....139,534                            | 1.....                                   |
| 0599999.                                            | Total - Bonds - U.S. Government.....                            |  |  |  |         |               |                                   |  |                           | .....91,626,876  | .....91,800,000  | .....141,567                            | .....XXX.....                            |
| Bonds - U.S. States, Territories and Possessions    |                                                                 |  |  |  |         |               |                                   |  |                           |                  |                  |                                         |                                          |
| 677517 7U 2                                         | OHIO ST 0.000% 08/01/12.....                                    |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....4,402,624   | .....4,465,000   |                                         | 1FE.....                                 |
| 93974C TP 5                                         | WASHINGTON ST 5.000% 07/01/18.....                              |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....8,677,275   | .....7,500,000   | .....62,500                             | 1FE.....                                 |
| 1799999.                                            | Total - Bonds - U.S. States, Territories & Possessions.....     |  |  |  |         |               |                                   |  |                           | .....13,079,899  | .....11,965,000  | .....62,500                             | .....XXX.....                            |
| Bonds - U.S. Special Revenue and Special Assessment |                                                                 |  |  |  |         |               |                                   |  |                           |                  |                  |                                         |                                          |
| 60636X MH 3                                         | MISSOURI ST HSG SF 6.350% 09/01/34.....                         |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....2,369,796   | .....2,285,000   |                                         | 1FE.....                                 |
| 647110 FB 6                                         | NEW MEXICO EDL ASSISTAN 0.961% 12/01/28.....                    |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....5,341,401   | .....5,410,000   |                                         | 1FE.....                                 |
| 64971M 5P 3                                         | NEW YORK N Y CITY 2.430% 11/01/15.....                          |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....4,974,330   | .....5,110,000   | .....40,701                             | 1FE.....                                 |
| 97689Q AZ 9                                         | WISCONSIN HSG & ECONOMI 4.500% 04/01/28.....                    |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....4,196,200   | .....4,000,000   | .....52,500                             | 1FE.....                                 |
| 3199999.                                            | Total - Bonds - U.S. Special Revenue & Special Assessments..... |  |  |  |         |               |                                   |  |                           | .....16,881,727  | .....16,805,000  | .....93,201                             | .....XXX.....                            |
| Bonds - Industrial and Miscellaneous                |                                                                 |  |  |  |         |               |                                   |  |                           |                  |                  |                                         |                                          |
| 02005G AC 9                                         | ALLYA 2009-B A3 1.980% 10/15/13.....                            |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....5,069,100   | .....5,000,000   | .....4,400                              | 1FE.....                                 |
| 025816 AX 7                                         | AMERICAN EXPRESS CO 6.150% 08/28/17.....                        |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....5,611,800   | .....5,000,000   | .....2,563                              | 1FE.....                                 |
| 055669 AD 7                                         | BMWLT 2010-1 A4 0.960% 01/15/14.....                            |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....7,503,150   | .....7,500,000   | .....3,200                              | 1FE.....                                 |
| 084664 BD 2                                         | BERKSHIRE HATHAWAY INC 4.600% 05/15/13.....                     |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....5,347,850   | .....5,000,000   | .....67,722                             | 1FE.....                                 |
| 502413 AY 3                                         | L-3 COMMUNICATIONS CORP 5.200% 10/15/19.....                    |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....5,520,935   | .....5,284,000   | .....103,801                            | 2FE.....                                 |
| 50540R AH 5                                         | LABORATORY CRP OF AMER 3.125% 05/15/16.....                     |  |  |  |         | ...01/27/2011 | CSFBdirect.....                   |  |                           | .....1,991,840   | .....2,000,000   | .....12,500                             | 2FE.....                                 |
| 56585A AA 0                                         | MARATHON PETROLEUM CORP 3.500% 03/01/16.....                    |  |  |  |         | ...01/27/2011 | Morgan Stanley.....               |  |                           | .....6,999,440   | .....7,000,000   |                                         | 2FE.....                                 |
| 666807 BC 5                                         | NORTHROP GRUMMAN CORP 1.850% 11/15/15.....                      |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....4,775,900   | .....5,000,000   | .....29,035                             | 2FE.....                                 |
| 74834L AR 1                                         | QUEST DIAGNOSTIC INC 3.200% 04/01/16.....                       |  |  |  |         | ...03/21/2011 | Goldman Sachs.....                |  |                           | .....10,031,600  | .....10,000,000  |                                         | 2FE.....                                 |
| 89235X AC 1                                         | TAOT 2011-A A3 0.980% 10/15/14.....                             |  |  |  |         | ...01/27/2011 | Merrill Lynch.....                |  |                           | .....23,997,158  | .....24,000,000  |                                         | 1FE.....                                 |
| 93933Y AA 0                                         | WMMNT 2006 - A2A A 0.305% 06/15/15.....                         |  |  |  |         | ...03/01/2011 | Progressive Advanced Ins. Co..... |  |                           | .....5,991,780   | .....6,000,000   | .....737                                | 1FE.....                                 |
| 3899999.                                            | Total - Bonds - Industrial & Miscellaneous.....                 |  |  |  |         |               |                                   |  |                           | .....82,840,553  | .....81,784,000  | .....223,958                            | .....XXX.....                            |
| 8399997.                                            | Total - Bonds - Part 3.....                                     |  |  |  |         |               |                                   |  |                           | .....204,429,055 | .....202,354,000 | .....521,226                            | .....XXX.....                            |
| 8399999.                                            | Total - Bonds.....                                              |  |  |  |         |               |                                   |  |                           | .....204,429,055 | .....202,354,000 | .....521,226                            | .....XXX.....                            |
| 9999999.                                            | Total - Bonds, Preferred and Common Stocks.....                 |  |  |  |         |               |                                   |  |                           | .....204,429,055 | .....XXX.....    | .....521,226                            | .....XXX.....                            |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

