

PROSPECTUS SUPPLEMENT
(To Prospectus Dated January 5, 1994)

THE PROGRESSIVE CORPORATION

\$200,000,000

6.60% Notes due 2004

Interest payable January 15 and July 15

ISSUE PRICE: 99.854%

The Notes will bear interest from January 12, 1994, at the rate of 6.60% per annum, payable semiannually on January 15 and July 15, commencing July 15, 1994. The Notes will not be redeemable prior to maturity and will not be subject to any sinking fund. See "Certain Terms of Notes."

The Notes will be represented by one or more global notes ("Global Notes"), which will be deposited with The Depository Trust Company (the "Depository") and will be registered in the name of its nominee. Beneficial ownership of the Notes will be limited to institutions that have accounts with the Depository ("Participants") or persons that hold interests through Participants. A beneficial interest in a Global Note will be shown on, and transfers thereof will be effected only through, records maintained by the Participants. A beneficial interest in a Global Note will be exchanged for Notes in certificated form only under the limited circumstances described herein. The Notes will trade in the Depository's Same-Day Funds Settlement System, and settlement of any secondary market trading activity for the Notes will therefore settle in immediately available funds. See "Certain Terms of Notes--Book-Entry System."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR THE NORTH CAROLINA INSURANCE COMMISSIONER NOR HAS THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR SUCH COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC (1)	UNDERWRITING DISCOUNT (2)	PROCEEDS TO COMPANY (1) (3)
Per Note	99.854%	.650%	99.204%
Total	\$199,708,000	\$1,300,000	\$198,408,000

- (1) Plus accrued interest, if any, from January 12, 1994.
- (2) The Company has agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (3) Before deducting net expenses payable by the Company estimated at \$265,000. See "Underwriting."

The Notes are offered, subject to prior sale, when, as and if accepted by the Underwriter and subject to approval of certain legal matters by Stroock & Stroock & Lavan, counsel for the Underwriter. It is expected that delivery of the Global Notes will be made on or about January 12, 1994, through the facilities of the Depository, against payment therefor in same-day funds.

J.P. MORGAN SECURITIES INC.

January 5, 1994

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY UNDERWRITER, DEALER OR AGENT. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN OR IN THE ACCOMPANYING PROSPECTUS IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF OR THEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THEREOF. NEITHER THIS PROSPECTUS SUPPLEMENT NOR THE ACCOMPANYING PROSPECTUS CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOTES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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CAPITALIZATION

The following table sets forth the capitalization of the Company at September 30, 1993, as adjusted to reflect the issuance of the Notes offered hereby and to give effect to the repayment of the outstanding indebtedness under the Company's revolving credit agreements and credit facilities, the October 6, 1993 issuance of 7% Notes due 2013, and the December 17, 1993 redemption of 8 3/4% Debentures due 2017.

	SEPTEMBER 30, 1993	
	-----	-----
	ACTUAL	AS ADJUSTED
	-----	-----
	(IN MILLIONS)	
Funded debt(1):		
Revolving credit agreements(2).....	\$ 50.0	\$ --
Credit facilities(2).....	120.0	--
6.60% Notes.....	--	198.4
7% Notes.....	--	148.2
8 3/4% Debentures(2).....	69.8	--
8 3/4% Notes.....	28.7	28.7
10% Notes.....	149.3	149.3
10 1/8% Subordinated Notes.....	149.2	149.2

Other funded debt.....	1.6	1.6
	-----	-----
Total funded debt.....	568.6	675.4
	-----	-----
Shareholders' equity:		
9 3/8% Serial Preferred Shares, Series A, issued and outstanding		
3.8.....	91.7	91.7
Common Shares, \$1.00 par value, issued and outstanding 72.1.....	72.1	72.1
Paid-in capital.....	353.4	353.4
Net unrealized appreciation on investments.....	33.2	33.2
Retained earnings.....	403.1	402.9
	-----	-----
Total shareholders' equity.....	953.5	953.3
	-----	-----
Total funded debt and shareholders' equity.....	\$1,522.1	\$ 1,628.7
	-----	-----
	-----	-----

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- (1) See Note 4 to the Company's annual consolidated financial statements incorporated herein by reference for information regarding the Company's outstanding funded debt.
 - (2) During the fourth quarter of 1993, the Company repaid the outstanding indebtedness under its revolving credit agreements and credit facilities and redeemed its 8 3/4% Debentures with funds generated from the sale of certain securities held in the Company's investment portfolios.

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CERTAIN TERMS OF NOTES

The following summary of the terms of the Notes offered hereby (included in the defined term "Debt Securities" in the Prospectus) supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of Debt Securities set forth in the Prospectus, to which description reference is hereby made.

GENERAL

The 6.60% Notes due 2004 (the "Notes") offered hereby are an issue of the Debt Securities described in the Prospectus and will be issued as a separate series of Debt Securities under the Indenture dated as of September 15, 1993 (the "Indenture") entered into between the Company and The First National Bank of Boston, as Trustee (the "Trustee"). The Notes are limited to an aggregate principal amount of \$200,000,000. In addition to the Notes, the Company may issue from time to time other series of Debt Securities under the Indenture consisting of debentures, notes or other unsecured evidences of indebtedness, but such other series will be separate from and independent of the Notes. The Indenture does not limit the amount of Debt Securities or any other debt which may be incurred by the Company. In addition, the provisions of the Indenture do not afford holders of the Notes protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving the Company that may adversely affect holders of the Notes. Under the Indenture, the Company is entitled to defease the Notes subject to compliance with the terms of the Indenture. See "Description of Debt Securities -- Defeasance" in the Prospectus. The Notes are the second series of Debt Securities to be issued under the Indenture. Reference is made to the Prospectus for a description of other general terms of the Debt Securities.

