



QUARTERLY STATEMENT

As of September 30, 2011
of the Condition and Affairs of the

PROGRESSIVE PREFERRED INSURANCE COMPANY

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

NAIC Company Code..... 37834

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

Organized under the Laws of OH

State of Domicile or Port of Entry OH

Country of Domicile US

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

Commenced Business..... April 15, 1980

Statutory Home Office

6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office

6300 WILSON MILLS ROAD, W33..... CLEVELAND OH 44143-2182 440-461-5000
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address

P.O. BOX 89490..... CLEVELAND OH 44101-6490
(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 440-395-4460
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address

PROGRESSIVE.COM

Statutory Statement Contact

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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
This 7TH day of NOVEMBER, 2011

a. Is this an original filing?
b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

Yes [X] No []

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.....	427,303,040		427,303,040	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 (\$....24,299,960) and short-term investments (\$....35,715,363).....	60,015,323		60,015,323	
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).....	487,318,363	.0	487,318,363	450,349,744
13. Title plants less \$.....0 charged off (for Title insurers only).....			.0	
14. Investment income due and accrued.....	2,669,766		2,669,766	1,867,524
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	18,140,312	3,243,364	14,896,948	6,148,092
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	93,622,478		93,622,478	91,636,268
15.3 Accrued retrospective premiums.....			.0	
16. Reinsurance:				
161. Amounts recoverable from reinsurers.....	231,523		231,523	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.....	18,414,695	883,233	17,531,462	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.....	7,718,386		7,718,386	1,592,363
24. Health care (\$.....0) and other amounts receivable.....			.0	
25. Aggregate write-ins for other than invested assets.....	1,203,356	240,856	962,500	245,236
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	629,318,879	4,367,453	624,951,426	574,093,308
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	
28. Total (Lines 26 and 27).....	629,318,879	4,367,453	624,951,426	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.....	962,500		962,500	245,236
2502. PREPAID EXPENSES.....	225,513	225,513	.0	
2503. MISCELLANEOUS OTHER ASSETS.....	15,343	15,343	.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).....	1,203,356	240,856	962,500	245,236

PROGRESSIVE PREFERRED INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$....82,481,765).....	171,677,288	167,532,308
2. Reinsurance payable on paid losses and loss adjustment expenses.....	2,600,567	2,995,984
3. Loss adjustment expenses.....	36,088,771	36,548,806
4. Commissions payable, contingent commissions and other similar charges.....	737,174	881,807
5. Other expenses (excluding taxes, licenses and fees).....	24,141,140	17,167,768
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	3,272,128	3,965,236
7.1 Current federal and foreign income taxes (including \$....(117,526) on realized capital gains (losses)).....	3,296,469	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 \$....189,657,429 and including warranty reserves of \$.....0).....	159,848,575	145,021,712
10. Advance premium.....	5,611,423	4,842,729
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	34,918	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.....	28,528,054	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.....	1,683,809	1,543,523
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	437,520,316	413,340,395
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	437,520,316	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).....	141,715,336	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).....	187,431,110	160,752,913
38. Totals.....	624,951,426	574,093,308