PROGRESSIVE PREFERRED INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

| 1                       | 2           |  |  | 3                               | 4                | 5                 | 6                               | 7             | 8         | 9           | 10                                                   | Change in Book/Adjusted Carrying Value             |                                                   |                                                                          |                                               |                                                        | 16                                                         | 17                                                      | 18                                           | 19                                        | 20                                                                 | 21               | 22                                                           |
|-------------------------|-------------|--|--|---------------------------------|------------------|-------------------|---------------------------------|---------------|-----------|-------------|------------------------------------------------------|----------------------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------|-------------------------------------------|--------------------------------------------------------------------|------------------|--------------------------------------------------------------|
|                         |             |  |  |                                 |                  |                   |                                 |               |           |             |                                                      | 11                                                 | 12                                                | 13                                                                       | 14                                            | 15                                                     |                                                            |                                                         |                                              |                                           |                                                                    |                  |                                                              |
| CUSIP<br>Identification | Description |  |  | F<br>o<br>r<br>e<br>i<br>g<br>n | Disposal<br>Date | Name of Purchaser | Number of<br>Shares of<br>Stock | Consideration | Par Value | Actual Cost | Prior Year<br>Book/<br>Adjusted<br>Carrying<br>Value | Unrealized<br>Valuation<br>Increase/<br>(Decrease) | Current<br>Year's<br>(Amortization)/<br>Accretion | Current<br>Year's<br>Other Than<br>Temporary<br>Impairment<br>Recognized | Total<br>Change in<br>B./A.C.V.<br>(11+12-13) | Total<br>Foreign<br>Exchange<br>Change in<br>B./A.C.V. | Book/<br>Adjusted<br>Carrying<br>Value At<br>Disposal Date | Foreign<br>Exchange<br>Gain<br>(Loss)<br>on<br>Disposal | Realized<br>Gain<br>(Loss)<br>on<br>Disposal | Total<br>Gain<br>(Loss)<br>on<br>Disposal | Bond<br>Interest/<br>Stock<br>Dividends<br>Received<br>During Year | Maturity<br>Date | NAIC<br>Desig-<br>nation<br>or<br>Market<br>Indicator<br>(a) |