The Notes will mature on January 15, 2004. Interest on the Notes will accrue from January 12, 1994 and will be payable semiannually on January 15 and July 15, commencing July 15, 1994, to the persons in whose names the Notes are registered at the close of business on the January 1 or July 1 prior to the payment date at the annual rate set forth on the cover page of this Prospectus Supplement. The Notes will be issued as fully registered Notes in denominations of \$1,000 or integral multiples thereof.

The Notes will not be subject to redemption at the option of the Company or through the operation of a sinking fund.

The Notes will not be listed on a securities exchange.

BOOK-ENTRY SYSTEM

The Notes will be represented by one or more fully registered Global Notes which will be deposited with, or on behalf of, the Depository and registered in the name of the Depository's nominee. Unless and until it is exchanged in whole or in part for Notes in certificated form, no Global Note may be transferred except as a whole by the Depository to a nominee of such Depository or by a nominee of such Depository to such Depository.

The Depository has advised the Company as follows: It is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934 (the "Exchange Act"). The Depository was created to hold securities for its participating organizations (the "Participants") and to facilitate the clearance and settlement of securities transactions between Participants in such securities through electronic book-entry changes in accounts of its Participants. Participants include securities brokers and dealers (including the Underwriter), banks, trust companies, clearing corporations and certain other organizations some of whom or representatives of which own the Depository. Access to the Depository's system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("indirect participants"). Persons who are not Participants may beneficially own securities held by the Depository only through Participants or indirect participants.

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The Depository has advised the Company that upon the issuance of the Global Notes, the Depository will credit on its book-entry system the respective principal amounts of the individual Notes represented by such Global Notes to the accounts of the appropriate Participants. The accounts to be credited shall be designated by the Underwriter. Ownership of beneficial interests in the Global Notes will be limited to Participants or persons that own beneficial interests through Participants. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depository's Participants or persons that hold through Participants. The laws of some states require that certain purchasers of securities take physical delivery of such securities. Such laws may limit the market for beneficial interests in the Global Notes.

So long as the Depository, or its nominee, is the registered owner of the Global Notes, the Depository or its nominee, as the case may be, will be considered the sole owner or holder of the Global Notes for all purposes under the Indenture. Except as provided below, owners of beneficial interests in the Global Notes will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in certificated form and will not be considered the owners or holders thereof under the Indenture. Accordingly, each person owning a beneficial interest in the Global Notes must rely on the procedures of the Depository and, if such person is not a Participant, on the procedures of the Participant through which such person owns its interest, to exercise any rights of a holder under the Indenture. The Company understands that under existing industry practices, in the event that the Company requests any consent or action of holders or if an owner of a beneficial interest in the Global Notes desires to give a consent or take any action which a holder is entitled to give or take under the Indenture, the Depository would authorize the Participants holding the relevant beneficial interests to give such consent or take such action, and such Participants would authorize beneficial owners holding through such Participants to give such consent or take such action or would otherwise act upon the instructions of beneficial owners holding through them.

Principal, premium, if any, and interest payments on the Global Notes registered in the name of the Depository or its nominee will be made by the Trustee to the Depository or such nominee as the registered owner of the Global Notes. Under the terms of the Indenture, the Company and the Trustee will treat the persons in whose names the Global Notes are registered as the sole owner or holder of the Global Notes for the purpose of receiving payment of principal, premium, if any, and interest on the Global Notes and for all other purposes whatsoever. Therefore, neither the Company, the Trustee nor any paying agent has any direct responsibility or liability for the payment of principal, premium, if

any, or interest on the Global Notes to owners of beneficial interests in the Global Notes. Neither the Company, the Trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any action or inaction of the Depository or its nominee or any Participant.

If (x) the Depository is at any time unwilling or unable to continue as Depository or the Depository ceases to be a clearing agency registered under the Exchange Act, (y) the Company executes and delivers to the Trustee an order to the effect that the Global Notes shall be transferable and exchangeable for Notes in definitive form or (z) an Event of Default has occurred and is continuing with respect to the Notes, the Global Notes will be transferable or exchangeable for Notes in definitive form of like tenor in an equal aggregate principal amount. Such definitive Notes shall be registered in such name or names as the Depository shall instruct the Trustee.

SAME-DAY SETTLEMENT AND PAYMENT

Settlement for the Notes will be made by the Underwriter in immediately available funds. While the Notes are represented by the Global Notes, all payments of principal and interest will be made by the Company to the Depository in immediately available funds.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearinghouse or next-day funds. In contrast, while the Notes are represented by the Global Notes, the Notes will trade in the Depository's Same-Day Funds Settlement System, and secondary market trading in the Notes

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will therefore be required by the Depository to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Notes.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Company has agreed to sell to J.P. Morgan Securities Inc. (the "Underwriter"), and the Underwriter has agreed to purchase, the \$200,000,000 aggregate principal amount of Notes.

Under the terms and conditions of the Underwriting Agreement, the Underwriter is committed to purchase all of the Notes offered hereby if any are purchased.

The Underwriter initially proposes to offer the Notes directly to the public at the public offering price set forth on the cover page of this Prospectus Supplement and to certain dealers at such price less a concession not in excess of .40% of the principal amount of the Notes. The Underwriter may allow, and such dealers may reallow, a concession not in excess of .25% of the principal amount of the Notes to certain other dealers. After the Notes are released for sale to the public, the public offering price and such concessions may be changed by the Underwriter.

The Company does not intend to apply for listing of the Notes on a securities exchange, but has been advised by the Underwriter that the Underwriter intends to make a market in the Notes. The Underwriter is not obligated, however, to make a market in the Notes and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading markets for the Notes.

The Company has agreed to indemnify the Underwriter against certain liabilities including liabilities under the Securities Act of 1933, as amended.

In the ordinary course of their respective businesses, the Underwriter and its affiliates have engaged and may in the future engage in investment banking or commercial banking transactions, or both, with the Company and its affiliates. The Underwriter has agreed to reimburse the Company for \$100,000 of out-of-pocket expenses incurred directly by the Company in connection with this offering.

