

The Progressive Corporation
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PROGRESSIVE REPORTS DECEMBER RESULTS

MAYFIELD VILLAGE, OHIO -- January 24, 2024 -- The Progressive Corporation (NYSE:PGR) today reported the following results for December 2023 and the fourth quarter of 2023:

(millions, except per share amounts and ratios; unaudited)	December	Quarter		
	2023	2023	2022	Change
Net premiums written	\$ 4,875.9	\$ 15,129.8	\$ 12,460.2	21 %
Net premiums earned	\$ 5,310.4	\$ 15,772.6	\$ 12,891.5	22 %
Net income	\$ 901.2	\$ 1,987.8	\$ 826.4	141 %
Per share available to common shareholders	\$ 1.53	\$ 3.37	\$ 1.40	141 %
Total pretax net realized gains (losses) on securities	\$ 144.0	\$ 303.4	\$ (72.8)	NM
Combined ratio	83.4	88.7	93.9	(5.2) pts.
Combined ratio – prior year month	93.3			
Average diluted equivalent common shares	587.4	587.5	587.1	0 %

NM = Not Meaningful

In October 2023, we converted our monthly accounting closing calendar to align with the Gregorian calendar. We do not expect that this change will have a material impact on our reported quarterly and annual underwriting results but it may impact our year-over-year comparisons on monthly results from October 2023 through September 2024. Therefore, during this time period, we have modified and limited the content of the earnings release, compared to our historical reporting. See the Monthly Commentary at the end of the October 2023 release, issued November 17, 2023, for further discussion on the closing calendar conversion.

(thousands; unaudited)	December		
	2023	2022	Change
Policies in Force			
Personal Lines			
Agency – auto	8,335.5	7,766.3	7 %
Direct – auto	11,190.4	10,131.0	10 %
Total personal auto	19,525.9	17,897.3	9 %
Total special lines	5,968.6	5,558.1	7 %
Total Personal Lines	25,494.5	23,455.4	9 %
Total Commercial Lines	1,098.5	1,046.4	5 %
Total Property business	3,096.5	2,851.3	9 %
Companywide Total	29,689.5	27,353.1	9 %

Progressive offers personal and commercial insurance throughout the United States. Our Personal Lines business writes insurance for personal autos and special lines products. Our Commercial Lines business writes auto-related liability and physical damage insurance, business-related general liability and property insurance predominantly for small businesses, and workers' compensation insurance primarily for the transportation industry. Our Property business writes residential property insurance for homeowners, other property owners, and renters.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPREHENSIVE INCOME STATEMENT

December 2023

(millions)

(unaudited)

	Current Month	Comments on Monthly Results¹
Net premiums written	<u>\$ 4,875.9</u>	
Revenues:		
Net premiums earned	\$ 5,310.4	
Investment income	141.7	Includes a \$54 million decrease related to accretion on our structured securities that was incorrectly recorded in the prior year. There is no impact on comprehensive income since the offset was reported in unrealized gains (losses) on fixed-maturity securities.
Net realized gains (losses) on securities:		
Net realized gains (losses) on security sales	6.4	
Net holding period gains (losses) on securities	138.3	
Net impairment losses recognized in earnings	<u>(0.7)</u>	
Total net realized gains (losses) on securities	144.0	
Fees and other revenues	74.8	
Service revenues	<u>24.0</u>	
Total revenues	<u>5,694.9</u>	
Expenses:		
Losses and loss adjustment expenses	3,574.8	
Policy acquisition costs	412.4	
Other underwriting expenses	518.8	
Investment expenses	2.3	
Service expenses	27.4	
Interest expense	<u>23.2</u>	
Total expenses	<u>4,558.9</u>	
Income before income taxes	1,136.0	
Provision for income taxes	<u>234.8</u>	
Net income	<u>901.2</u>	
Other comprehensive income (loss)		
Changes in:		
Total net unrealized gains (losses) on fixed-maturity securities	817.7	
Net unrealized losses on forecasted transactions	0	
Foreign currency translation adjustment	<u>0.2</u>	
Other comprehensive income (loss)	<u>817.9</u>	
Total comprehensive income (loss)	<u>\$ 1,719.1</u>	

¹ See the Monthly Commentary at the end of this release for additional discussion. For a description of our financial reporting and accounting policies as it applies to information contained throughout this release, see Note 1 to our 2022 audited consolidated financial statements included in our 2022 Shareholders' Report, which can be found at www.progressive.com/annualreport.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPREHENSIVE INCOME STATEMENTS

December 2023

(millions)

(unaudited)