Bonds - U.S. Government

|          |                                      |   |                                       |       |            |                                  |       |                  |                  |                  |                  |        |                |        |                |        |                  |        |                  |                  |                |             |              |
|----------|--------------------------------------|---|---------------------------------------|-------|------------|----------------------------------|-------|------------------|------------------|------------------|------------------|--------|----------------|--------|----------------|--------|------------------|--------|------------------|------------------|----------------|-------------|--------------|
| 912827   | 6T                                   | 4 | US TREASURY NOTE 5.000% 02/15/11..... | ..... | 01/05/2011 | Barclays Capital.....            | ..... | .....3,791,744   | .....3,772,000   | .....3,761,228   | .....3,771,494   | .....  | .....42        | .....  | .....42        | .....  | .....3,771,536   | .....  | .....20,208      | .....20,208      | .....73,800    | 02/15/2011  | 1.....       |
| 912828   | JR                                   | 2 | US TREASURY NOTE 3.750% 11/15/18..... | ..... | 03/15/2011 | Goldman Sachs.....               | ..... | .....35,638,805  | .....33,300,000  | .....37,710,328  | .....36,889,785  | .....  | .....(85,678)  | .....  | .....(85,678)  | .....  | .....36,804,107  | .....  | .....(1,165,303) | .....(1,165,303) | .....417,400   | 11/15/2018  | 1.....       |
| 912828   | KJ                                   | 8 | US TREASURY NOTE 1.750% 03/31/14..... | ..... | 03/01/2011 | Progressive Advanced Ins. Co.... | ..... | .....35,732,084  | .....35,150,000  | .....35,208,944  | .....35,188,889  | .....  | .....(1,761)   | .....  | .....(1,761)   | .....  | .....35,187,128  | .....  | .....544,956     | .....544,956     | .....256,865   | 03/31/2014  | 1.....       |
| 912828   | KK                                   | 5 | US TREASURY NOTE 1.375% 04/15/12..... | ..... | 03/25/2011 | CSFBdirect.....                  | ..... | .....30,325,781  | .....30,000,000  | .....30,469,800  | .....30,373,038  | .....  | .....(68,381)  | .....  | .....(68,381)  | .....  | .....30,304,656  | .....  | .....21,125      | .....21,125      | .....185,852   | 04/15/2012  | 1.....       |
| 912828   | MD                                   | 9 | US TREASURY NOTE 3.250% 12/31/16..... | ..... | 03/15/2011 | CSFBdirect.....                  | ..... | .....107,709,172 | .....101,800,000 | .....101,219,738 | .....101,294,757 | .....  | .....12,368    | .....  | .....12,368    | .....  | .....101,307,125 | .....  | .....6,402,047   | .....6,402,047   | .....685,463   | 12/31/2016  | 1.....       |
| 912828   | MW                                   | 7 | US TREASURY NOTE 2.500% 03/31/15..... | ..... | 03/09/2011 | Barclays Capital.....            | ..... | .....36,115,625  | .....35,000,000  | .....35,823,430  | .....35,824,800  | .....  | .....(34,715)  | .....  | .....(34,715)  | .....  | .....35,790,085  | .....  | .....325,540     | .....325,540     | .....387,019   | 03/31/2015  | 1.....       |
| 912828   | MX                                   | 5 | US TREASURY NOTE 1.750% 04/15/13..... | ..... | 03/25/2011 | Barclays Capital.....            | ..... | .....35,675,391  | .....35,000,000  | .....35,101,012  | .....35,077,103  | .....  | .....(7,672)   | .....  | .....(7,672)   | .....  | .....35,069,431  | .....  | .....605,959     | .....605,959     | .....275,962   | 04/15/2013  | 1.....       |
| 912828   | PM                                   | 6 | US TREASURY NOTE 2.125% 12/31/15..... | ..... | 01/31/2011 | Goldman Sachs.....               | ..... | .....5,048,438   | .....5,000,000   | .....5,001,172   | .....            | .....  | .....(48)      | .....  | .....(48)      | .....  | .....5,001,124   | .....  | .....47,314      | .....47,314      | .....9,392     | 12/31/2015  | 1.....       |
| 0599999. | Total - Bonds - U.S. Government..... |   |                                       |       |            |                                  |       | .....290,037,040 | .....279,022,000 | .....284,295,652 | .....278,419,866 | .....0 | .....(185,845) | .....0 | .....(185,845) | .....0 | .....283,235,192 | .....0 | .....6,801,846   | .....6,801,846   | .....2,291,753 | .....XXX... | .....XXX.... |