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PROSPECTUS

THE PROGRESSIVE CORPORATION
DEBT SECURITIES

The Progressive Corporation (the "Company") may issue and offer from time to time in one or more series up to \$200,000,000 in aggregate initial public offering price of its debt securities consisting of debentures, notes or other unsecured evidences of indebtedness (the "Debt Securities"). The Debt Securities will rank on a parity with all other current and future unsecured indebtedness of the Company and prior to subordinated indebtedness, if any. The Debt Securities may be offered for sale directly to purchasers or through dealers, underwriters or agents to be designated. The Debt Securities may be offered to the public on terms determined by market conditions. The Debt Securities may be sold for U.S. dollars or foreign denominated currency or currency units, and principal of and any interest on the Debt Securities may likewise be payable in U.S. dollars or foreign denominated currency or currency units. The currency or currency units for which the Debt Securities may be purchased and the currency or currency units in which principal of and interest on the Debt Securities will be payable will be specifically designated in one or more supplements to this Prospectus (each a "Prospectus Supplement").

The specific designation, aggregate principal amount, authorized denominations, purchase price, maturity, any premium, any interest rate (which may be fixed or variable) or manner of calculation thereof, any interest payment dates, any optional or mandatory redemption terms, any sinking fund provisions, listing on a securities exchange, and any other specific terms relating to any series of Debt Securities, and the name of each dealer, underwriter or agent, if any, involved in the sale of any series of Debt Securities and any compensation to any such dealer, underwriter or agent, will be set forth in a Prospectus Supplement.

This Prospectus may not be used to consummate sales of Debt Securities unless accompanied by a Prospectus Supplement.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR THE NORTH CAROLINA INSURANCE COMMISSIONER NOR HAS THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR SUCH COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Debt Securities may be sold directly to purchasers or to dealers or underwriters or through agents to be designated from time to time, subject to the approval of certain legal matters by counsel for such purchasers, dealers, underwriters or agents. Net proceeds to the Company will be the purchase price in the case of a purchaser or dealer, the public offering price less underwriting discount in the case of an underwriter or the purchase price less commission in the case of an agent less, in each case, other attributable issuance and distribution expenses. See "Plan of Distribution" for possible indemnification arrangements for dealers, underwriters and agents.

The date of this Prospectus is January 5, 1994

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IN CONNECTION WITH THE OFFERING MADE HEREBY, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE REGISTERED SECURITIES TO WHICH IT RELATES OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION MAY NOT BE LEGALLY MADE. THE DELIVERY OF THIS PROSPECTUS AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy

statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street N.W., Room 1024, Washington, D.C. 20549, and at the following regional offices of the Commission: 7 World Trade Center, New York, New York 10048, and The Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60621-2511. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission, 450 Fifth Street N.W., Washington, D.C. 20549. Reports, proxy statements and other information concerning the Company may also be inspected at the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This Prospectus constitutes a part of a Registration Statement filed by the Company with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Company and the securities offered hereby. Statements contained herein concerning the provisions of any document are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference. These documents may be inspected without charge at the office of the Commission at Judiciary Plaza, 450 Fifth Street N.W., Washington, D.C. 20549, and copies may be obtained at fees and charges prescribed by the Commission.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed by the Company with the Commission pursuant to the Exchange Act are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 1992, as amended by the Company's Form 10-K/A-No. 1 filed with the Commission on July 7, 1993;
- (2) The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993; and
- (3) The Company's Current Reports on Form 8-K dated July 14, 1993 and November 12, 1993.

All reports and other documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of this offering are hereby incorporated by reference into this Prospectus and shall be deemed a part hereof from the respective dates of filing of such reports and documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Company will furnish without charge to each person to whom a Prospectus is delivered, upon written or oral request, a copy of any or all of the foregoing documents incorporated herein by reference (other than certain exhibits). Requests for such documents should be directed to Jeffrey W. Basch, Chief Accounting Officer, The Progressive Corporation, at 6300 Wilson Mills Road, Mayfield Village, Ohio 44143 or by telephone at (216) 461-5000.

THE COMPANY

The Company is an insurance holding company which owns 52 operating subsidiaries and has one mutual insurance company affiliate. Progressive Casualty Insurance Company is the principal operating subsidiary. The insurance company subsidiaries write private passenger automobile and other specialty property-casualty and credit-related insurance and provide related services throughout the United States and in Canada. Of the 250 largest domestic property-casualty insurance company groups, the Progressive insurance group is ranked 36th in size based on 1992 net premiums written, as reported in the July 1993 issue of Best's Review -- Property/Casualty Insurance Edition.

The Company's core business, which accounted for 93% of the Company's total net premiums written in 1992, is to write primarily nonstandard private passenger automobile and small commercial vehicle insurance, as well as insurance for motorcycles, motor homes and mobile homes. Nonstandard automobile programs provide insurance for private passenger automobile risks that have been rejected or cancelled by other companies. The Progressive insurance group is a major participant in the nonstandard automobile segment of the property-casualty insurance industry.

The Company's diversified businesses, which accounted for 7% of total net premiums written in 1992, offer lender's collateral protection insurance, bank directors' and officers' liability insurance, financial institution bonds and other insurance products to customers in the financial services industry. The diversified businesses also provide insurance, on a heavily reinsured basis, and related services to a select group of regional customers in the motor transportation industry, involuntary auto insurance plan management as a Commercial Auto Insurance Plan servicing carrier in 27 states, and third party risk management and claims service to a variety of commercial accounts.

Prospective purchasers of Debt Securities should be aware that ownership of Debt Securities may involve certain risks. For example, the Company encounters vigorous competition in the automobile insurance and other property-casualty markets in which it operates. See the "Competitive Factors" discussion contained in Item 1 of the Company's 1992 Annual Report on Form 10-K, as amended. In addition, the Company's business is subject to extensive state regulation. See the "Insurance Regulation" discussion contained in Item 1 of the Company's 1992 Annual Report on Form 10-K, as amended.

