



QUARTERLY STATEMENT

As of September 30, 2012
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
(Street and Number) (City or Town, State and Zip Code)

440-461-5000
(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
(Street and Number) (City or Town, State and Zip Code)

440-395-4460
(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	a. Is this an original filing?	Yes [X] No []
This 8TH day of NOVEMBER, 2012	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.....	471,456,286		471,456,286	412,824,807
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 (\$....28,898,993) and short-term investments (\$.....0).....	28,898,993		28,898,993	36,419,282
6. Contract loans (including \$.....0 premium notes).....			0	
7. Derivatives.....			0	
8. Other invested assets.....			0	
9. Receivables for securities.....	489,938		489,938	
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).....	500,845,217	0	500,845,217	449,244,089
13. Title plants less \$.....0 charged off (for Title insurers only).....			0	
14. Investment income due and accrued.....	2,620,958		2,620,958	2,751,297
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection.....	17,600,146	2,644,340	14,955,806	9,837,169
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$.....0 earned but unbilled premiums).....	93,950,418		93,950,418	88,044,033
15.3 Accrued retrospective premiums.....			0	
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers.....	3,574,497		3,574,497	3,977,487
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.....	18,852,793		18,852,793	17,097,122
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.....	10,408,359		10,408,359	11,135,778
24. Health care (\$.....0) and other amounts receivable.....			0	
25. Aggregate write-ins for other than invested assets.....	727,052	246,923	480,129	231,621
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 through 25).....	648,579,440	2,891,263	645,688,177	582,318,596
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	
28. Total (Lines 26 and 27).....	648,579,440	2,891,263	645,688,177	582,318,596

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.....	480,129		480,129	231,621
2502. PREPAID EXPENSES.....	227,449	227,449	0	
2503. MISCELLANEOUS OTHER ASSETS.....	19,474	19,474	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).....	727,052	246,923	480,129	231,621

PROGRESSIVE PREFERRED INSURANCE COMPANY
LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Losses (current accident year \$.....92,965,799).....	184,652,946	171,323,751
2. Reinsurance payable on paid losses and loss adjustment expenses.....	2,722,931	3,649,754
3. Loss adjustment expenses.....	37,320,449	36,134,842
4. Commissions payable, contingent commissions and other similar charges.....	691,979	776,585
5. Other expenses (excluding taxes, licenses and fees).....	25,801,047	17,035,723
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	3,348,206	3,542,321
7.1 Current federal and foreign income taxes (including \$.....465,438 on realized capital gains (losses)).....	3,797,826	2,731,366
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 \$.....191,570,393 and including warranty reserves of \$.....0 and accrued accident and health experience rating refunds including \$.....0 for medical loss ratio rebate per the Public Health Service Act.....	170,570,931	151,858,188
10. Advance premium.....	5,844,149	4,141,292
11. Dividends declared and unpaid:		
11.1 Stockholders.....		
11.2 Policyholders.....		
12. Ceded reinsurance premiums payable (net of ceding commissions).....	970,907	41,485
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.....	27,820,165	26,222,198
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.....	1,127,617	835,249
26. Total liabilities excluding protected cell liabilities (Lines 1 through 25).....	464,669,153	418,292,754
27. Protected cell liabilities.....		
28. Total liabilities (Lines 26 and 27).....	464,669,153	418,292,754
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).....	135,303,250	118,310,068
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).....	181,019,024	164,025,842
38. Totals.....	645,688,177	582,318,596