Bonds - U.S. States, Territories and Possessions

|          |                                                             |   |                                 |       |            |                                  |       |                 |                 |                 |                 |        |                |        |                |        |                 |        |                |                |              |             |              |
|----------|-------------------------------------------------------------|---|---------------------------------|-------|------------|----------------------------------|-------|-----------------|-----------------|-----------------|-----------------|--------|----------------|--------|----------------|--------|-----------------|--------|----------------|----------------|--------------|-------------|--------------|
| 373383   | GC                                                          | 6 | GEORGIA ST 5.750% 08/01/12..... | ..... | 03/01/2011 | Progressive Advanced Ins. Co.... | ..... | .....2,072,762  | .....1,930,000  | .....2,143,941  | .....1,967,274  | .....  | .....(3,810)   | .....  | .....(3,810)   | .....  | .....1,963,464  | .....  | .....109,298   | .....109,298   | .....64,735  | 08/01/2012  | 1FE.....     |
| 373383   | VB                                                          | 1 | GEORGIA ST 5.000% 07/01/13..... | ..... | 03/01/2011 | Progressive Advanced Ins. Co.... | ..... | .....2,191,520  | .....2,000,000  | .....2,162,480  | .....2,066,852  | .....  | .....(4,373)   | .....  | .....(4,373)   | .....  | .....2,062,479  | .....  | .....129,041   | .....129,041   | .....66,667  | 07/01/2013  | 1FE.....     |
| 373384   | RC                                                          | 2 | GEORGIA ST 5.000% 10/01/16..... | ..... | 03/01/2011 | Progressive Advanced Ins. Co.... | ..... | .....5,993,153  | .....5,145,000  | .....6,146,526  | .....6,117,692  | .....  | .....(26,989)  | .....  | .....(26,989)  | .....  | .....6,090,703  | .....  | .....(97,549)  | .....(97,549)  | .....88,608  | 10/01/2016  | 1FE.....     |
| 373384   | RM                                                          | 0 | GEORGIA ST 5.000% 10/01/15..... | ..... | 03/01/2011 | Progressive Advanced Ins. Co.... | ..... | .....2,297,940  | .....2,000,000  | .....2,357,320  | .....2,344,772  | .....  | .....(11,753)  | .....  | .....(11,753)  | .....  | .....2,333,019  | .....  | .....(35,079)  | .....(35,079)  | .....34,444  | 10/01/2015  | 1FE.....     |
| 373384   | RN                                                          | 8 | GEORGIA ST 5.000% 10/01/16..... | ..... | 03/01/2011 | Progressive Advanced Ins. Co.... | ..... | .....16,010,863 | .....13,745,000 | .....16,420,602 | .....16,343,572 | .....  | .....(72,103)  | .....  | .....(72,103)  | .....  | .....16,271,469 | .....  | .....(260,606) | .....(260,606) | .....236,719 | 10/01/2016  | 1FE.....     |
| 1799999. | Total - Bonds - U.S. States, Territories & Possessions..... |   |                                 |       |            |                                  |       | .....28,566,238 | .....24,820,000 | .....29,230,869 | .....28,840,162 | .....0 | .....(119,028) | .....0 | .....(119,028) | .....0 | .....28,721,134 | .....0 | .....(154,895) | .....(154,895) | .....491,173 | .....XXX... | .....XXX.... |

