

PROGRESSIVE CORP/OH/
Form 10-Q/A
August 03, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q/A**

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period March 31, 2006
ended

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 1-9518
Number:

THE PROGRESSIVE CORPORATION

(Exact name of registrant as specified in its charter)

Ohio

34-0963169

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

6300 Wilson Mills Road, Mayfield Village, Ohio

44143

(Address of principal executive offices)

(Zip Code)

(440) 461-5000

(Registrant's telephone number, including area 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer Accelerated filer Non-accelerated filer

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

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: 195,623,623 outstanding at April 30, 2006

This Form 10-Q/A amends the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006, as filed on May 4, 2006. The purpose of this amendment is (i) to amend the Consolidated Balance Sheet and (ii) to correct an erroneous date in the Section 1350 Certifications filed as Exhibit 32.

Balance Sheet. Upon adoption of Statement of Financial Accounting Standards 123(revised 2004)(SFAS 123(R)),

Share-Based Payment, companies were required to eliminate any unearned compensation accounts (i.e., unamortized restricted stock) against the appropriate equity (i.e., paid-in capital) or liability account. As a result, as of March 31, 2006, we were required to reclassify \$99.5 million of Unamortized restricted stock, of which \$91.1 million related to equity awards and \$8.4 million related to liability awards. An amended Consolidated Balance Sheet and Note 10-Reclassifications, in their entirety, are included in this Form 10-Q/A.

Certification. Our Section 1350 Certifications were erroneously filed with an incorrect date for the period that they covered. Revised certifications for the period ended March 31, 2006, are included in this Form 10-Q/A under Exhibit 32.

The Progressive Corporation and Subsidiaries
Consolidated Balance Sheets
(unaudited)

| | March 31, | | December |
|---|-------------|-------------|-------------|
| | 2006 | 2005 | 31, 2005 |
| (millions) | | | |
| Assets | | | |
| Investments Available-for-sale, at market: | | | |
| Fixed maturities (amortized cost: \$10,513.3, \$9,548.0 and \$10,260.7) | \$ 10,368.0 | \$ 9,505.5 | \$ 10,221.9 |
| Equity securities: | | | |
| Preferred stocks (cost: \$1,305.5, \$952.0 and \$1,217.0) | 1,304.6 | 957.7 | 1,220.3 |
| Common equities (cost: \$1,429.2, \$1,400.2 and \$1,423.4) | 2,140.3 | 1,898.9 | 2,058.9 |
| Short-term investments (amortized cost: \$708.2, \$1,042.3 and \$773.5) | 708.5 | 1,042.8 | 773.6 |
| Total investments | 14,521.4 | 13,404.9 | 14,274.7 |
| Cash | 10.6 | 16.8 | 5.6 |
| Accrued investment income | 135.7 | 100.4 | 133.1 |
| Premiums receivable, net of allowance for doubtful accounts of \$103.8, \$76.8 and \$116.3 | 2,639.7 | 2,469.2 | 2,500.7 |
| Reinsurance recoverables, including \$55.2, \$53.7 and \$58.5 on paid losses | 400.2 | 391.7 | 405.7 |
| Prepaid reinsurance premiums | 100.5 | 121.3 | 103.7 |
| Deferred acquisition costs | 461.5 | 450.6 | 444.8 |
| Income taxes | | | 138.3 |
| Property and equipment, net of accumulated depreciation of \$569.7, \$584.0 and \$562.0 | 822.5 | 660.9 | 758.7 |
| Other assets | 166.1 | 107.4 | 133.3 |
| Total assets | \$ 19,258.2 | \$ 17,723.2 | \$ 18,898.6 |
| Liabilities and Shareholders Equity | | | |
| Unearned premiums | \$ 4,508.1 | \$ 4,364.3 | \$ 4,335.1 |
| Loss and loss adjustment expense reserves | 5,632.0 | 5,348.3 | 5,660.3 |
| Accounts payable, accrued expenses and other liabilities | 1,460.5 | 1,385.9 | 1,510.8 |
| Income taxes | 48.3 | 45.4 | |
| Debt ¹ | 1,285.0 | 1,284.5 | 1,284.9 |
| Total liabilities | 12,933.9 | 12,428.4 | 12,791.1 |
| Shareholders equity: | | | |
| Common Shares, \$1.00 par value (authorized 600.0 ² ; issued 213.1, 213.2 and 213.1, including treasury shares of 17.2, 13.6 and 15.8) | 195.9 | 199.6 | 197.3 |
| Paid-in capital | 814.9 | 805.8 | 848.2 |
| Unamortized restricted stock | | (82.0) | (62.7) |

| | | | |
|---|-------------|-------------|-------------|
| Accumulated other comprehensive income: | | | |
| Net unrealized gains on securities | 367.4 | 300.6 | 390.1 |
| Net unrealized gains on forecasted transactions | 8.3 | 9.4 | 8.6 |
| Retained earnings | 4,937.8 | 4,061.4 | 4,726.0 |
| Total shareholders' equity | 6,324.3 | 5,294.8 | 6,107.5 |
| Total liabilities and shareholders' equity | \$ 19,258.2 | \$ 17,723.2 | \$ 18,898.6 |

¹Includes current and non-current debt. See *Note 4 Debt*.

²On April 21, 2006, the shareholders of The Progressive Corporation approved a proposal to amend Progressive's Amended Articles of Incorporation to increase the number of authorized Common Shares from 600.0 million to 900.0 million. See notes to consolidated financial statements.

Note 10 Reclassifications Upon adoption of SFAS 123(R), companies were required to eliminate any unearned compensation accounts (i.e., unamortized restricted stock) against the appropriate equity (i.e., paid-in capital) or liability account. As a result, as of March 31, 2006, we were required to reclassify \$99.5 million of Unamortized restricted stock, of which \$91.1 million related to equity awards and \$8.4 million related to liability awards. In addition, certain amounts in the Consolidated Statements of Cash Flows (i.e., short-term investments), were reclassified for 2005 to comply with the presentation requirements under SFAS 95, Statement of Cash Flows, and SFAS 115, Accounting for Certain Investments in Debt and Equity Securities.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE PROGRESSIVE CORPORATION
(Registrant)

Date: August 3, 2006

BY: /s/ W. Thomas Forrester

W. Thomas Forrester
Vice President and Chief Financial Officer

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EXHIBIT INDEX

| Exhibit No. Under Reg. S-K, Item 601 | Form 10-Q/A Exhibit Number | Description of Exhibit | If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC |
|---|-------------------------------------|--|---|
| (31) | 31(A) | Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer, Glenn M. Renwick | Filed herewith |
| (31) | 31(B) | Rule 13a-14(a)/15d-14(a) Certification of the Principal Financial Officer, W. Thomas Forrester | Filed herewith |
| (32) | 32(A) | Section 1350 Certification of the Principal Executive Officer, Glenn M. Renwick | Filed herewith |
| (32) | 32(B) | Section 1350 Certification of the Principal Financial Officer, W. Thomas Forrester | Filed herewith |