DETAILS OF WRITE-INS		
2501. ESCHETABLE PROPERTY.....	809,331	258,978
2502. OTHER LIABILITIES.....	587,429	953,581
2503. STATE PLAN LIABILITY.....	280,669	326,216
2598. Summary of remaining write-ins for Line 25 from overflow page.....	6,380	4,748
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,683,809	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 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
UNDERWRITING INCOME			
1. Premiums earned:			
1.1 Direct..... (written \$.....509,811,502).....	505,937,556	544,164,493	717,296,843
1.2 Assumed..... (written \$.....389,532,540).....	374,705,677	363,542,345	485,991,248
1.3 Ceded..... (written \$.....509,811,502).....	505,937,556	544,164,493	717,296,843
1.4 Net..... (written \$.....389,532,540).....	374,705,677	363,542,345	485,991,248
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....231,562,266):			
2.1 Direct.....	314,881,440	320,488,037	443,167,307
2.2 Assumed.....	229,444,221	214,583,389	289,368,142
2.3 Ceded.....	314,881,440	320,488,037	443,167,307
2.4 Net.....	229,444,221	214,583,389	289,368,142
3. Loss adjustment expenses incurred.....	38,718,319	39,592,400	52,498,140
4. Other underwriting expenses incurred.....	84,502,287	85,103,855	110,948,555
5. Aggregate write-ins for underwriting deductions.....	14	(83,738)	(92,542)
6. Total underwriting deductions (Lines 2 through 5).....	352,664,841	339,195,906	452,722,295
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	22,040,836	24,346,439	33,268,953
INVESTMENT INCOME			
9. Net investment income earned.....	6,512,867	7,019,924	9,177,296
10. Net realized capital gains (losses) less capital gains tax of \$.....2,223,984.....	4,466,044	1,147,118	1,151,354
11. Net investment gain (loss) (Lines 9 + 10).....	10,978,911	8,167,042	10,328,650
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....338,342 amount charged off \$.....4,948,486).....	(4,610,144)	(5,852,607)	(7,607,821)
13. Finance and service charges not included in premiums.....	9,821,517	10,578,476	13,965,050
14. Aggregate write-ins for miscellaneous income.....	212,363	849,122	1,063,607
15. Total other income (Lines 12 through 14).....	5,423,736	5,574,991	7,420,836
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	38,443,483	38,088,472	51,018,439
17. Dividends to policyholders.....			
18. Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17).....	38,443,483	38,088,472	51,018,439
19. Federal and foreign income taxes incurred.....	12,847,397	13,660,967	17,026,871
20. Net income (Line 18 minus Line 19) (to Line 22).....	25,596,086	24,427,505	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).....	25,596,086	24,427,505	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 \$.....(43,502).....	(80,791)	14,642	9,772
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	1,339,627	285,457	(891,579)
27. Change in nonadmitted assets.....	(176,725)	1,282,725	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).....	26,678,197	26,010,329	2,424,503
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	187,431,110	184,338,739	160,752,913
DETAILS OF WRITE-INS			
0501. 2008 NORTH CAROLINA PRIVATE PASSENGER AUTO ESCROW (REFUNDS).....	14	(83,738)	(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).....	14	(83,738)	(92,542)
1401. MISCELLANEOUS INCOME.....	148,778	784,825	939,419
1402. SERVICE BUSINESS REVENUE.....	47,276	23,142	73,031
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	16,309	41,155	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).....	212,363	849,122	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 Current Year to Date	2 Prior Year To Date	3 Prior Year Ended December 31
CASH FROM OPERATIONS			
1. Premiums collected net of reinsurance.....	380,234,044	380,900,294	504,501,497
2. Net investment income.....	6,616,293	6,959,022	10,225,645
3. Miscellaneous income.....	5,248,209	5,120,276	6,979,287
4. Total (Lines 1 through 3).....	392,098,546	392,979,592	521,706,429
5. Benefit and loss related payments.....	220,400,029	210,671,966	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.....	117,545,024	114,570,400	161,646,769
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....2,343,791 tax on capital gains (losses).....	15,143,026	14,715,007	18,241,170
10. Total (Lines 5 through 9).....	353,088,079	339,957,373	468,477,376
11. Net cash from operations (Line 4 minus Line 10).....	39,010,467	53,022,219	53,229,053
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	453,009,003	77,460,532	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.....		5,370,344	
12.8 Total investment proceeds (Lines 12.1 to 12.7).....	453,009,003	82,830,876	94,528,229
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	424,302,236	82,876,560	146,561,321
13.2 Stocks.....			
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....			
13.7 Total investments acquired (Lines 13.1 to 13.6).....	424,302,236	82,876,560	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).....	28,706,767	(45,684)	(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).....	(7,701,911)	20,156,495	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).....	(7,701,911)	20,156,495	(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).....	60,015,323	73,133,030	(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).....	60,015,323	81,397,805	0

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

20.0001			
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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 September 30, 2011, the Company had \$422,592 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 September 30, 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
\$ 42,842,212	\$ 422,592	\$ 422,592	\$ --	\$ 42,842,212	\$ --

6. Joint Ventures, Partnerships and Limited Liability Companies

No significant change

7. Investment Income

No significant change

8. Derivative Instruments

No significant change

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:

	September 30, 2011			December 31, 2010			Change		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Description	Ordinary Income	Capital gain (loss)	(Col 1+2) Total	Ordinary Income	Capital gain (loss)	(Col 4+5) Total	(Col 1-4) Ordinary Income	(Col 2-5) Capital gain (loss)	(Col 7+8) Total
(a) Gross deferred tax assets	\$ 21,985,637	\$ 272,976	\$ 22,258,613	\$ 20,964,437	\$ 214,901	\$ 21,179,338	\$ 1,021,200	\$ 58,075	\$ 1,079,275
(b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 21,985,637	\$ 272,976	\$ 22,258,613	\$ 20,964,437	\$ 214,901	\$ 21,179,338	\$ 1,021,200	\$ 58,075	\$ 1,079,275
(d) Deferred tax liabilities	3,457,684	386,234	3,843,918	3,863,346	284,426	4,147,772	(405,662)	101,808	(303,854)
(e) Subtotal (net deferred tax assets) (1c-1d)	\$ 18,527,953	\$ (113,258)	\$ 18,414,695	\$ 17,101,091	\$ (69,525)	\$ 17,031,566	\$ 1,426,862	\$ (43,733)	\$ 1,383,129
(f) Deferred tax assets nonadmitted	883,233	-	883,233	303,637	-	303,637	579,596	-	579,596
(g) Net admitted deferred tax assets (1e-1f)	\$ 17,644,720	\$ (113,258)	\$ 17,531,462	\$ 16,797,454	\$ (69,525)	\$ 16,727,929	\$ 847,266	\$ (43,733)	\$ 803,533

2. The Company has not elected to admit additional DTAs pursuant to SSAP No. 10R, paragraph 10.e. for the reporting period ended September 30, 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) September 30, 2011	(2) December 31, 2010
(a) Federal income tax expense (benefit)	\$ 12,894,627	\$ 17,397,118
(b) Foreign income tax expense (benefit)	-	-
(c) Prior year underaccrual (overaccrual)	(47,230)	(370,247)
(d) Subtotal	\$ 12,847,397	\$ 17,026,871
(e) Federal income tax (benefit) on net realized capital gains (losses)	2,200,092	430,365
(f) Utilization of capital loss carry-forwards	-	-
(g) Prior year underaccrual (overaccrual)	23,892	(352,106)
(h) Subtotal	\$ 2,223,984	\$ 78,259
(i) Federal and Foreign income taxes incurred	\$ 15,071,381	\$ 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	September 30, 2011	December 31, 2010	Change
Total deferred tax assets	\$ 22,258,613	\$ 21,179,338	\$ 1,079,275
Total deferred tax liabilities	3,843,918	4,147,772	(303,854)
Net deferred tax asset (liability)	\$ 18,414,695	\$ 17,031,566	\$ 1,383,129
Tax effect of unrealized gains (losses)			43,502
Change in net deferred income tax			\$ 1,339,627

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 September 30, 2011 the significant book to tax adjustments causing this difference are as follows:

Description	Tax Effect Amount	Effective Tax Rate
Provision computed at statutory rate	\$ 14,233,613	35%
Exempt interest income	(190,458)	--
Dividends received deduction	-	--
Prior year underaccrual (overaccrual)	10,398	--
Impact of nonadmitted assets	141,004	--
Tax credits	(511,763)	(1)
Other	48,960	--
Total	\$ 13,731,754	34%
Federal and foreign income taxes incurred	\$ 15,071,381	
Change in net deferred income tax	(1,339,627)	
Total statutory income taxes	\$ 13,731,754	

NOTES TO FINANCIAL STATEMENTS

10.	Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties
	No significant change
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
	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. 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. As of September 30, 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. As of September 30, 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. As of September 30, 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. A settlement agreement was reached in June 2011 and a loss reserve was established accordingly. As of September 30, 2011, the settlement is still being administered. As of September 30, 2011, there was a putative class action lawsuit challenging the manner in which the Company grants a discount for anti-theft devices.
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
	The Company had no wash sales of securities with a National Association of Insurance Commissioners’ rating of 3 or below during the year.
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
	The Company categorizes its financial instruments, based on the degree of subjectivity inherent in the method by which they are valued, into a fair value hierarchy of three levels, as follows: Level 1 - Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., active exchange-traded equity securities). 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. 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. 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. The valuations classified as either Level 1 or Level 2 in the table below are priced exclusively by external sources, including: pricing vendors, dealers/market makers, and exchange-quoted prices. The Company did not have any transfers between Level 1 and Level 2.