DETAILS OF WRITE-INS

2501. ESCHATEABLE PROPERTY.....	576,596	214,688
2502. STATE PLAN LIABILITY.....	332,931	299,569
2503. OTHER LIABILITIES.....	212,844	314,900
2598. Summary of remaining write-ins for Line 25 from overflow page.....	5,246	6,092
2599. Totals (Lines 2501 thru 2503 plus 2598) (Line 25 above).....	1,127,617	835,249
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 \$.....507,031,931).....	495,979,582	505,937,556	671,111,160
1.2 Assumed..... (written \$.....416,619,453).....	397,906,710	374,705,677	501,459,969
1.3 Ceded..... (written \$.....507,031,931).....	495,979,582	505,937,556	671,111,160
1.4 Net..... (written \$.....416,619,453).....	397,906,710	374,705,677	501,459,969
DEDUCTIONS:			
2. Losses incurred (current accident year \$.....255,771,122):			
2.1 Direct.....	317,390,295	314,881,440	418,355,185
2.2 Assumed.....	257,856,449	229,444,221	308,903,746
2.3 Ceded.....	317,390,295	314,881,440	418,355,185
2.4 Net.....	257,856,449	229,444,221	308,903,746
3. Loss adjustment expenses incurred.....	42,023,876	38,718,319	51,912,659
4. Other underwriting expenses incurred.....	87,640,291	84,502,287	111,660,497
5. Aggregate write-ins for underwriting deductions.....	0	14	15
6. Total underwriting deductions (Lines 2 through 5).....	387,520,616	352,664,841	472,476,917
7. Net income of protected cells.....			
8. Net underwriting gain (loss) (Line 1 minus Line 6 + Line 7).....	10,386,094	22,040,836	28,983,052
INVESTMENT INCOME			
9. Net investment income earned.....	7,326,197	6,512,867	9,002,588
10. Net realized capital gains (losses) less capital gains tax of \$.....695,960.....	1,389,402	4,466,044	4,514,271
11. Net investment gain (loss) (Lines 9 + 10).....	8,715,599	10,978,911	13,516,859
OTHER INCOME			
12. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$.....369,235 amount charged off \$.....4,574,318).....	(4,205,083)	(4,610,144)	(6,012,697)
13. Finance and service charges not included in premiums.....	9,032,236	9,821,517	12,903,778
14. Aggregate write-ins for miscellaneous income.....	559,538	212,363	623,394
15. Total other income (Lines 12 through 14).....	5,386,691	5,423,736	7,514,475
16. Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15).....	24,488,384	38,443,483	50,014,386
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).....	24,488,384	38,443,483	50,014,386
19. Federal and foreign income taxes incurred.....	9,805,872	12,847,397	15,552,260
20. Net income (Line 18 minus Line 19) (to Line 22).....	14,682,512	25,596,086	34,462,126
CAPITAL AND SURPLUS ACCOUNT			
21. Surplus as regards policyholders, December 31 prior year.....	164,025,842	160,752,913	160,752,913
22. Net income (from Line 20).....	14,682,512	25,596,086	34,462,126
23. Net transfers (to) from Protected Cell accounts.....			
24. Change in net unrealized capital gains or (losses) less capital gains tax of \$.....1,233.....	2,289	(80,791)	(1,783)
25. Change in net unrealized foreign exchange capital gain (loss).....			
26. Change in net deferred income tax.....	1,718,563	1,339,627	102,938
27. Change in nonadmitted assets.....	551,476	(176,725)	709,648
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.....	38,342		
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.....			(32,000,000)
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).....	16,993,182	26,678,197	3,272,929
39. Surplus as regards policyholders, as of statement date (Lines 21 plus 38).....	181,019,024	187,431,110	164,025,842
DETAILS OF WRITE-INS			
0501. 2008 NORTH CAROLINA PRIVATE PASSENGER AUTO ESCROW (REFUNDS).....		14	15
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).....	0	14	15
1401. MISCELLANEOUS INCOME.....	496,821	148,778	543,297
1402. SERVICE BUSINESS REVENUE.....	39,952	47,276	62,447
1403. INTEREST INCOME ON INTERCOMPANY BALANCES.....	22,765	16,309	17,650
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).....	559,538	212,363	623,394
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.....	408,787,434	380,234,044	508,193,561
2. Net investment income.....	8,359,887	6,616,293	9,356,502
3. Miscellaneous income.....	5,479,543	5,248,209	7,263,444
4. Total (Lines 1 through 3).....	422,626,864	392,098,546	524,813,507
5. Benefit and loss related payments.....	245,051,087	220,400,029	302,909,868
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			
7. Commissions, expenses paid and aggregate write-ins for deductions.....	119,991,957	117,545,024	164,647,682
8. Dividends paid to policyholders.....			
9. Federal and foreign income taxes paid (recovered) net of \$.....257,028 tax on capital gains (losses).....	9,435,372	15,143,026	18,439,498
10. Total (Lines 5 through 9).....	374,478,416	353,088,079	485,997,048
11. Net cash from operations (Line 4 minus Line 10).....	48,148,448	39,010,467	38,816,459
CASH FROM INVESTMENTS			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds.....	66,665,425	453,009,003	467,351,867
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).....	66,665,425	453,009,003	467,351,867
13. Cost of investments acquired (long-term only):			
13.1 Bonds.....	124,111,370	424,302,236	424,302,237
13.2 Stocks.....			
13.3 Mortgage loans.....			
13.4 Real estate.....			
13.5 Other invested assets.....			
13.6 Miscellaneous applications.....	489,938		
13.7 Total investments acquired (Lines 13.1 to 13.6).....	124,601,308	424,302,236	424,302,237
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).....	(57,935,883)	28,706,767	43,049,630
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.....			32,000,000
16.6 Other cash provided (applied).....	2,267,146	(7,701,911)	(13,446,807)
17. Net cash from financing and miscellaneous sources (Lines 16.1 through 16.4 minus Line 16.5 plus Line 16.6).....	2,267,146	(7,701,911)	(45,446,807)
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).....	(7,520,289)	60,015,323	36,419,282
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year.....	36,419,282	0	0
19.2 End of period (Line 18 plus Line 19.1).....	28,898,993	60,015,323	36,419,282

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

Under SSAP 43R, the Company analyzes its structured debt securities to determine if the Company intends to sell, or if it is more likely than not that the Company will be required to sell, the security prior to recovery and, if so, the Company writes down the security to its current fair market value with the entire amount of the write-down recorded as a realized loss. To the extent that it is more likely than not that the Company will hold the debt security until recovery (which could be maturity), the Company determines if any of the decline in value is due to a credit loss (i.e., where the present value of cash flows expected to be collected is lower than the amortized cost basis of the security) and, if so, the Company recognizes that portion of the impairment as a realized loss.

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

As of September 30, 2012, the Company had \$6,713 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, 2012, the composition of fair market 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 Market Value	Unrealized Loss	Losses less than 12 Months	Losses greater than 12 months	Fair Market Value of losses less than 12 months	Fair Market Value of losses greater than 12 months
\$ 351,371	\$ 6,713	\$ --	\$ 6,713	\$ --	\$ 351,371

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 101 - Income Taxes, are as follows:

Description	September 30, 2012			December 31, 2011			Change		
	(1) Ordinary Income	(2) Capital gain (loss)	(3) (Col 1+2) Total	(4) Ordinary Income	(5) Capital gain (loss)	(6) (Col 4+5) Total	(7) (Col 1-4) Ordinary Income	(8) (Col 2-5) Capital gain (loss)	(9) (Col 7+8) Total
(a) Gross deferred tax assets	\$ 22,656,983	\$ 177,305	\$ 22,834,288	\$ 21,378,104	\$ 230,276	\$ 21,608,380	\$ 1,278,879	\$ (52,971)	\$ 1,225,908
(b) Statutory valuation allowance adjustment	-	-	-	-	-	-	-	-	-
(c) Adjusted gross deferred tax assets (1a-1b)	\$ 22,656,983	\$ 177,305	\$ 22,834,288	\$ 21,378,104	\$ 230,276	\$ 21,608,380	\$ 1,278,879	\$ (52,971)	\$ 1,225,908
(d) Deferred tax assets nonadmitted	-	-	-	38,342	-	38,342	(38,342)	-	(38,342)
(e) Subtotal (net deferred tax assets) (1c-1d)	\$ 22,656,983	\$ 177,305	\$ 22,834,288	\$ 21,339,762	\$ 230,276	\$ 21,570,038	\$ 1,317,221	\$ (52,971)	\$ 1,264,250
(f) Deferred tax liabilities	3,601,958	379,537	3,981,495	4,076,852	396,064	4,472,916	(474,894)	(16,527)	(491,421)
(g) Net admitted deferred tax assets (1e-1f)	\$ 19,055,025	\$ (202,232)	\$ 18,852,793	\$ 17,262,910	\$ (165,788)	\$ 17,097,122	\$ 1,792,115	\$ (36,444)	\$ 1,755,671

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

Description	(1) September 30, 2012	(2) December 31, 2011	(3) (Col 1-2) Change
(a) Federal income tax expense (benefit)	\$ 9,840,456	\$ 15,599,490	\$ (5,759,034)
(b) Foreign income tax expense (benefit)	-	-	-
(c) Prior year underaccrual (overaccrual)	(34,584)	(47,230)	12,646
(d) Subtotal	\$ 9,805,872	\$ 15,552,260	\$ (5,746,388)
(e) Federal income tax (benefit) on net realized capital gains (losses)	695,853	2,226,598	(1,530,745)
(f) Utilization of capital loss carry-forwards	-	-	-
(g) Prior year underaccrual (overaccrual)	107	23,892	(23,785)
(h) Subtotal	\$ 695,960	\$ 2,250,490	\$ (1,554,530)
(i) Federal and Foreign income taxes incurred	\$ 10,501,832	\$ 17,802,750	\$ (7,300,919)

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. The significant book to tax adjustments causing this difference are as follows:

Description	Tax Effect Amount	Effective Tax Rate
Provision computed at statutory rate	\$ 8,814,520	35%
Exempt interest income	(263,788)	-1%
Prior year underaccrual (overaccrual)	2,529	0%
Impact of nonadmitted assets	193,017	1%
Other	36,991	0%
Total	\$ 8,783,269	35%
Federal and foreign income taxes incurred	\$ 10,501,832	
Change in net deferred income tax	(1,718,563)	
Total statutory income taxes	\$ 8,783,269	

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

All legal actions relating to claims made under insurance policies are considered by the Company in establishing its loss and LAE reserves. The Company also has, on a net basis, potential exposure relating to lawsuits due to its participation in a 100% pooling reinsurance agreement for which it is allocated litigation expenses.

The following is a discussion of potentially significant pending cases at September 30, 2012. 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.

NOTES TO FINANCIAL STATEMENTS

As of September 30, 2012, 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, 2012, there was a putative class action lawsuit alleging that the Company failed to reimburse legal fees incurred to recover medical damages for personal injury protection benefits.

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 NAIC rating of 3 or below during the reporting period.

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.

Fair Value Measurements at September 30, 2012:

Asset Description	Level 1	Level 2	Level 3	Total
Bonds – Industrial & Miscellaneous	\$ --	\$ 351,371	\$ --	\$ 351,371

2. Rollforward of Level 3 Items

Not applicable

3. Policy on Transfers Into and Out of Level 3

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

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

See Note 20A above.

5. Derivative Fair Values

Not applicable

B. Other Fair Value Disclosures

Not applicable

C. Reasons Not Practical to Estimate Fair Values

Not applicable

21. Other Items

No significant change

NOTES TO FINANCIAL STATEMENTS

22.	Events Subsequent	
		The Company was not impacted by any subsequent events. Subsequent events have been considered through November 9, 2012 for the statutory statement that was available for issuance by November 15, 2012.
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 accident years increased by \$2,156,000 in 2012, which is approximately 1.0% of the total prior year net unpaid losses and LAE of \$207,458,593. The increase is primarily due to an increase in originally anticipated severity of 1.7% for private passenger auto liability reserves for accident year 2011, partially offset by favorable development for years 2009 and prior. This increase was partially offset by a decrease in originally anticipated severity of .4% for accident year 2011 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 [☒]

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 [☒]

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 [☒]

4.1

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

Yes [☐]

No [☒]

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 [☒]

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 [☒]

6.6

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

Yes [☒]

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 [☒]

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 [☒]

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 [☒]

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 Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator].

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

9.1

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 [☒]

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 [☐]

9.21

If the response to 9.2 is Yes, provide information related to amendment(s).
THE COMPANY'S CODE OF ETHICS POLICIES WERE UPDATED WITH THE FOLLOWING:
- A NEW SECTION ON ETHICAL DECISION-MAKING.
- REVISED PROVISIONS ON 1)REPORTING CONCERNS ABOUT POTENTIAL MISCONDUCT, 2)DIVERSITY AND INCLUSION, 3) SOCIAL RESPONSIBILITY, 4)PERSONAL USE OF COMPANY PROVIDED MOBILE DEVICES 5)ALCOHOLIC BEVERAGES, 6)DISCLOSURE OF MINOR TRAFFIC VIOLATIONS, AND 7)CONFLICT OF INTEREST RULES FOR CLAIMS PERSONNEL.

9.3

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

Yes [☐]

No [☒]

Q07

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).