	Full Year	
	2023	2022
Net premiums written	\$ 61,550.2	\$ 51,081.1
Revenues:		
Net premiums earned	\$ 58,664.4	\$ 49,241.2
Investment income	1,891.8	1,260.3
Net realized gains (losses) on securities:		
Net realized gains (losses) on security sales	13.7	196.5
Net holding period gains (losses) on securities	348.4	(2,100.1)
Net impairment losses recognized in earnings	(9.0)	(8.6)
Total net realized gains (losses) on securities	353.1	(1,912.2)
Fees and other revenues	889.1	722.1
Service revenues	310.1	299.3
Total revenues	62,108.5	49,610.7
Expenses:		
Losses and loss adjustment expenses	45,654.6	38,122.7
Policy acquisition costs	4,665.1	3,917.0
Other underwriting expenses	6,241.5	5,859.6
Investment expenses	26.2	24.3
Service expenses	349.0	296.7
Interest expense	268.4	243.5
Goodwill impairment	0	224.8
Total expenses	57,204.8	48,688.6
Income before income taxes	4,903.7	922.1
Provision for income taxes	1,001.3	200.6
Net income	3,902.4	721.5
Other comprehensive income (loss)		
Changes in:		
Total net unrealized gains (losses) on fixed-maturity securities	1,185.5	(2,842.5)
Net unrealized losses on forecasted transactions	0.5	0.4
Foreign currency translation adjustment	0.3	(0.6)
Other comprehensive income (loss)	1,186.3	(2,842.7)
Total comprehensive income (loss)	\$ 5,088.7	\$ (2,121.2)

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET INCOME AND COMPREHENSIVE INCOME PER SHARE
&
INVESTMENT RESULTS
December 2023
(millions – except per share amounts)
(unaudited)

The following table sets forth the computation of per share results:

	Current Month	Full Year	
		2023	2022
Net income	\$ 901.2	\$ 3,902.4	\$ 721.5
Less: Preferred share dividends	3.5	37.6	26.9
Net income available to common shareholders	<u>\$ 897.7</u>	<u>\$ 3,864.8</u>	<u>\$ 694.6</u>
Per common share:			
Basic	\$ 1.53	\$ 6.61	\$ 1.19
Diluted	\$ 1.53	\$ 6.58	\$ 1.18
Comprehensive income (loss)	\$ 1,719.1	\$ 5,088.7	\$ (2,121.2)
Less: Preferred share dividends	3.5	37.6	26.9
Comprehensive income (loss) attributable to common shareholders	<u>\$ 1,715.6</u>	<u>\$ 5,051.1</u>	<u>\$ (2,148.1)</u>
Per common share:			
Diluted	\$ 2.92	\$ 8.60	\$ (3.68)
Average common shares outstanding - Basic	585.0	584.9	584.4
Net effect of dilutive stock-based compensation	<u>2.4</u>	<u>2.6</u>	<u>2.7</u>
Total average equivalent common shares - Diluted	<u><u>587.4</u></u>	<u><u>587.5</u></u>	<u><u>587.1</u></u>

The following table sets forth the investment results for the period:

	Current Month	Full Year	
		2023	2022
Fully taxable equivalent (FTE) total return:			
Fixed-income securities	1.9%	5.4%	(6.6)%
Common stocks	4.8%	26.7%	(19.4)%
Total portfolio	2.0%	6.3%	(7.8)%
Pretax annualized investment income book yield ¹	2.6%	3.1%	2.4%

¹ See the investment income commentary on the monthly comprehensive income statement on page 2.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION

December 2023

(\$ in millions)

(unaudited)

Current Month						
	Personal Lines Business			Commercial Lines Business	Property Business	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$ 1,865.8	\$ 2,146.3	\$ 4,012.1	\$ 623.1	\$ 240.7	\$ 4,875.9
Net Premiums Earned	\$ 1,930.4	\$ 2,284.3	\$ 4,214.7	\$ 863.7	\$ 231.8	\$ 5,310.4
GAAP Ratios						
Loss/LAE ratio	66.5	67.2	66.9	74.8	39.3	67.1
Expense ratio	18.2	12.4	15.0	18.9	29.6	16.3
Combined ratio	84.7	79.6	81.9	93.7	68.9	83.4
Net catastrophe loss ratio ¹			0.7	0.2	(1.0)	0.5
Actuarial Adjustments²						
Reserve Decrease/(Increase)						
Prior accident years						\$ (4.8)
Current accident year						26.9
Calendar year actuarial adjustment	\$ 4.4	\$ 17.2	\$ 21.6	\$ (13.0)	\$ 13.5	\$ 22.1
Prior Accident Years Development						
Favorable/(Unfavorable)						
Actuarial adjustment						\$ (4.8)
All other development						48.9
Total development						\$ 44.1
Calendar year loss/LAE ratio						67.1
Accident year loss/LAE ratio						67.9

¹ Represents catastrophe losses incurred during the period, including the impact of reinsurance, as a percent of net premiums earned.