NOTES TO FINANCIAL STATEMENTS

Certain securities are carried at fair value in the financial statements. Other securities are periodically measured at fair value, such as when impaired, or for certain bonds which are carried at the lower of amortized cost or fair value.

Fair value measurements at September 30, 2011 are as follows:

Asset Description	Level 1	Level 2	Level 3	Total
Bonds – Industrial & Miscellaneous	\$ --	\$ 2,654,299	\$ --	\$ 2,654,299

2.

Rollforward of Level 3 Items

Not applicable
3.

Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3.
4.

Inputs and Techniques Used for Level 2 and Level 3 Fair Values

See narrative in Note 20A
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 November 7, 2011 for the statutory statement that was available for issuance by November 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 \$3,787,000 in 2011, which is 1.9% of the total prior year net unpaid losses and LAE of \$204,081,114. Both loss and defense and cost containment reserves developed favorably. The majority of the favorable development is primarily attributable to accident years 2010 and 2008 and prior for Private Passenger Auto Liability and Commercial Auto Liability business. Originally anticipated severity for accident year 2010 decreased by 0.3% and 0.5% for Private Passenger Auto Liability and Auto Physical Damage, respectively.
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

NOTES TO FINANCIAL STATEMENTS

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 Unpaid Losses	5 Unpaid LAE	6 IBNR	7 Total	8 Unpaid Losses	9 Unpaid LAE	10 IBNR	11 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 NAIC Company Code	2 Federal ID Number	3 Name of Reinsurer	4 Domiciliary Jurisdiction	5 Is Insurer Authorized? (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 Active Status	Direct Premiums Written		Direct Losses Paid (Deducting Salvage)		Direct Losses Unpaid	
		2 Current Year to Date	3 Prior Year to Date	4 Current Year to Date	5 Prior Year to Date	6 Current Year to Date	7 Prior Year to Date
1. Alabama.....AL	N						
2. Alaska.....AK	L						
3. Arizona.....AZ	L	95,081,229	90,192,339	54,482,012	45,728,502	33,897,448	27,706,195
4. Arkansas.....AR	N						
5. California.....CA	N						
6. Colorado.....CO	L	89,856,712	77,427,905	53,567,816	41,163,717	39,983,618	31,616,760
7. Connecticut.....CT	N						
8. Delaware.....DE	L						
9. District of Columbia.....DC	L						
10. Florida.....FL	N						
11. Georgia.....GA	L	7,737,901	10,767,195	6,104,170	7,974,743	9,962,539	13,937,015
12. Hawaii.....HI	L						
13. Idaho.....ID	L						
14. Illinois.....IL	N						
15. Indiana.....IN	L			(370)	(4,000)		
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	148,780,959	142,111,871	91,134,414	84,911,147	69,365,058	66,425,969
25. Mississippi.....MS	L						
26. Missouri.....MO	L	41,298,337	54,258,573	27,456,744	35,705,174	18,024,802	22,460,849
27. Montana.....MT	L						
28. Nebraska.....NE	L						
29. Nevada.....NV	L	6,593,632	8,599,918	3,094,614	5,411,659	2,977,361	4,325,377
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	L						
32. New Mexico.....NM	L	2,157,110	2,602,290	1,686,016	1,356,770	1,692,779	1,199,359
33. New York.....NY	L	34,509,329	52,422,027	31,592,099	44,322,305	40,452,024	56,122,810
34. North Carolina.....NC	L		(1,568)	(3,116)	(617)		
35. North Dakota.....ND	N						
36. Ohio.....OH	L	29,121,419	46,138,342	23,565,643	31,948,609	15,642,932	26,238,668
37. Oklahoma.....OK	L			(509)	12,007	5,713	17,159
38. Oregon.....OR	L	637,482	867,735	420,567	695,357	502,703	463,930
39. Pennsylvania.....PA	L	53,844,137	50,596,565	33,702,044	24,743,644	21,459,768	15,881,489
40. Rhode Island.....RI	L						
41. South Carolina.....SC	L	(116)		1,981	(211)	51,862	62,013
42. South Dakota.....SD	L						
43. Tennessee.....TN	L						
44. Texas.....TX	L						
45. Utah.....UT	L			(600)	(467)		
46. Vermont.....VT	N						
47. Virginia.....VA	L		(4,741)	(2,377)	66,420	13,165	96,950
48. Washington.....WA	L	193,370	240,260	69,540	(8,379)	35,449	207,526
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	509,811,501	536,218,711	326,870,688	324,026,380	254,067,221	266,762,069