The Company's principal executive office is located at 6300 Wilson Mills Road, Mayfield Village, Ohio 44143, and its telephone number is (216) 461-5000.

USE OF PROCEEDS

Except as otherwise provided in an applicable Prospectus Supplement, the net proceeds from the sale of the Debt Securities will be used by the Company for general corporate purposes. The net proceeds will be added to the investment portfolios of the Company or its subsidiaries and may be used, in whole or in part, to support premium growth. Such proceeds will be invested in the same kinds of securities, and in approximately the same proportion, as those currently held in such investment portfolios. A discussion of the nature of such securities, and the risks relating thereto, is set forth in the "Investments" section of Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's 1992 Annual Report on Form 10-K, as amended.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial information concerning the Company and its subsidiaries for the five years ended December 31, 1992, and for the nine months ended September 30, 1993 and 1992, should be read in conjunction with the more detailed information and financial statements incorporated by reference herein and available as described under "Available Information" and "Incorporation of Certain Documents by Reference." The information for the interim periods is unaudited but, in the opinion of management, includes all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of such information. The interim results of operations may not be indicative of the results for the full year. All per share amounts have been adjusted to reflect the 3-for-1 stock split of the Common Shares effected on December 8, 1992.

	NINE MONTHS ENDED SEPTEMBER 30,		YEARS ENDED DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
	(DOLLARS IN MILLIONS EXCEPT PER SHARE DATA)						
Direct premiums written:							
Personal lines.....	\$1,155.8	\$ 902.7	\$1,214.6	\$1,047.4	\$ 876.0	\$ 800.1	\$ 817.0
Commercial lines.....	303.0	322.7	422.2	489.4	482.8	487.0	521.0
Total direct premiums written.....	\$1,458.8	\$1,225.4	\$1,636.8	\$1,536.8	\$1,358.8	\$1,287.1	\$1,338.0

Net premiums written(1) (2).....	\$1,357.2	\$1,079.4	\$1,451.2	\$1,324.6	\$1,196.3	\$1,160.3	\$1,275.0
Revenues:							
Premiums earned(2).....	\$1,215.4	\$1,045.1	\$1,426.1	\$1,286.9	\$1,191.2	\$1,196.5	\$1,215.4
Investment income(3).....	98.0	103.4	139.0	144.8	152.5	168.7	109.9
Net realized gains (losses) on security sales(4).....	98.2	11.3	14.5	7.4	(12.8)	(.6)	18.6
Service revenues.....	33.5	40.8	53.3	54.0	45.3	28.1	11.9
Proposition 103 reserve reduction(5)....	--	106.0	106.0	--	--	--	--
Total revenues.....	1,445.1	1,306.6	1,738.9	1,493.1	1,376.2	1,392.7	1,355.8
Expenses:							
Losses and loss adjustment expenses....	747.3	686.4	930.9	858.0	762.9	799.3	752.0
Policy acquisition costs.....	229.1	234.6	304.1	313.7	292.7	296.7	321.3
Other underwriting expenses.....	102.8	102.5	141.5	162.1	123.7	114.9	106.6
Investment expenses.....	7.2	14.2	17.0	22.5	19.2	20.0	11.1
Service and other expenses.....	29.1	38.8	57.6	56.1	41.1	26.4	16.8
Interest expense.....	28.4	33.9	44.5	47.8	48.5	49.3	16.0
Non-recurring transactions(6).....	--	54.6	64.6	--	--	--	--
Total expenses.....	1,143.9	1,165.0	1,560.2	1,460.2	1,288.1	1,306.6	1,223.8
Income before Federal income taxes and cumulative effect of accounting change..	301.2	141.6	178.7	32.9	88.1	86.1	132.0
Provision (benefit) for Federal income taxes.....	87.3	34.9	39.1	--	(5.3)	8.1	23.9
Income before cumulative effect of accounting change.....	213.9	106.7	139.6	32.9	93.4	78.0	108.1
Cumulative effect of accounting change(7).....	--	14.2	14.2	--	--	--	--
Net income.....	\$ 213.9	\$ 120.9	\$ 153.8	\$ 32.9	\$ 93.4	\$ 78.0	\$ 108.1
Per Common Share(8):							
Income before cumulative effect of accounting change:							
Primary.....	\$ 2.92	\$ 1.60	\$ 2.09	\$.41	\$ 1.28	\$.98	\$ 1.29
Fully diluted.....	2.91	1.42	1.85	.41	1.19	.94	1.23
Net income:							
Primary.....	2.92	1.82	2.32	.41	1.28	.98	1.29
Fully diluted.....	2.91	1.61	2.05	.41	1.19	.94	1.23
Ratio of earnings to fixed charges(9).....	10.2x	4.8x	4.6x	1.6x	2.6x	2.6x	7.3x
Ratio of earnings to combined fixed charges and preferred share dividend requirements(9).....	7.8x	3.8x	3.7x	1.5x	--	--	--
GAAP operating ratios:							
Loss and loss adjustment expense ratio..	61.5%	65.7%	65.3%	66.7%	64.0%	66.8%	61.9%
Underwriting expense ratio.....	27.3%	32.3%	31.2%	37.0%	35.0%	34.4%	35.2%
Combined ratio.....	88.8%	98.0%	96.5%	103.7%	99.0%	101.2%	97.1%
Statutory operating ratios:							
Loss and loss adjustment expense ratio..	62.5%	68.6%	68.3%	65.7%	62.1%	65.9%	62.9%
Underwriting expense ratio.....	25.0%	30.6%	29.8%	33.5%	31.1%	31.4%	33.2%
Combined ratio(10).....	87.5%	99.2%	98.1%	99.2%	93.2%	97.3%	96.1%

	SEPTEMBER 30,		DECEMBER 31,				
	1993	1992	1992	1991	1990	1989	1988
			(DOLLARS IN MILLIONS)				
Total assets.....	\$3,593.9	\$3,020.8	\$3,005.1	\$2,979.1	\$2,705.3	\$2,643.7	\$2,316.3
Funded debt.....	568.6	643.6	568.5	644.0	644.4	645.9	479.2
Shareholders' equity.....	953.5	511.9	629.0	465.7	408.5	435.2	417.2

(footnotes on next page)

(footnotes from previous page)

(1) Total direct premiums written net of reinsurance.