PART 1 - FINANCIAL

10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ☒ No ☐

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

\$.....0

PART 1 - 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 ☒

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 ☒

14.2 If yes, please complete the following:

	1 Prior Year-End Book/Adjusted Carrying Value	2 Current Quarter 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 ☒

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 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes ☒ No ☐

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

1 Name of Custodian(s)	2 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 Name(s)	2 Location(s)	3 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 ☒

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

1 Old Custodian	2 New Custodian	3 Date of Change	4 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 Central Registration Depository	2 Name(s)	3 Address
NONE		

17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes ☒ 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 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

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	100,750,234	95,081,229	64,393,050	54,482,012	38,312,924	33,897,448
4. Arkansas.....AR	N						
5. California.....CA	N						
6. Colorado.....CO	L	99,704,001	89,856,712	62,370,743	53,567,816	48,668,927	39,983,618
7. Connecticut.....CT	N						
8. Delaware.....DE	L						
9. District of Columbia.....DC	L						
10. Florida.....FL	N						
11. Georgia.....GA	L	6,173,411	7,737,901	3,621,994	6,104,170	7,016,082	9,962,539
12. Hawaii.....HI	L						
13. Idaho.....ID	L						
14. Illinois.....IL	N						
15. Indiana.....IN	L			(38)	(370)		
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	158,147,863	148,780,959	90,325,004	91,134,414	75,109,509	69,365,058
25. Mississippi.....MS	L						
26. Missouri.....MO	L	31,607,675	41,298,337	21,763,202	27,456,744	15,546,680	18,024,802
27. Montana.....MT	L						
28. Nebraska.....NE	L						
29. Nevada.....NV	L	5,382,844	6,593,632	3,142,712	3,094,614	2,309,359	2,977,361
30. New Hampshire.....NH	N						
31. New Jersey.....NJ	L						
32. New Mexico.....NM	L	1,795,952	2,157,110	1,221,704	1,686,016	1,351,607	1,692,779
33. New York.....NY	L	24,834,053	34,509,329	20,792,042	31,592,099	27,875,672	40,452,024
34. North Carolina.....NC	L			(45)	(3,116)		
35. North Dakota.....ND	N						
36. Ohio.....OH	L	27,869,712	29,121,419	17,072,723	23,565,643	13,619,901	15,642,932
37. Oklahoma.....OK	L			(100)	(509)		5,713
38. Oregon.....OR	L	515,032	637,482	260,537	420,567	256,923	502,703
39. Pennsylvania.....PA	L	50,100,649	53,844,137	29,310,258	33,702,044	23,189,128	21,459,768
40. Rhode Island.....RI	L						
41. South Carolina.....SC	L		(116)	4,854	1,981		51,862
42. South Dakota.....SD	L						
43. Tennessee.....TN	L						
44. Texas.....TX	L						
45. Utah.....UT	L			(400)	(600)		
46. Vermont.....VT	N						
47. Virginia.....VA	L	(5,599)		13,134	(2,377)	4,791	13,165
48. Washington.....WA	L	156,103	193,370	(8,759)	69,540	39,054	35,449
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	507,031,930	509,811,501	314,282,615	326,870,688	253,300,557	254,067,221

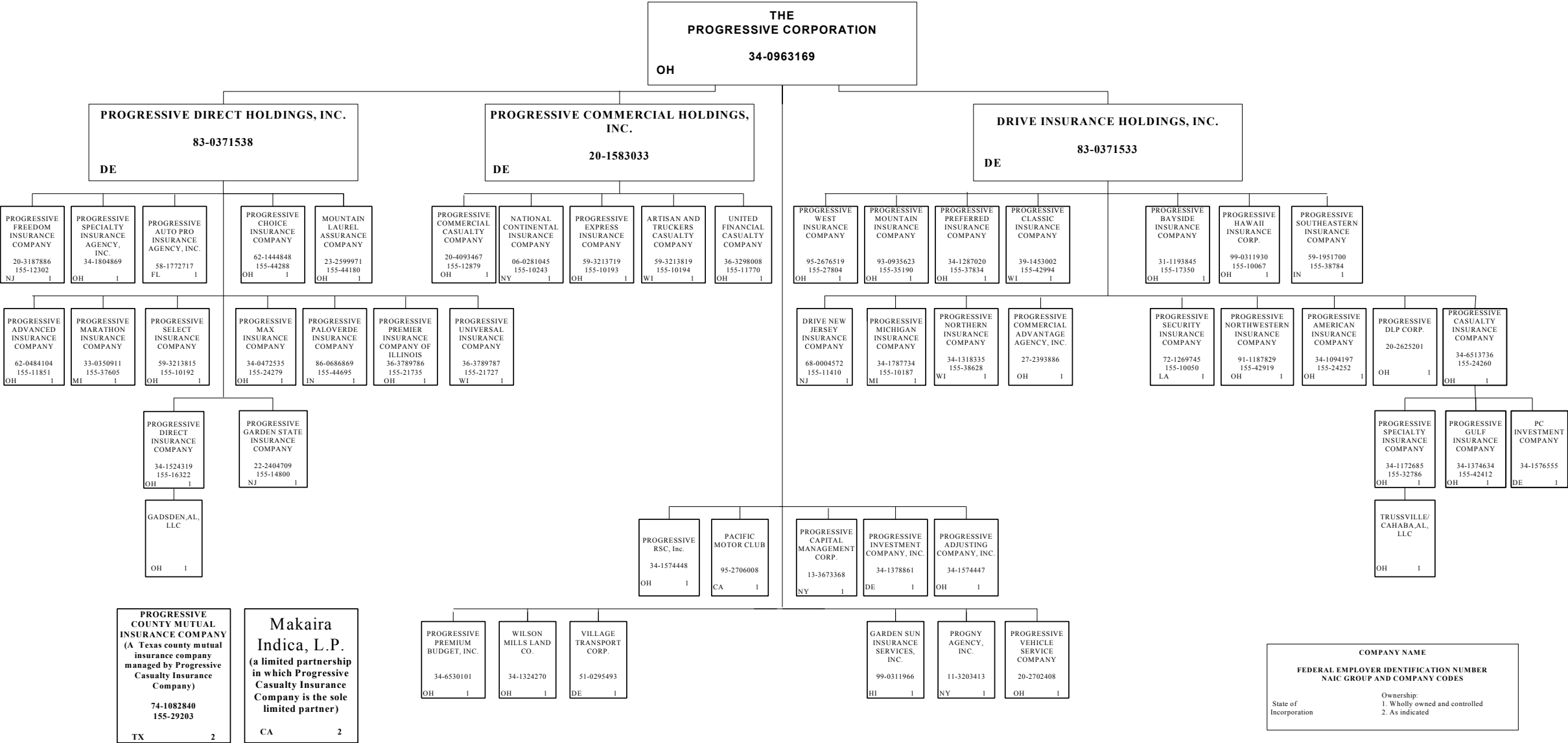
DETAILS OF WRITE-INS							
5801.	XXX						
5802.	XXX						
5803.	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page.....	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 thru 5803 + Line 5898) (Line 58 above).....	XXX	0	0	0	0	0	0