Bonds - U.S. Special Revenue and Special Assessment

|          |                                                        |   |                                              |       |            |                                  |       |                |                |                |                |        |               |        |               |        |                |        |               |               |             |             |              |
|----------|--------------------------------------------------------|---|----------------------------------------------|-------|------------|----------------------------------|-------|----------------|----------------|----------------|----------------|--------|---------------|--------|---------------|--------|----------------|--------|---------------|---------------|-------------|-------------|--------------|
| 373539   | YB                                                     | 5 | GEORGIA ST HSG & FIN AU 5.000% 12/01/28..... | ..... | 03/01/2011 | Progressive Advanced Ins. Co.... | ..... | .....5,234,325 | .....4,870,000 | .....5,370,344 | .....5,349,655 | .....  | .....(16,083) | .....  | .....(16,083) | .....  | .....5,333,572 | .....  | .....(99,248) | .....(99,248) | .....60,875 | 06/01/2021  | 1FE.....     |
| 3199999. | Total - Bonds - U.S. Special Revenue & Assessment..... |   |                                              |       |            |                                  |       | .....5,234,325 | .....4,870,000 | .....5,370,344 | .....5,349,655 | .....0 | .....(16,083) | .....0 | .....(16,083) | .....0 | .....5,333,572 | .....0 | .....(99,248) | .....(99,248) | .....60,875 | .....XXX... | .....XXX.... |

Bonds - Industrial and Miscellaneous

|          |                                                 |   |                                         |            |                     |                  |                  |                  |                  |          |                |             |                |          |                  |            |                |                |                |          |          |
|----------|-------------------------------------------------|---|-----------------------------------------|------------|---------------------|------------------|------------------|------------------|------------------|----------|----------------|-------------|----------------|----------|------------------|------------|----------------|----------------|----------------|----------|----------|
| 393505   | QX                                              | 3 | GT 1996-9 A5 7.200% 01/15/28.....       | 03/15/2011 | Paydown.....        | .....2,681       | .....2,681       | .....2,748       | .....2,673       | .....8   | .....8         | .....2,681  | .....0         | .....32  | 05/15/2011       | 1FE.....   |                |                |                |          |          |
| 56585A   | AA                                              | 0 | MARATHON PETROLEUM 3.500% 03/01/16..... | 01/28/2011 | Morgan Stanley..... | .....7,065,800   | .....7,000,000   | .....6,999,440   | .....(6)         | .....(6) | .....6,999,434 | .....66,366 | .....66,366    | .....681 | 03/01/2016       | 2FE.....   |                |                |                |          |          |
| 65535V   | AA                                              | 6 | NAA 2001-R1A A1 7.000% 02/01/30.....    | 03/01/2011 | Paydown.....        | .....11,389      | .....11,389      | .....11,542      | .....11,298      | .....202 | .....(111)     | .....91     | .....11,389    | .....0   | .....149         | 05/01/2027 | 1Z*.....       |                |                |          |          |
| 3899999. | Total - Bonds - Industrial & Miscellaneous..... |   |                                         |            |                     | .....7,079,870   | .....7,014,070   | .....7,013,730   | .....13,971      | .....202 | .....(109)     | .....0      | .....93        | .....0   | .....7,013,504   | .....0     | .....66,366    | .....66,366    | .....862       | .....XXX | .....XXX |
| 8399997. | Total - Bonds - Part 4.....                     |   |                                         |            |                     | .....330,917,473 | .....315,726,070 | .....325,910,595 | .....312,623,654 | .....202 | .....(321,065) | .....0      | .....(320,863) | .....0   | .....324,303,402 | .....0     | .....6,614,069 | .....6,614,069 | .....2,844,663 | .....XXX | .....XXX |
| 8399999. | Total - Bonds.....                              |   |                                         |            |                     | .....330,917,473 | .....315,726,070 | .....325,910,595 | .....312,623,654 | .....202 | .....(321,065) | .....0      | .....(320,863) | .....0   | .....324,303,402 | .....0     | .....6,614,069 | .....6,614,069 | .....2,844,663 | .....XXX | .....XXX |
| 9999999. | Total - Bonds, Preferred and Common Stocks..... |   |                                         |            |                     | .....330,917,473 | .....XXX         | .....325,910,595 | .....312,623,654 | .....202 | .....(321,065) | .....0      | .....(320,863) | .....0   | .....324,303,402 | .....0     | .....6,614,069 | .....6,614,069 | .....2,844,663 | .....XXX | .....XXX |

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues:.....0.