(2) From 1989 until the second quarter of 1992, the Company maintained a reserve for potential premium refunds under rollback and refund provisions of California's Proposition 103, reducing net premiums written and premiums earned. Net premiums written and premiums earned were reduced \$10.2 million for the nine months ended September 30, 1992, as well as the twelve months ended December 31, 1992, and \$49.7 million, \$54.4 million and \$39.0 million for the years ended December 31, 1991, 1990 and 1989, respectively. As a result, net income for the nine months ended September 30, 1992, as well as

the twelve months ended December 31, 1992, was reduced \$6.7 million, or \$.09 per share. Net income was reduced \$32.8 million, or \$.49 per share, \$35.9 million, or \$.44 per share, and \$25.7 million, or \$.29 per share, for the years ended December 31, 1991, 1990 and 1989, respectively.

- (3) Investment income includes dividends and interest.
- (4) Increase in net realized gains on security sales for the nine months ended September 30, 1993, is primarily due to the sale of certain equity securities held in the Company's investment portfolio, which accounted for \$74.3 million of the total gain.
- (5) On June 12, 1992, the Company reached agreement with the California Department of Insurance to refund approximately \$50 million of premiums (including interest) on business written between November 8, 1988 and November 7, 1989 to approximately 260,000 policyholders, thereby settling all rollback and refund exposure since Proposition 103 was adopted in November 1988. As a result, the Company's Proposition 103 premium refund and rollback reserve was reduced by \$106.0 million for both the nine months ended September 30, 1992 and the year ended December 31, 1992. As a result, net income was increased \$70.0 million, or \$.97 per share, for both the nine months ended September 30, 1992 and the year ended December 31, 1992.
- (6) Non-recurring transactions include (a) a \$10 million payment to Alfred Lerner made in December 1992, pursuant to an agreement (the "November Agreement") in which he agreed, among other matters, to convert \$75 million in principal amount of the Company's Floating Rate Convertible Subordinated Debentures due 2008 (the "Convertible Debentures") into 9,000,000 Common Shares and to terminate his employment agreement with the Company, and (b) a one-time charge, including an additional incentive fee for the period ended June 30, 1992, in the amount of \$54.6 million paid by the Company to Progressive Partners Limited Partnership ("Progressive Partners") for terminating the Company's Investment Management Agreement with Progressive Partners. In December 1992, Mr. Lerner sold in an underwritten public offering 5,175,000 of the Common Shares received upon the conversion of the Convertible Debentures and since that date has sold the balance of such Common Shares. See paragraphs six and seven of the "Financial Condition" section in Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1992, as amended.
- (7) Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards (SFAS) 109, "Accounting for Income Taxes," which changes the method of accounting for income taxes. Under SFAS 109, the Company is able to demonstrate that the benefit of deferred tax assets is fully realizable. The cumulative effect of adopting SFAS 109 increased net income \$14.2 million, or \$.20 per share, for the year ended December 31, 1992; the deferred tax asset writedown was taken in 1991, as required under SFAS 96.
- (8) Net income is reduced by Preferred Share dividends earned during the period for both the primary and fully diluted earnings per share calculations. Primary earnings per share are computed using the weighted average number of Common Shares and equivalents, including stock options, outstanding during the period. Prior to December 16, 1992 (the date of conversion of the Convertible Debentures), fully diluted earnings per share assumed the conversion of the Convertible Debentures and the effects of related interest expense and income taxes. See Note 6 above.
- (9) Earnings consist of income before Federal income taxes and cumulative effect of accounting change (\$14.2 million in 1992) and before fixed charges. Fixed charges consist of interest and amortization on indebtedness and the portion of rents representative of the interest factor. Combined fixed charges and preferred share dividend requirements consist of fixed charges and pretax earnings required to pay preferred share dividends.
- (10) Insurance industry combined ratios, presented on a statutory basis and obtained from A.M. Best Company Inc.'s "Best's Insurance Management Reports -- P/C Supplement" dated March 25, 1993, are set forth below:

1992	1991	1990	1989	1988
115.7%	108.8%	109.5%	109.2%	105.5%

DESCRIPTION OF DEBT SECURITIES

The Company may offer under this Prospectus and one or more Prospectus Supplements Debt Securities not exceeding \$200,000,000 in aggregate initial public offering price. The following description of the terms of the Debt Securities sets forth certain general terms and provisions of the Debt Securities which may be offered under a Prospectus Supplement. The particular terms and provisions of the Debt Securities offered by any Prospectus Supplement and the extent, if any, to which such general provisions may apply to the Debt Securities so offered will be described in the Prospectus Supplement relating to such Debt Securities.

The Debt Securities offered hereby will represent unsecured general obligations of the Company and will rank on a parity with all other existing and future unsecured and unsubordinated indebtedness of the Company and prior to subordinated indebtedness, if any. The Debt Securities are to be issued under an Indenture dated as of September 15, 1993 (the "Indenture") entered into between the Company and The First National Bank of Boston, as Trustee (the "Trustee"). Debt Securities may be issued in one or more series under the Indenture. The Indenture does not limit the amount of Debt Securities or any other debt which may be incurred by the Company. In addition, the provisions of the Indenture do not afford holders of the Debt Securities protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving the Company that may adversely affect holders of the Debt Securities. The following summaries of certain provisions of the Indenture do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the Indenture, which is an exhibit to the Registration Statement of which this Prospectus is a part. Certain capitalized terms used herein are defined in the Indenture. References are to sections or articles of the Indenture.