(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

Q11



SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*

Members

0155.....	The Progressive Insurance Group...	00000.....	34-0963169	.....	0000080661	New York Stock Exchange..	The Progressive Corporation.....	OH.....	UIP.....	Board, Management.....	Board.....	.....	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	83-0371533	.....	.....	.....	Drive Insurance Holdings, Inc.....	DE.....	UDP.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	11410.....	68-0004572	.....	.....	.....	Drive New Jersey Insurance Company.....	NJ.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	24252.....	34-1094197	.....	.....	.....	Progressive American Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	17350.....	31-1193845	.....	.....	.....	Progressive Bayside Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	24260.....	34-6513736	.....	.....	.....	Progressive Casualty Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1576555	.....	.....	.....	PC Investment Company.....	DE.....	NIA.....	Progressive Casualty Insurance Company.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	29203.....	74-1082840	.....	.....	.....	Progressive County Mutual Insurance Company.....	TX.....	IA.....	Progressive Casualty Insurance Company.....	Management....	.....	The Progressive Corporation.	2, 3.....
0155.....	The Progressive Insurance Group...	42412.....	34-1374634	.....	.....	.....	Progressive Gulf Insurance Company.....	OH.....	IA.....	Progressive Casualty Insurance Company.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	32786.....	34-1172685	.....	.....	.....	Progressive Specialty Insurance Company.....	OH.....	IA.....	Progressive Casualty Insurance Company.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	.....	.....	.....	.....	Trussville/Cahaba, AL , LLC.....	OH.....	NIA.....	Progressive Specialty Insurance Company.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	42994.....	39-1453002	.....	.....	.....	Progressive Classic Insurance Company.....	WI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	20-2625201	.....	.....	.....	Progressive DLP Corp.....	OH.....	NIA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10067.....	99-0311930	.....	.....	.....	Progressive Hawaii Insurance Corp.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10187.....	34-1787734	.....	.....	.....	Progressive Michigan Insurance Company.....	MI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	35190.....	93-0935623	.....	.....	.....	Progressive Mountain Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	38628.....	34-1318335	.....	.....	.....	Progressive Northern insurance Company.....	WI.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	42919.....	91-1187829	.....	.....	.....	Progressive Northwestern Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	37834.....	34-1287020	.....	.....	.....	Progressive Preferred Insurance Company.....	OH.....	.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10050.....	72-1269745	.....	.....	.....	Progressive Security Insurance Company.....	LA.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	38784.....	59-1951700	.....	.....	.....	Progressive Southeastern Insurance Company.....	IN.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	27804.....	95-2676519	.....	.....	.....	Progressive West Insurance Company.....	OH.....	IA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	27-2393886	.....	.....	.....	Progressive Commercial Advantage Agency, Inc.....	OH.....	NIA.....	Drive Insurance Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	20-1583033	.....	.....	.....	Progressive Commercial Holdings, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10194.....	59-3213819	.....	.....	.....	Artisan and Truckers Casualty Company.....	WI.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10243.....	06-0281045	.....	.....	.....	National Continental Insurance Company.....	NY.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	12879.....	20-4093467	.....	.....	.....	Progressive Commercial Casualty Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10193.....	59-3213719	.....	.....	.....	Progressive Express Insurance Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	11770.....	36-3298008	.....	.....	.....	United Financial Casualty Company.....	OH.....	IA.....	Progressive Commercial Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	83-0371538	.....	.....	.....	Progressive Direct Holdings, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	44180.....	23-2599971	.....	.....	.....	Mountain Laurel Assurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	11851.....	62-0484104	.....	.....	.....	Progressive Advanced Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	58-1772717	.....	.....	.....	Progressive Auto Pro Insurance Agency, Inc.....	FL.....	NIA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	44288.....	62-1444848	.....	.....	.....	Progressive Choice Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	16322.....	34-1524319	.....	.....	.....	Progressive Direct Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	.....	.....	.....	.....	Gadsden, AL, LLC.....	OH.....	NIA.....	Progressive Direct Insurance Company.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....

