

PROGRESSIVE CORP/OH/
Form 10-Q
July 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2014

or
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____
Commission File Number: 1-9518

THE PROGRESSIVE CORPORATION
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

34-0963169
(I.R.S. Employer
Identification No.)

6300 Wilson Mills Road, Mayfield Village, Ohio
(Address of principal executive offices)
(440) 461-5000
(Registrant's telephone number, including area code)

44143
(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Shares, \$1.00 par value: 591,471,615 outstanding at June 30, 2014

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

The Progressive Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
(unaudited)

Periods Ended June 30,	Three Months			Six Months		
	2014	2013	% Change	2014	2013	% Change
(millions—except per share amounts)						
Revenues						
Net premiums earned	\$4,513.5	\$4,277.0	6	\$8,915.8	\$8,456.3	5
Investment income	99.2	102.2	(3)	202.5	202.7	0
Net realized gains (losses) on securities:						
Other-than-temporary impairment (OTTI) losses:						
Total OTTI losses	0	(1.5)	(100)	0	(1.7)	(100)
Non-credit losses, net of credit losses recognized on previously recorded non-credit OTTI losses	0	(.1)	(100)	0	(.1)	(100)
Net impairment losses recognized in earnings	0	(1.6)	(100)	0	(1.8)	(100)
Net realized gains (losses) on securities	40.4	134.5	(70)	159.8	215.3	(26)
Total net realized gains (losses) on securities	40.4	132.9	(70)	159.8	213.5	(25)
Fees and other revenues	74.4	70.9	5	147.2	139.3	6
Service revenues	14.0	10.6	32	23.8	19.0	25
Total revenues	4,741.5	4,593.6	3	9,449.1	9,030.8	5
Expenses						
Losses and loss adjustment expenses	3,269.1	3,117.0	5	6,475.0	6,102.5	6
Policy acquisition costs	374.8	364.0	3	743.8	722.9	3
Other underwriting expenses	611.7	581.1	5	1,222.1	1,166.7	5
Investment expenses	6.0	4.4	36	10.1	9.3	9
Service expenses	12.9	10.4	24	22.6	19.0	19
Interest expense	29.6	30.4	(3)	56.3	61.0	(8)
Total expenses	4,304.1	4,107.3	5	8,529.9	8,081.4	6
Net Income						
Income before income taxes	437.4	486.3	(10)	919.2	949.4	(3)
Provision for income taxes	144.0	161.7	(11)	304.5	316.2	(4)
Net income	\$293.4	\$324.6	(10)	\$614.7	\$633.2	(3)
Other Comprehensive Income (Loss), Net of Tax						
Net unrealized gains (losses) on securities:						
Net non-credit related OTTI losses, adjusted for valuation changes	\$0	\$.1	(100)	&		