GENERAL

The Indenture does not limit the amount of Debt Securities which may be issued thereunder and provides that Debt Securities may be issued in series thereunder up to the aggregate principal amount which may be authorized from time to time by the Company. The Debt Securities may be denominated and payable in U.S. dollars, foreign currencies or units based on or relating to U.S. or foreign currencies. Debt Securities may be offered to the public on terms determined by market conditions at the time of sale.

Reference is made to the appropriate Prospectus Supplement for the following terms of each series of Debt Securities in respect of which this Prospectus is being delivered: (1) the designation, aggregate principal amount and authorized denominations of such Debt Securities; (2) the purchase price of such Debt Securities (expressed as a percentage of the principal amount thereof); (3) the date on which such Debt Securities will mature; (4) the rate or rates per annum at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined; (5) the coin or currency or units based on or relating to currencies in which Debt Securities may be purchased and in which payment of principal and interest will be made; (6) the periods for which and the dates on which such interest, if any, will be payable; (7) the place or places where the principal of and interest, if any, on such Debt Securities will be payable; (8) the terms of any mandatory or optional redemption (including any sinking fund); (9) whether such Debt Securities will be issuable in registered form or bearer form (with or without coupons) or both, and, if Debt Securities in bearer form will be issued, restrictions applicable to the exchange of one form for another and to the offer, sale and delivery of Debt Securities in bearer form; (10) whether, and under what circumstances, the Company will pay additional amounts on such Debt Securities held by a person who is not a U.S. person (as defined in an appropriate Prospectus Supplement) in respect of any tax, assessment or governmental charge withheld or deducted, and if so, whether the Company will have the option to redeem such Debt Securities rather than pay such additional amounts; and (11) any other specific terms of such series. If a Prospectus Supplement specifies that Debt Securities are

denominated in a currency other than U.S. dollars or U.S. currency units, such Prospectus Supplement shall also specify the denomination in which such Debt Securities will be issued and the coin or currency or currency unit in which the principal of and premium, if any, and interest on such Debt Securities will be payable, which may be U.S. dollars based upon the exchange rate for such other currency or currency unit existing on or about the time a payment is due.

Debt Securities may be presented for exchange and registered Debt Securities may be presented for transfer in the manner, at the places and subject to the restrictions set forth in the Indenture. Such services

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will be provided without charge, other than any tax or other governmental charge payable in connection therewith, but subject to the limitations provided in the Indenture. Debt Securities in bearer form and the coupons, if any, pertaining thereto will be transferable by delivery.

The Debt Securities will be unsecured. The Debt Securities will rank on a parity with all other existing and future unsecured and unsubordinated indebtedness of the Company and prior to subordinated indebtedness, if any. Because the Company is a holding company, however, its rights and the rights of its creditors to participate in the assets of any subsidiary upon the latter's liquidation or recapitalization (and thus the ability of holders of the Debt Securities to benefit as creditors of the Company in such liquidation or recapitalization) will be subject to the prior claims of the subsidiary's creditors, except to the extent that the Company may itself be a creditor with recognized claims against the subsidiary, other than as a holder of the subsidiary's outstanding shares of capital stock.

In addition, insurance statutes in many states impose limitations on the ability of regulated insurance companies to pay dividends and transfer assets to their affiliates. Such statutes may require prior approval for the payment of dividends by the Company's regulated insurance company subsidiaries to the Company or its affiliates. Since a significant source of the Company's internally generated cash flow is dividends paid to it by its subsidiaries, the Company's ability to meet its obligations (including the obligation to pay principal of and premium, if any, and interest on the Debt Securities) may be affected by any such limitations or prior approval requirements.

Some of the Debt Securities may be issued as original issue discount Debt Securities (bearing no interest or interest at a rate which at the time of issuance is below market rates), to be sold at a substantial discount below their stated principal amount. Federal income tax, accounting and other special considerations applicable to any such original issue discount Debt Securities will be described in a Prospectus Supplement relating thereto.

GLOBAL SECURITIES

The Debt Securities may be issued in the form of one or more global securities (a "Global Security") that will be deposited with a depository (a "Depository") or with a nominee for a Depository identified in an appropriate Prospectus Supplement and registered in the name of the Depository or a nominee thereof. In such case, one or more Global Securities will be issued in a denomination or aggregate denominations equal to the portion of the aggregate principal amount of outstanding Debt Securities to be represented by such Global Security or Securities. Unless and until it is exchanged in whole or in part for Debt Securities in definitive registered form, a Global Security may not be transferred, except as a whole by the Depository for such Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by such Depository or any such nominee to a successor of such Depository or a nominee of such successor.

The specific terms of the depository arrangement with respect to any Debt Securities to be represented by a Global Security will be described in a Prospectus Supplement relating thereto.

EVENTS OF DEFAULT, WAIVER AND NOTICE

As to any series of Debt Securities, an Event of Default is defined in the Indenture as (a) default for 30 days in payment of any interest on the Debt Securities of such series; (b) default in payment of principal of or premium, if any, on the Debt Securities of such series when due either at maturity, upon

redemption, by declaration or otherwise; (c) default in the payment of a sinking fund installment, if any, on the Debt Securities of such series; (d) default by the Company in the performance of any other covenant or warranty contained in the Indenture for the benefit of such series which shall not have been remedied for a period of 60 days after notice given as specified in the Indenture; and (e) certain events of bankruptcy, insolvency and reorganization of the Company. (Section 5.1 of the Indenture.) An Event of Default with respect to a particular series of Debt Securities issued under the Indenture does not necessarily constitute an Event of Default with respect to any other series of Debt Securities issued thereunder. The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of any series of any default (except in payment of principal of, or premium, if any, or interest on such Debt Securities) if the Trustee considers it in the

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interest of the holders of Debt Securities of such series to do so; provided, however, that in the case of a default of the character specified in clause (d) above, no such notice to holders of Debt Securities of such series shall be given until at least 30 days after the occurrence thereof. (Section 5.11 of the Indenture.)