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 Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Losses Incurred	3 Direct Loss Percentage	
1. Fire.....			0.0	
2. Allied lines.....			0.0	
3. Farmowners multiple peril.....			0.0	
4. Homeowners multiple peril.....	1,033,455	701,791	67.9	38.4
5. Commercial multiple peril.....			0.0	
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....	3,079,050	2,066,906	67.1	61.4
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.....	2,035,031	903,347	44.4	26.2
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.....	317,074,168	188,821,304	59.6	58.6
19.3, 19.4 Commercial auto liability.....	7,297,325	4,776,244	65.5	40.0
21. Auto physical damage.....	175,418,527	117,611,848	67.0	60.8
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.....	505,937,556	314,881,440	62.2	58.9

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 Current Quarter	2 Current Year to Date	3 Prior Year Year to Date
1. Fire.....			
2. Allied lines.....			
3. Farmowners multiple peril.....			
4. Homeowners multiple peril.....	451,440	1,191,143	924,033
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....	1,200,006	3,826,356	3,548,780
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.....	715,526	2,306,400	2,180,128
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.....	103,625,918	317,173,796	337,561,754
19.3 19.4 Commercial auto liability.....	2,362,845	7,892,936	7,928,749
21. Auto physical damage.....	57,478,948	177,420,871	184,075,268
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.....	165,834,683	509,811,502	536,218,712

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	15,931	497	16,428	18,103	1,331	3,740	23,175	(1,204)	(1,939)	(3,142)
2. 2009.....	37,361	9,171	46,532	17,105	1,645	18,750	19,547	3,459	5,104	28,110	(709)	1,037	328
3. Subtotals 2009 + Prior.....	72,599	16,678	89,277	33,036	2,142	35,178	37,650	4,790	8,845	51,285	(1,913)	(902)	(2,814)
4. 2010.....	87,747	27,057	114,804	47,859	7,579	55,438	38,279	8,855	11,260	58,394	(1,609)	636	(972)
5. Subtotals 2010 + Prior.....	160,346	43,736	204,081	80,895	9,721	90,616	75,929	13,645	20,105	109,679	(3,521)	(265)	(3,787)
6. 2011.....	XXX.....	XXX.....	XXX.....	XXX.....	173,861	173,861	XXX.....	74,340	23,747	98,088	XXX.....	XXX.....	XXX.....
7. Totals.....	160,346	43,736	204,081	80,895	183,583	264,477	75,929	87,985	43,852	207,766	(3,521)	(265)	(3,787)
8. Prior Year-End's Surplus As Regards Policyholders	160,753										Col. 11, Line 7 As % of Col. 1, Line 7	Col. 12, Line 7 As % of Col. 2, Line 7	Col. 13, Line 7 As % of Col. 3, Line 7
											1. ....(2.2)%	2. ....(0.6)%	3. ....(1.9)%
												Col. 13, Line 7 Line 8	
												4.(2.4)%	

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?	NO
2. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed with this statement?	NO
3. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?	NO
4. Will the Director and Officer Supplement be filed with the state of domicile and the NAIC with this statement?	NO

Explanation:

1.
2.
3.
4.

Bar Code:



PROGRESSIVE PREFERRED INSURANCE COMPANY
Overflow Page for Write-Ins

Additional Write-ins for Liabilities:

	1 Current Statement Date	2 December 31, Prior Year
2504. UNEARNED FEE RESERVE.....	6,380	4,748
2597. Summary of remaining write-ins for Line 25.....	6,380	4,748

PROGRESSIVE PREFERRED INSURANCE COMPANY
SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended 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 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 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 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.....	424,302,234	146,561,321
3. Accrual of discount.....	131,990	100,209
4. Unrealized valuation increase (decrease).....	(124,293)	15,033
5. Total gain (loss) on disposals.....	6,690,028	1,229,614
6. Deduct consideration for bonds and stocks disposed of.....	453,009,003	94,528,229
7. Deduct amortization of premium.....	1,037,658	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).....	427,303,040	450,349,742
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	427,303,040	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 Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 (a).....	364,903,294	108,350,302	89,291,582	(260,865)	428,758,310	364,903,294	383,701,149	450,349,743
2. Class 2 (a).....	91,716,731	9,325,541		(79,357)	22,322,392	91,716,731	100,962,915	
3. Class 3 (a).....		2,792,022		(137,723)			2,654,299	
4. Class 4 (a).....								
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	456,620,025	120,467,865	89,291,582	(477,945)	451,080,702	456,620,025	487,318,363	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.....	456,620,025	120,467,865	89,291,582	(477,945)	451,080,702	456,620,025	487,318,363	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.