² Represents adjustments solely based on our normally scheduled actuarial reviews. For our Property business, the actuarial reserving methodology includes changes to catastrophe losses, while the reviews in our vehicle businesses do not include catastrophes.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION

December 2023

(\$ in millions)

(unaudited)

Full Year						
	Personal Lines Business			Commercial Lines Business	Property Business	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$ 22,277.9	\$ 26,303.1	\$ 48,581.0	\$ 10,138.3	\$ 2,830.6	\$ 61,550.2
% Growth in NPW	22%	26%	24%	8%	18%	20%
Net Premiums Earned	\$ 21,198.2	\$ 25,015.1	\$ 46,213.3	\$ 9,898.7	\$ 2,551.4	\$ 58,664.4
% Growth in NPE	19%	24%	22%	9%	12%	19%
<u>GAAP Ratios</u>						
Loss/LAE ratio	77.0	78.4	77.8	79.0	69.6	77.6
Expense ratio	18.1	14.3	16.0	19.8	29.3	17.3
Combined ratio	95.1	92.7	93.8	98.8	98.9	94.9
Net catastrophe loss ratio ¹			2.4	0.4	25.8	3.1
<u>Actuarial Adjustments</u> ²						
Reserve Decrease/(Increase)						
Prior accident years					\$	(453.9)
Current accident year						(586.6)
Calendar year actuarial adjustment	\$ (382.7)	\$ (386.6)	\$ (769.3)	\$ (317.0)	45.8	\$ (1,040.5)
<u>Prior Accident Years Development</u>						
Favorable/(Unfavorable)						
Actuarial adjustment					\$	(453.9)
All other development						(640.1)
Total development						\$ (1,094.0)
Calendar year loss/LAE ratio						77.6
Accident year loss/LAE ratio						75.7

¹ Represents catastrophe losses incurred during the period, including the impact of reinsurance, as a percent of net premiums earned.

² Represents adjustments solely based on our normally scheduled actuarial reviews. For our Property business, the actuarial reserving methodology includes changes to catastrophe losses, while the reviews in our vehicle businesses do not include catastrophes.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
BALANCE SHEET AND OTHER INFORMATION
(millions - except per share amounts and common shares repurchased)
(unaudited)

December 2023

CONDENSED GAAP BALANCE SHEET:	
Investments, at fair value:	
Available-for-sale securities:	
Fixed maturities ¹ (amortized cost: \$62,441.9)	\$ 60,378.2
Short-term investments (amortized cost: \$1,789.9)	1,789.9
Total available-for-sale securities	62,168.1
Equity securities:	
Nonredeemable preferred stocks (cost: \$977.1)	902.1
Common equities (cost: \$706.0)	2,928.4
Total equity securities	3,830.5
Total investments ^{2,3}	65,998.6
Net premiums receivable	11,958.2
Reinsurance recoverables (including \$4,789.0 on unpaid loss and LAE reserves)	5,093.9
Deferred acquisition costs	1,687.4
Other assets ²	3,952.7
Total assets	\$ 88,690.8
Unearned premiums	\$ 20,133.7
Loss and loss adjustment expense reserves	34,389.2
Other liabilities	7,002.2
Debt	6,888.6
Total liabilities	68,413.7
Shareholders' equity	20,277.1
Total liabilities and shareholders' equity	\$ 88,690.8
Common shares outstanding	585.3
Common shares repurchased - actual	274
Average cost per common share	\$ 163.55
Book value per common share	\$ 33.80
Trailing 12-month return on average common shareholders' equity	
Net income	22.9 %
Comprehensive income	30.0 %
Net unrealized pretax gains (losses) on fixed-maturity securities	\$ (2,034.6)
Increase (decrease) from November 2023	\$ 1,037.3
Increase (decrease) from December 2022	\$ 1,503.0
Debt-to-total capital ratio	25.4 %
Fixed-income portfolio duration	3.0
Weighted average credit quality	AA-

¹ As of December 31, 2023, we held certain hybrid securities and recognized a change in fair value of \$29.1 million as a realized loss during the period we held these securities.