Q12

PROGRESSIVE PREFERRED INSURANCE COMPANY

SCHEDULE Y

PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group Code	Group Name	NAIC Company Code	Federal ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity/Person)	Type of Control (Ownership Board, Management Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	*
0155.....	The Progressive Insurance Group...	12302.....	20-3187886	.....	.....	.....	Progressive Freedom Insurance Company.....	NJ.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	14800.....	22-2404709	.....	.....	.....	Progressive Garden State Insurance Company.....	NJ.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	37605.....	33-0350911	.....	.....	.....	Progressive Marathon Insurance Company.....	MI.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	24279.....	34-0472535	.....	.....	.....	Progressive Max Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	44695.....	86-0686869	.....	.....	.....	Progressive Paloverde Insurance Company.....	IN.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	21735.....	36-3789786	.....	.....	.....	Progressive Premier Insurance Company of Illinois.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	10192.....	59-3213815	.....	.....	.....	Progressive Select Insurance Company.....	OH.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1804869	.....	.....	.....	Progressive Specialty Insurance Agency, Inc.....	OH.....	NIA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	21727.....	36-3789787	.....	.....	.....	Progressive Universal Insurance Company.....	WI.....	IA.....	Progressive Direct Holdings, Inc.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	99-0311966	.....	.....	.....	Garden Sun Insurance Services, ilc.....	HI.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	95-2706008	.....	.....	.....	Pacific Motor Club.....	CA.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	11-3203413	.....	.....	.....	PROGNY Agency, Inc.....	NY.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1574447	.....	.....	.....	Progressive Adjusting Company, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	13-3673368	.....	.....	.....	Progressive Capital Management Corp.....	NY.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1378861	.....	.....	.....	Progressive Investment Company, Inc.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-6530101	.....	.....	.....	Progressive Premium Budget, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1574448	.....	.....	.....	Progressive RSC, Inc.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	20-2702408	.....	.....	.....	Progressive Vehicle Service Company.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	51-0295493	.....	.....	.....	Village Transport Corp.....	DE.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	34-1324270	.....	.....	.....	Wilson Mills Land Co.....	OH.....	NIA.....	The Progressive Corporation.....	Ownership.....	...100.000	The Progressive Corporation.	1, 3.....
0155.....	The Progressive Insurance Group...	00000.....	.....	.....	.....	.....	Makaira Indica, LP.....	CA.....	NIA.....	Progressive Casualty Insurance Company.....	Other.....	.....	The Progressive Corporation.	1, 3, 4.....

Asterisk	Explanation
1	Schedule Y Part 1A is a common schedule for all companies in The Progressive Insurance Group, however column 10 requires specific relationship information relative to the reporting entity.
2	Progressive County Mutual Insurance Company is a Texas county mutual insurance company that is controlled, but not owned by Progressive Casualty Insurance Company.
3	None of the companies in The Progressive Insurance Group are Federally chartered or insured institutions and therefore, do not have Federal RSSD numbers.
4	Makaira Indica, LP is a limited partnership in which Progressive Casualty Insurance Company is the sole limited partner.

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.....	1,334,946	584,135	43.8	67.9
5. Commercial multiple peril.....			0.0	
6. Mortgage guaranty.....			0.0	
8. Ocean marine.....			0.0	
9. Inland marine.....	3,758,491	2,081,693	55.4	67.1
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.....	2,294,591	1,555,356	67.8	44.4
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.....	307,381,916	193,593,991	63.0	59.6
19.3, 19.4 Commercial auto liability.....	7,036,115	2,517,832	35.8	65.5
21. Auto physical damage.....	174,173,523	117,057,288	67.2	67.0
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.....	495,979,582	317,390,295	64.0	62.2
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.....	619,372	1,629,010	1,191,143
5. Commercial multiple peril.....			
6. Mortgage guaranty.....			
8. Ocean marine.....			
9. Inland marine.....	1,568,966	4,815,379	3,826,356
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.....	832,130	2,620,979	2,306,400
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.....	102,739,460	311,470,679	317,173,796
19.3 19.4 Commercial auto liability.....	1,861,361	6,699,464	7,892,936
21. Auto physical damage.....	60,111,933	179,796,419	177,420,871
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.....	167,733,222	507,031,930	509,811,502
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)	2012 Loss and LAE Payments on Claims Reported as of Prior Year-End	2012 Loss and LAE Payments on Claims Unreported as of Prior Year-End	Total 2012 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. 2009 + Prior.....	34,555	7,510	42,065	16,618	869	17,487	17,418	1,190	4,125	22,734	(519)	(1,325)	(1,844)
2. 2010.....	40,236	9,167	49,403	19,039	1,711	20,749	20,914	3,687	4,730	29,331	(284)	961	676
3. Subtotals 2010 + Prior.....	74,792	16,677	91,468	35,657	2,580	38,237	38,332	4,877	8,855	52,064	(803)	(364)	(1,168)
4. 2011.....	88,466	27,524	115,990	50,376	8,452	58,827	39,715	9,341	11,430	60,486	1,625	1,699	3,324
5. Subtotals 2011 + Prior.....	163,258	44,201	207,458	86,032	11,032	97,064	78,047	14,218	20,285	112,551	822	1,334	2,156
6. 2012.....	XXX.....	XXX.....	XXX.....	XXX.....	188,301	188,301	XXX.....	81,509	27,913	109,423	XXX.....	XXX.....	XXX.....
7. Totals.....	163,258	44,201	207,458	86,032	199,333	285,366	78,047	95,727	48,199	221,973	822	1,334	2,156
8. Prior Year-End's Surplus As Regards Policyholders	164,026										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. ....0.5 %	2. ....3.0 %	3. ....1.0 %
											Col. 13, Line 7 Line 8		
													4.1.3 %