PROGRESSIVE PREFERRED INSURANCE COMPANY
SCHEDULE DA - PART 1

Short-Term Investments

	1 Book/Adjusted Carrying Value	2 Par Value	3 Actual Cost	4 Interest Collected Year To Date	5 Paid for Accrued Interest Year To Date
9199999. Totals.....	35,715,363	XXX.....	35,781,200	.....	.....

SCHEDULE DA - VERIFICATION

Short-Term Investments

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	8,264,773
2. Cost of short-term investments acquired.....	35,781,200	.....
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.....	65,837	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).....	35,715,363	0
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	35,715,363	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 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	0	.....
2. Cost of cash equivalents acquired.....	372,992,763	171,393,660
3. Accrual of discount.....	7,111	6,340
4. Unrealized valuation increase (decrease).....	.....	.....
5. Total gain (loss) on disposals.....	.....	.....
6. Deduct consideration received on disposals.....	348,699,914	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).....	24,299,960	0
11. Deduct total nonadmitted amounts.....	.....	.....
12. Statement value at end of current period (Line 10 minus Line 11).....	24,299,960	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 RF 9	US TREASURY NOTE 1.000% 08/31/16.....		...08/23/2011	Goldman Sachs.....		12,503,649	12,500,000		1.....
0599999.	Total - Bonds - U.S. Government.....					12,503,649	12,500,000	0	XXX.....
Bonds - U.S. Special Revenue and Special Assessment									
60416Q EQ 3	MINNESOTA ST HSG FIN AG 4.000% 01/01/35.....		...08/26/2011	Royal Bank of Canada.....		14,765,652	13,810,000		1FE.....
3199999.	Total - Bonds - U.S. Special Revenue & Special Assessments.....					14,765,652	13,810,000	0	XXX.....
Bonds - Industrial and Miscellaneous									
345397 VP 5	FORD MOTOR CREDIT CO 6.625% 08/15/17.....		...08/01/2011	Progressive Investment Co Inc.....		2,792,022	2,549,000	77,868	3FE.....
50540R AH 5	LABORATORY CRP OF AMER 3.125% 05/15/16.....		...07/06/2011	Jefferies & Co.....		4,401,591	4,333,000	21,063	2FE.....
666807 BC 5	NORTHROP GRUMMAN CORP 1.850% 11/15/15.....		...07/06/2011	Bank of America Corp.....		4,923,950	5,000,000	14,389	2FE.....
3899999.	Total - Bonds - Industrial & Miscellaneous.....					12,117,563	11,882,000	113,320	XXX.....
8399997.	Total - Bonds - Part 3.....					39,386,864	38,192,000	113,320	XXX.....
8399999.	Total - Bonds.....					39,386,864	38,192,000	113,320	XXX.....
9999999.	Total - Bonds, Preferred and Common Stocks.....					39,386,864	XXX.....	113,320	XXX.....

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

SCHEDULE D - PART 4

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

1	2			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 Identification	Description			Disposal Date	Name of Purchaser		Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value At Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)

Bonds - U.S. States, Territories and Possessions

373383	GB	8	GEORGIA ST 5.750% 08/01/11.....	.....	08/01/2011	Maturity.....	.....	.....65,000	65,000	67,312	65,151	.....	.....(151)	.....	.....(151)	.....	.....65,000	.....	.....	.....0	3,738	08/01/2011	1FE.....
1799999.	Total - Bonds - U.S. States, Territories & Possessions.....							65,000	65,000	67,312	65,151	0	(151)	0	(151)	0	65,000	0	0	0	3,738	XXX...	..XXX....