The Indenture provides that (1) if an Event of Default described in clause (a), (b), (c) or (d) above with respect to a particular series of Debt Securities shall have occurred and be continuing, either the Trustee or the holders of at least 25% in principal amount of the Debt Securities of such series then outstanding may declare the entire principal (or, in the case of original issue discount Debt Securities, the portion thereof specified in the terms thereof) of all outstanding Debt Securities of such series and the interest accrued thereon, if any, to be due and payable immediately and (2) if an Event of Default described in clause (e) above shall have occurred and be continuing, either the Trustee or the holders of at least 25% in principal amount of all Debt Securities then outstanding thereunder (voting as one class) may declare the entire principal (or, in the case of original issue discount Debt Securities, the portion thereof specified in the terms thereof) of all Debt Securities then outstanding thereunder and the interest accrued thereon, if any, to be due and payable immediately, but upon certain conditions such declarations may be annulled and past defaults (except for defaults in the payment of principal of or premium, if any, or interest on such Debt Securities) may be waived by the holders of a majority in principal amount of the Debt Securities of such series (or of all series thereunder, as the case may be) then outstanding. (Sections 5.1 and 5.10 of the Indenture.)

The Indenture provides that holders of a majority in principal amount of the outstanding Debt Securities of each series affected (with each series voting as a separate class) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee under the Indenture with respect to Debt Securities of such series, subject to certain limitations specified in the Indenture, provided that the holders of Debt Securities shall have offered to the Trustee reasonable security or indemnity against expenses and liabilities. (Sections 5.9 and 6.2(d) of the Indenture.) The Indenture requires the annual delivery by the Company to the Trustee of a written statement as to the absence of certain defaults under the Indenture. (Section 3.5 of the Indenture.) Whenever the Indenture provides for an action by, or the determination of any of the rights of, or any distribution to, holders of Debt Securities denominated in U.S. dollars and in any other currency or currency unit, in the absence of any provision to the contrary in the form of Debt Security of any particular series, any amount in respect of any Debt Security denominated in a currency or currency unit other than U.S. dollars shall be treated for any such action or distribution as the amount of U.S. dollars that could be obtained for such amount on such reasonable basis of exchange and as of such date as the Company reasonably specifies to the Trustee or in the absence of such specification, as the Trustee may determine. (Section 11.11 of the Indenture.) Under the terms of the Indenture, the holders of a majority in aggregate principal amount of all series of the Debt Securities to be affected thereby at the time outstanding may waive compliance with certain covenants contained in the Indenture. (Section 5.10 of the Indenture.)

MODIFICATION OF THE INDENTURE

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Debt Securities of all series affected by such modification at the

time outstanding (voting as one class), to modify the Indenture or any supplemental indenture or the rights of the holders of such Debt Securities; provided that no such modification shall (i) extend the final maturity of any Debt Security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or change the currency or currency unit of payment thereof, or change the method by which amounts of payments of principal or interest thereon are determined, or reduce the portion of the principal amount of an original issue discount Debt Security due and payable upon acceleration of the maturity thereof or the portion of the principal amount thereof provable in bankruptcy, or reduce any amount payable upon redemption of any Debt Security, or impair or affect the right of a holder to institute suit for the payment thereof or, if the Debt Securities provide therefor, any right of repayment at the option of the holder of a Debt Security, without the consent of the holders of each Debt Security so affected or (ii) reduce the aforesaid percentage of Debt Securities of any series, the consent of the holders of which is required for any such modification, without the consent of the holder of each Debt Security so affected. (Section 8.2 of the Indenture.) The Indenture also provides that the Company and the Trustee may from time to time execute supplemental indentures. (Section 8.1 of the Indenture.)

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CONSOLIDATIONS, MERGERS, AND SALES OF ASSETS

The Company may not merge or consolidate with any other corporation or sell or convey all or substantially all of its assets to any Person, unless either the Company shall be the continuing corporation or the successor corporation shall be a corporation organized under the laws of the United States or any state thereof and shall expressly assume the payment of the principal of and interest on the Debt Securities and the performance and observance of all the covenants and conditions of the Indenture binding upon the Company, and the Company or such successor corporation shall not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition. (Article Nine of the Indenture.) No quantitative or other established meaning has been given to the phrase "all or substantially all" by courts which have interpreted this phrase in various contexts. In interpreting this phrase, courts make a subjective determination as to the portion of assets sold or conveyed, considering such factors as the value of the assets sold or conveyed and the proportion of an entity's income derived from the assets sold or conveyed. Accordingly, there may be uncertainty as to whether holders of the Debt Securities can determine whether the Company has sold or conveyed all or substantially all of its assets and exercise any remedies such holders may have upon the occurrence of any such transaction.

DEFERASANCE

The Indenture provides that, unless the terms of any series of Debt Securities provide otherwise, the Company will be discharged from obligations in respect of the outstanding Debt Securities of any series and the provisions of the Indenture with respect thereto (excluding certain obligations, such as obligations to register the transfer or exchange of such outstanding Debt Securities, to replace stolen, lost or mutilated certificates or coupons, and to hold moneys for payment in trust), upon the irrevocable deposit, in trust, of cash or U.S. Government obligations (as defined in the Indenture) which, through the payment of interest and principal thereof in accordance with their terms, will provide cash in an amount sufficient to pay the principal of and premium, if any, and interest on and mandatory sinking fund payments, if any, in respect of outstanding Debt Securities of such series on the stated dates such payments are due in accordance with the terms of the Indenture and such outstanding Debt Securities, provided that the Company has received an opinion of counsel to the effect that such a discharge will not be deemed, or result in, a taxable event with respect to holders of such outstanding Debt Securities and that certain other conditions are met. (Section 10.1(B) of the Indenture.)