2012 of the **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.....	5,246	6,092
2597. Summary of remaining write-ins for Line 25.....	5,246	6,092

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	412,824,808	450,349,742
2. Cost of bonds and stocks acquired	124,111,369	424,302,237
3. Accrual of discount	184,563	184,042
4. Unrealized valuation increase (decrease)	3,523	(2,743)
5. Total gain (loss) on disposals	2,085,362	6,764,761
6. Deduct consideration for bonds and stocks disposed of	66,665,425	467,351,867
7. Deduct amortization of premium	1,087,914	1,421,364
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)	471,456,286	412,824,808
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	471,456,286	412,824,808

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).....	356,909,556	61,655,068	67,395,356	(359,848)	362,140,616	356,909,556	350,809,420	345,207,714
2. Class 2 (a).....	102,096,991	44,081,788	9,783,363	(96,920)	99,421,451	102,096,991	136,298,496	100,877,379
3. Class 3 (a).....		12,915,000		(19,008)	2,768,349		12,895,992	2,774,739
4. Class 4 (a).....	356,035		4,645	(19)	372,183	356,035	351,371	384,258
5. Class 5 (a).....								
6. Class 6 (a).....								
7. Total Bonds.....	459,362,582	118,651,856	77,183,364	(475,795)	464,702,599	459,362,582	500,355,279	449,244,090
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.....	459,362,582	118,651,856	77,183,364	(475,795)	464,702,599	459,362,582	500,355,279	449,244,090

(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	2	3	4	5
	Book/Adjusted Carrying Value	NONE Fair Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999. Totals.....		XXX			

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.....	35,519,283	
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.....	35,000,000	
7. Deduct amortization of premium.....	519,283	261,917
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	35,519,283
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	0	35,519,283

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.....	899,999	
2. Cost of cash equivalents acquired.....	28,897,373	373,892,761
3. Accrual of discount.....	1,621	7,152
4. Unrealized valuation increase (decrease).....		
5. Total gain (loss) on disposals.....		
6. Deduct consideration received on disposals.....	900,000	372,999,914
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).....	28,898,993	899,999
11. Deduct total nonadmitted amounts.....		
12. Statement value at end of current period (Line 10 minus Line 11).....	28,898,993	899,999

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 QX 1	US TREASURY NOTE 1.500% 07/31/16.....		...08/01/2012	Barclays Capital.....		15,623,438	15,000,000	1,223	1.....
0599999.	Total - Bonds - U.S. Government.....					15,623,438	15,000,000	1,223	XXX.....
Bonds - Industrial and Miscellaneous									
21036P AF 5	CONSTELLATION BRANDS IN 7.250% 05/15/17.....		...07/19/2012	Bank of America Corp.....		2,310,000	2,000,000	27,792	3FE.....
21036P AH 1	CONSTELLATION BRANDS IN 6.000% 05/01/22.....		...07/25/2012	Deutsche Bank.....		5,537,500	5,000,000	85,833	3FE.....
21036P AJ 7	CONSTELLATION BRANDS IN 4.625% 03/01/23.....		...08/06/2012	Various.....		5,067,500	5,000,000		3FE.....
46634N AA 4	JPMCC 2010-C1 A1 3.853% 06/15/43.....		...08/22/2012	Various.....		17,134,257	16,037,412	39,724	1FM.....
50540R AK 8	LABORATORY CRP OF AMER 2.200% 08/23/17.....		...08/21/2012	Various.....		19,990,690	20,000,000	306	2FE.....
902134 AA 3	TYCO FLOW CONTROL FINAN 1.875% 09/15/17.....		...09/11/2012	Various.....		24,091,098	24,100,000		2FE.....
3899999.	Total - Bonds - Industrial & Miscellaneous.....					74,131,045	72,137,412	153,655	XXX.....
8399997.	Total - Bonds - Part 3.....					89,754,483	87,137,412	154,878	XXX.....
8399999.	Total - Bonds.....					89,754,483	87,137,412	154,878	XXX.....
9999999.	Total - Bonds, Preferred and Common Stocks.....					89,754,483	XXX.....	154,878	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 F o r e i g n	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	Stated Contractual Maturity Date	NAIC Desig- nation or Market Indicator (a)

Bonds - U.S. States, Territories and Possessions

677517	7U	2	OHIO ST 0.000% 08/01/12.....	08/01/2012	Maturity.....		4,465,000	4,465,000	4,402,624	4,439,209		25,791		25,791		4,465,000			0		08/01/2012	1FE.....
1799999.			Total - Bonds - U.S. States, Territories & Possessions.....				4,465,000	4,465,000	4,402,624	4,439,209	0	25,791	0	25,791	0	4,465,000	0	0	0	0	XXX...	XXX...