Sch. DB-Pt A-Sn 1  
NONE

Sch. DB-Pt A-Sn 1-Footer  
NONE

Sch. DB-Pt B-Sn 1  
NONE

Sch. DB-Pt B-Sn 1-Footer  
NONE

Sch. DB-Pt B-Sn 1B-Broker List  
NONE

Sch. DB-Pt D  
NONE

Sch. DL-Pt. 1  
NONE

Sch. DL-Pt. 2  
NONE

PROGRESSIVE PREFERRED INSURANCE COMPANY  
SCHEDULE E - PART 1 - CASH

Month End Depository Balances

| 1<br><br>Depository | 2<br><br>Code | 3<br><br>Rate<br>of<br>Interest | 4<br><br>Amount of<br>Interest<br>Received During<br>Current Quarter | 5<br><br>Amount of<br>Interest Accrued<br>at Current<br>Statement Date | Book Balance at End of Each<br>Month During Current Quarter |                       |                      | 9<br><br>* |
|---------------------|---------------|---------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------|----------------------|------------|
|                     |               |                                 |                                                                      |                                                                        | 6<br><br>First Month                                        | 7<br><br>Second Month | 8<br><br>Third Month |            |

Open Depositories

|                                       |             |             |        |        |        |        |        |       |
|---------------------------------------|-------------|-------------|--------|--------|--------|--------|--------|-------|
| CITIBANK..... NEW YORK, NY.....       | .....       | .....       | .....  | .....  | .....  | .....  | .....  | XXX.. |
| 0199999. Total Open Depositories..... | ...XXX..... | ...XXX..... | .....0 | .....0 | .....0 | .....0 | .....0 | XXX.. |
| 0399999. Total Cash on Deposit.....   | ...XXX..... | ...XXX..... | .....0 | .....0 | .....0 | .....0 | .....0 | XXX.. |
| 0599999. Total Cash.....              | ...XXX..... | ...XXX..... | .....0 | .....0 | .....0 | .....0 | .....0 | XXX.. |

PROGRESSIVE PREFERRED INSURANCE COMPANY

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1                                                                            | 2     | 3                | 4                   | 5                | 6                               | 7                                   | 8                              |
|------------------------------------------------------------------------------|-------|------------------|---------------------|------------------|---------------------------------|-------------------------------------|--------------------------------|
| Description                                                                  | Code  | Date<br>Acquired | Rate of<br>Interest | Maturity<br>Date | Book/Adjusted<br>Carrying Value | Amount of Interest<br>Due & Accrued | Amount Received<br>During Year |
| Industrial and Miscellaneous (Unaffiliated) Issuer Obligations               |       |                  |                     |                  |                                 |                                     |                                |
| BANK OF MONTREAL.....                                                        | ..... | .....03/23/2011  | .....0.110          | .....04/01/2011  | .....100,000,000                | .....                               | .....2,750                     |
| BANK NOVA SCOTIA.....                                                        | ..... | .....03/24/2011  | .....0.100          | .....04/04/2011  | .....20,999,825                 | .....                               | .....467                       |
| 3299999. Industrial and Miscellaneous (Unaffiliated) Issuer Obligations..... | ..... | .....            | .....               | .....            | .....120,999,825                | .....0                              | .....3,217                     |
| 3899999. Total - Industrial and Miscellaneous (Unaffiliated).....            | ..... | .....            | .....               | .....            | .....120,999,825                | .....0                              | .....3,217                     |
| Total                                                                        |       |                  |                     |                  |                                 |                                     |                                |
| 7799999. Subtotals - Issuer Obligations.....                                 | ..... | .....            | .....               | .....            | .....120,999,825                | .....0                              | .....3,217                     |
| 8399999. Subtotals - Bonds.....                                              | ..... | .....            | .....               | .....            | .....120,999,825                | .....0                              | .....3,217                     |
| 8699999. Total - Cash Equivalents.....                                       | ..... | .....            | .....               | .....            | .....120,999,825                | .....0                              | .....3,217                     |