SATISFACTION AND DISCHARGE

The Indenture will cease to be of further effect and the Trustee, on demand of and at the expense of the Company, shall execute appropriate instruments acknowledging the satisfaction and discharge of the Indenture upon compliance with certain enumerated conditions, including the Company having paid all sums payable by the Company under the Indenture, when either (a) the Company shall have delivered to the Trustee for cancellation all Debt Securities theretofore authenticated or (b) all Debt Securities not theretofore delivered to the

Trustee for cancellation shall have become due and payable or are by their terms to become due and payable within one year. (Section 10.1(A) of the Indenture.)

GOVERNING LAW

The Debt Securities and the Indenture will be governed by the laws of the State of New York. (Section 11.8 of the Indenture.)

CONCERNING THE TRUSTEE

The First National Bank of Boston is the Trustee under the Indenture. The First National Bank of Boston has made and may from time to time make loans to the Company in the normal course of business. The First National Bank of Boston also serves as trustee for the Company's outstanding 10% Notes due December 15, 2000 and the Company's outstanding 7% Notes due October 1, 2013.

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PLAN OF DISTRIBUTION

The Company may sell the Debt Securities being offered hereby (i) through agents, (ii) through underwriters, (iii) through dealers or (iv) directly to one or more purchasers. The Prospectus Supplement with respect to a particular offering of Debt Securities will set forth the terms of the offering of such Debt Securities, including the name or names of the specific agents, dealers or underwriters (including managing underwriters, if any), the purchase price and the proceeds to the Company from such sales, any underwriting discounts, agency fees or commissions and other items constituting compensation to the underwriters, agents or dealers, initial public offering price, any discounts or concessions to be allowed or reallocated or paid to dealers, the securities exchange, if any, on which such Debt Securities may be listed, and the place and time of delivery of the Debt Securities offered.

Debt Securities may be offered and sold through agents designated by the Company from time to time. Unless otherwise indicated in the applicable Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter, as that term is defined in the Securities Act, of any Debt Securities so offered and sold. Agents may be entitled under agreements which may be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

If an underwriter or underwriters are utilized in the sale of any Debt Securities, the Company will execute an underwriting agreement with such underwriter or underwriters at the time an agreement for such sale is reached. Such underwriter or underwriters will acquire Debt Securities for their own account and may resell such Debt Securities from time to time in one or more transactions, including negotiated transactions, at fixed public offering prices or at varying prices determined at the time of sale. Debt Securities may be offered to the public either through underwriting syndicates represented by managing underwriters, or by underwriters without a syndicate. The underwriters may be entitled, under the relevant underwriting agreement, to indemnification by the Company against certain liabilities, including liabilities under the Securities Act. If any underwriter or underwriters are utilized in the sale of any Debt Securities, unless otherwise set forth in the applicable Prospectus Supplement, the underwriting agreement will provide that the obligations of the underwriters will be subject to certain conditions precedent and that the underwriters with respect to a sale of such Debt Securities will be obligated to purchase all such Debt Securities if any are purchased.

If a dealer is utilized in the sale of any Debt Securities in respect of which this Prospectus is delivered, the Company will sell such Debt Securities to the dealer, as principal. The dealer may then resell such Debt Securities to the public at varying prices to be determined by such dealer at the time of resale. Any such dealer may be deemed to be an underwriter, as such term is defined in the Securities Act, of the Debt Securities so offered and sold. Dealers may be entitled, under agreements which may be entered into with the Company, to indemnification by the Company against certain liabilities, including liabilities under the Securities Act. The name of the dealer and the terms of the transaction will be set forth in a Prospectus Supplement relating thereto.

Offers to purchase Debt Securities may be solicited directly by the Company and sales thereof may be made by the Company directly to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act with respect to any sale thereof. The terms of any such sales will be described in a Prospectus Supplement relating thereto.

If so indicated in an appropriate Prospectus Supplement, the Company may authorize agents and underwriters to solicit offers by certain institutions to purchase Debt Securities from the Company at the public offering price set forth in such Prospectus Supplement pursuant to delayed delivery contracts ("Contracts") providing for payment and delivery on the date stated in such Prospectus Supplement. Each Contract will be for an amount not less than and, unless the Company otherwise agrees, the aggregate principal amount of Debt Securities sold pursuant to Contracts shall be not less nor more than the respective amounts stated in such Prospectus Supplement. Institutions with whom Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutions, but shall in all cases be subject to the approval of the Company in its sole discretion. The obligations of a purchaser under any Contract will not be subject to

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any conditions except that any related sale of Debt Securities to underwriters shall have occurred and the purchase by an institution of the Debt Securities covered by its Contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject. A commission indicated in such Prospectus Supplement will be paid to underwriters and agents soliciting purchases of Debt Securities pursuant to Contracts accepted by the Company. The underwriters or agents will not have any responsibility in respect of the validity or performance of Contracts.

The place and time of delivery of the Debt Securities in respect of which this Prospectus is delivered will be set forth in an accompanying Prospectus Supplement.

LEGAL MATTERS

Unless otherwise indicated in a Prospectus Supplement relating to the Debt Securities, certain legal matters in connection with the Debt Securities will be passed upon for the Company by Baker & Hostetler, Cleveland, Ohio. Certain legal matters in connection with the Debt Securities offered hereby will be passed upon for any purchasers, dealers, underwriters or agents by Stroock & Stroock & Lavan, New York, New York. Stroock & Stroock & Lavan may rely as to all matters of Ohio law on the opinion of Baker & Hostetler, and Baker & Hostetler may rely as to all matters of New York law on the opinion of Stroock & Stroock & Lavan. Stroock & Stroock & Lavan has represented the Company from time to time and may continue to represent the Company in connection with certain legal matters.

EXPERTS

The consolidated financial statements and schedules of The Progressive Corporation and subsidiaries as of December 31, 1992, and for each of the years in the three-year period then ended, all incorporated by reference in the Registration Statement of which this Prospectus forms a part, have been incorporated herein in reliance on the report of Coopers & Lybrand, independent accountants, given on the authority of that firm as experts in accounting and auditing.

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