Bonds - U.S. Special Revenue and Special Assessment

49130T	JL	1	KENTUCKY HSG CORP HSG R	5.000% 01/01/27...	09/01/2012	Call	100.0000.....	95,000	95,000	102,774	101,731		(6,731)		(6,731)		95,000			0		5,417	07/01/2019	1FE.....
49130T	ME	3	KENTUCKY HSG CORP HSG R	5.000% 01/01/28...	09/01/2012	Call	100.0000.....	90,000	90,000	96,945	96,106		(6,106)		(6,106)		90,000			0		5,125	01/01/2023	1FE.....
60416Q	EQ	3	MINNESOTA ST HSG FIN AG	4.000% 01/01/35.....	07/01/2012	Call	100.0000.....	205,000	205,000	219,186	218,487		(13,487)		(13,487)		205,000			0		6,196	01/01/2022	1FE.....
60636X	MH	3	MISSOURI ST HSG SF	6.350% 09/01/34.....	09/01/2012	Call	100.0000.....	210,000	210,000	217,793	214,954		(4,954)		(4,954)		210,000			0		13,335	09/01/2013	1FE.....
60637B	BD	1	MISSOURI ST HSG DEV COM	4.625% 05/01/28....	09/01/2012	Call	100.0000.....	65,000	65,000	69,206	68,647		(3,647)		(3,647)		65,000			0		2,274	05/01/2021	1FE.....
647110	FB	6	NEW MEXICO EDL ASSISTAN	1.071% 12/01/28....	09/01/2012	Call	100.0000.....	920,000	920,000	908,334	909,231		10,769		10,769		920,000			0		8,123	06/01/2014	1FE.....
647200	N5	9	NEW MEXICO MTG FIN AGY	5.000% 09/01/30.....	09/01/2012	Call	100.0000.....	70,000	70,000	75,669	75,000		(5,000)		(5,000)		70,000			0		3,500	03/01/2021	1FE.....
3199999.			Total - Bonds - U.S. Special Revenue & Assessment.....					1,655,000	1,655,000	1,689,907	1,684,156		0	(29,156)	0	(29,156)	0	1,655,000	0	0	0	43,970	XXX...	XXX.....

Bonds - Industrial and Miscellaneous

00206R	AW	2	AT&T CORP 2.950% 05/15/16.....	07/26/2012	Various.....	10,736,900	10,000,000	9,981,800	9,983,955	1,912	1,912	9,985,866	751,034	751,034	207,319	05/15/2016	1FE.....				
02005G	AC	9	ALLYA 2009-B A3 1.980% 10/15/13.....	09/15/2012	Paydown.....	930,632	930,632	943,493	935,704	(5,072)	(5,072)	930,632		0	12,260	10/15/2013	1FE.....				
055669	AD	7	BMWLT 2010-1 A4 0.960% 01/15/14.....	08/15/2012	Paydown.....	7,500,000	7,500,000	7,503,150	7,501,488	(1,488)	(1,488)	7,500,000		0	48,000	01/15/2014	1FE.....				
084664	BD	2	BERKSHIRE HATHAWAY INC 4.600% 05/15/13.....	07/19/2012	US Bank.....	5,171,800	5,000,000	5,347,850	5,217,649	(88,989)	(88,989)	5,128,660	43,140	43,140	159,083	05/15/2013	1FE.....				
233050	AN	3	DBUBS 2011-LC1A A1 3.742% 11/10/46.....	09/01/2012	Paydown.....	38,841	38,841	40,180	34,697	(1,222)	(1,222)	38,841		0	927	11/10/2046	1FM.....				
393505	QX	3	GT 1996-9 A5 7.200% 01/15/28.....	09/15/2012	Paydown.....	2,163	2,163	2,217	2,154	9	9	2,163		0	105	01/15/2028	1FE.....				
46634N	AA	4	JPMCC 2010-C1 A1 3.853% 06/15/43.....	09/01/2012	Paydown.....	28,176	28,176	30,103		(1,927)	(1,927)	28,176		0	90	06/15/2043	1FM.....				
65535V	AA	6	NAA 2001-R1A A1 7.000% 02/01/30.....	09/01/2012	Paydown.....	4,645	4,645	4,708	4,646	93	(94)	4,645		0	216	02/01/2030	4AM.....				
666807	BC	5	NORTHROP GRUMMAN CORP 1.850% 11/15/15.....	08/06/2012	Various.....	10,301,800	10,000,000	9,699,850	9,745,307	38,056	38,056	9,783,363	518,437	518,437	135,667	11/15/2015	2FE.....				
89235X	AC	1	TAOT 2011-A A3 0.980% 10/15/14.....	09/15/2012	Paydown.....	2,661,018	2,661,018	2,660,703	2,660,842	176	176	2,661,018		0	19,178	10/15/2014	1FE.....				
3899999.			Total - Bonds - Industrial & Miscellaneous.....			37,375,975	36,165,475	36,214,054	36,086,442	93	(58,639)	0	(58,546)	0	36,063,364	0	1,312,611	1,312,611	582,845	XXX...	XXX.....
8399997.			Total - Bonds - Part 4.....			43,495,975	42,285,475	42,306,585	42,209,807	93	(62,004)	0	(61,911)	0	42,183,364	0	1,312,611	1,312,611	626,815	XXX...	XXX.....
8399999.			Total - Bonds.....			43,495,975	42,285,475	42,306,585	42,209,807	93	(62,004)	0	(61,911)	0	42,183,364	0	1,312,611	1,312,611	626,815	XXX...	XXX.....
9999999.			Total - Bonds, Preferred and Common Stocks.....			43,495,975	XXX.....	42,306,585	42,209,807	93	(62,004)	0	(61,911)	0	42,183,364	0	1,312,611	1,312,611	626,815	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 B-Sn 1
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
Bonds - Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations							
BANK NOVA SCOTIA.....		09/20/2012	0.100	10/22/2012	2,499,854	.....	.....76
DANAHER CORP.....		09/27/2012	0.100	10/26/2012	1,399,903	.....	.....16
DEUTSCHE BANK FINANCE.....		09/11/2012	0.110	10/11/2012	24,999,236	.....	.....1,528
3299999. Industrial and Miscellaneous (Unaffiliated) - Issuer Obligations.....					28,898,993	0	1,620
3899999. Total - Industrial and Miscellaneous (Unaffiliated).....					28,898,993	0	1,620
Total Bonds							
7799999. Subtotals - Issuer Obligations.....					28,898,993	0	1,620
8399999. Subtotals - Bonds.....					28,898,993	0	1,620
8699999. Total - Cash Equivalents.....					28,898,993	0	1,620