

PROGRESSIVE CORP/OH/
Form 8-K
October 10, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) October 10, 2008 (October 7, 2008)

THE PROGRESSIVE CORPORATION

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction)

1-9518
(Commission File Number)

34-0963169
(IRS Employer

of incorporation)
6300 Wilson Mills Road, Mayfield Village, Ohio
(Address of principal executive offices)

Identification No.)
44143
(Zip Code)

Registrant's telephone number, including area code 440-461-5000

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Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On October 10, 2008, The Progressive Corporation issued a news release containing financial results for the Company and its subsidiaries for the month of, and year-to-date period ended, September 2008 and selected quarterly financial results. A copy of the news release is attached hereto as Exhibit 99.

Item 2.06 Material Impairments.

On October 7, 2008, the Company decided to write down \$1,100.9 million in securities that were determined to have had an other-than-temporary decline in market value as of September 30, 2008. These determinations primarily reflect the market-related issues associated with the disruption in the mortgage and other credit markets, which created a significant deterioration in both the valuation of the securities as well as our view of near term recoverability of the valuation decline. This write-down included: (i) \$1,033.9 million of preferred stocks, or 35% of the total preferred stock at cost; (ii) \$43.8 million of corporate debt on American General and American General Finance, which are wholly-owned subsidiaries of American International Group; (iii) \$14.5 million of structured debt securities; and (iv) \$8.7 million of common stocks. The Company does not anticipate that these impairment charges will result in future cash expenditures by the Company.

When a security has an unrealized loss in fair value that is deemed to be other-than-temporary, the Company reduces the book value of the security to its current market value, recognizing the decline as a realized loss in the income statement. For additional information, see the comments on pages 8 through 10 of the Company's Press Release attached hereto as Exhibit 99. An additional discussion of the Company's Critical Accounting Policy: Other-than-Temporary Impairment can be found in *Management's Discussion and Analysis of Financial Condition and Results of Operations* included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

See exhibit index on page 4.

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 hereunto duly authorized.

Dated: October 10, 2008

THE PROGRESSIVE CORPORATION

By: /s/ Jeffrey W. Basch
Name: Jeffrey W. Basch
Title: Vice President and
Chief Accounting Officer

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EXHIBIT INDEX

| <u>Exhibit No.</u> <u>Under Reg.</u> <u>S-K Item 601</u> | <u>Form 8-K</u> <u>Exhibit</u> <u>No.</u> | <u>Description</u> |
|--|---|--|
| (99) | 99 | News release dated October 10, 2008, containing financial results of The Progressive Corporation and its subsidiaries for the month of, and year-to-date period ended, September 2008 and selected quarterly financial results |