Bonds - U.S. Special Revenue and Special Assessment

49130T	JL	1	KENTUCKY HSG CORP HSG R 5.000% 01/01/27...	.....	07/01/2011	Call 100.0000.....	.....	.....125,000	125,000	135,229	.....	.....	.....(10,229)	.....	.....(10,229)	.....	.....125,000	.....	.....	.....0	3,125	07/01/2019	1FE.....
60636X	MH	3	MISSOURI ST HSG SF 6.350% 09/01/34.....	.....	09/01/2011	Call 100.0000.....	.....	.....360,000	360,000	373,360	.....	.....	.....(13,360)	.....	.....(13,360)	.....	.....360,000	.....	.....	.....0	11,430	09/01/2013	1FE.....
647110	FB	6	NEW MEXICO EDL ASSISTAN 0.904% 12/01/28...	.....	09/01/2011	Call 100.0000.....	.....	.....405,000	405,000	399,865	.....	.....	.....5,135	.....	.....5,135	.....	.....405,000	.....	.....	.....0	1,930	12/01/2028	1FE.....
3199999.	Total - Bonds - U.S. Special Revenue & Assessment.....							890,000	890,000	908,454	0	0	(18,454)	0	(18,454)	0	890,000	0	0	0	16,485	XXX...	..XXX....

Bonds - Industrial and Miscellaneous

02005G	AC	9	ALLYA 2009-B A3 1.980% 10/15/13.....	.....	09/15/2011	Paydown.....	.....	.....592,530	592,530	600,719	.....	.....	.....(8,189)	.....	.....(8,189)	.....	.....592,530	.....	.....	.....0	6,604	11/15/2012	1FE.....
233050	AN	3	DBUBS 2011-LC1A A1 3.742% 11/10/46.....	.....	09/01/2011	Paydown.....	.....	.....31,838	31,838	32,818	.....	.....	.....(980)	.....	.....(980)	.....	.....31,838	.....	.....	.....0	194	06/01/2017	1Z*.....
393505	QX	3	GT 1996-9 A5 7.200% 01/15/28.....	.....	09/15/2011	Paydown.....	.....	.....2,356	2,356	2,415	2,349	.....	.....7	.....	.....7	.....	.....2,356	.....	.....	.....0	112	10/15/2011	1FE.....
65535V	AA	6	NAA 2001-R1A A1 7.000% 02/01/30.....	.....	09/01/2011	Paydown.....	.....	.....9,944	9,944	10,078	9,865	177	(97)	.....	.....80	.....	.....9,944	.....	.....	.....0	436	05/01/2027	1Z*.....
3899999.	Total - Bonds - Industrial & Miscellaneous.....							636,668	636,668	646,030	12,214	177	(9,259)	0	(9,082)	0	636,668	0	0	0	7,346	XXX...	..XXX....
8399997.	Total - Bonds - Part 4.....							1,591,668	1,591,668	1,621,796	77,365	177	(27,864)	0	(27,687)	0	1,591,668	0	0	0	27,569	XXX...	..XXX....
8399999.	Total - Bonds.....							1,591,668	1,591,668	1,621,796	77,365	177	(27,864)	0	(27,687)	0	1,591,668	0	0	0	27,569	XXX...	..XXX....
9999999.	Total - Bonds, Preferred and Common Stocks.....							1,591,668	XXX.....	1,621,796	77,365	177	(27,864)	0	(27,687)	0	1,591,668	0	0	0	27,569	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 Depository	2 Code	3 Rate of Interest	4 Amount of Interest Received During Current Quarter	5 Amount of Interest Accrued at Current Statement Date	Book Balance at End of Each Month During Current Quarter			9 *
					6 First Month	7 Second Month	8 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..

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1	2	3	4	5	6	7	8
Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Amount Received During Year
Industrial and Miscellaneous (Unaffiliated) Issuer Obligations							
CHEVRON CORPORATION.....		09/23/2011	0.010	10/07/2011	24,299,960		54
3299999. Industrial and Miscellaneous (Unaffiliated) Issuer Obligations.....					24,299,960	0	54
3899999. Total - Industrial and Miscellaneous (Unaffiliated).....					24,299,960	0	54
Total							
7799999. Subtotals - Issuer Obligations.....					24,299,960	0	54
8399999. Subtotals - Bonds.....					24,299,960	0	54
8699999. Total - Cash Equivalents.....					24,299,960	0	54