² At December 31, 2023, we had \$45.6 million of net unsettled security transactions classified in "other assets."

³ Includes \$4.2 billion, net of unsettled security transactions, of investments in a consolidated, non-insurance subsidiary of the holding company.

Monthly Commentary

- Our underwriting profitability for the month benefited from a significant year-over-year decrease in our personal auto incurred frequency, excluding comprehensive losses. Comparing to prior Decembers, our incurred frequency this year was the lowest that we have experienced in at least the last 20 years. We believe that underwriting actions, a shift in the mix of business to a more preferred tier of customers, mild weather conditions, and the change in our monthly accounting closing calendar, among other factors, contributed to the unusually low frequency during the month.
- In January 2024, we decided to redeem all of the outstanding Series B Fixed-to-Floating Rate Cumulative Perpetual Serial Preferred Shares, pursuant to authorization from our Board of Directors. These shares will be redeemed at the stated amount of \$1,000 per share, for an aggregate payout of \$500 million, plus all accrued and unpaid dividends to, but excluding, February 22, 2024, which is the redemption date.

Events

Our fourth quarter Investor Relations conference call is currently scheduled to be held on Tuesday, February 27, 2024, at 9:30 a.m. eastern time. This conference call, which will consist of both a conference call and webcast, is scheduled to last 90 minutes and will begin with an approximate 45-minute presentation on our Destination Era strategy, followed by a question and answer session with Tricia Griffith, our CEO, and John Sauerland, our CFO. We plan to post our 2023 Shareholders' Report online and file our Annual Report on Form 10-K with the SEC on Monday, February 26, 2024. If the dates of our events, which are always subject to change, are rescheduled, we will announce the change in a press release as soon as practical and publish it on our investor website. Details regarding access to the teleconference, or any event changes, will be available at: <https://investors.progressive.com/events>.

We plan to release January results on Wednesday, February 14, 2024, before the market opens.

About Progressive

Progressive Insurance[®] makes it easy to understand, buy and use car insurance, home insurance, and other protection needs.

Progressive offers choices so consumers can reach us however it's most convenient for them — online at [progressive.com](https://www.progressive.com), by phone at 1-800-PROGRESSIVE, via the Progressive mobile app, or in-person with a local agent.

Progressive provides insurance for personal and commercial autos and trucks, motorcycles, boats, recreational vehicles, and homes; it is the second largest auto insurer in the country, a leading seller of commercial auto, motorcycle, and boat insurance, and one of the top 15 homeowners insurance carriers.

Founded in 1937, Progressive continues its long history of offering shopping tools and services that save customers time and money, like Name Your Price[®], Snapshot[®], and HomeQuote Explorer[®].

The Common Shares of The Progressive Corporation, the Mayfield Village, Ohio-based holding company, trade publicly at NYSE: PGR.

Regulation FD Disclosure Outlets

The Company disseminates information to the public about the Company, its products, services and other matters through various outlets in order to achieve broad, non-exclusionary distribution of information to the public. These outlets include the Company's website ([progressive.com](https://www.progressive.com)) and its investor relations website (investors.progressive.com). We encourage investors and others to review the information the Company makes public through these outlets, as such information distributed through these outlets may be considered to be material information.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Investors are cautioned that certain statements in this report not based upon historical fact are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements often use words such as “estimate,” “expect,” “intend,” “plan,” “believe,” “goal,” “target,” “anticipate,” “will,” “could,” “likely,” “may,” “should,” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. Forward-looking statements are not guarantees of future performance, are based on current expectations and projections about future events, and are subject to certain risks, assumptions and uncertainties that could cause actual events and results to differ materially from those discussed herein. These risks and uncertainties include, without limitation, uncertainties related to:

- our ability to underwrite and price risks accurately and to charge adequate rates to policyholders;
- our ability to establish accurate loss reserves;
- the impact of severe weather, other catastrophe events, and climate change;
- the effectiveness of our reinsurance programs and the continued availability of reinsurance and performance by reinsurers;
- the secure and uninterrupted operation of the systems, facilities, and business functions and the operation of various third-party systems that are critical to our business;
- the impacts of a security breach or other attack involving our technology systems or the systems of one or more of our vendors;
- our ability to maintain a recognized and trusted brand and reputation;
- whether we innovate effectively and respond to our competitors’ initiatives;
- whether we effectively manage complexity as we develop and deliver products and customer experiences;
- our ability to attract, develop, and retain talent and maintain appropriate staffing levels;
- the impact of misconduct or fraudulent acts by employees, agents, and third parties to our business and/or exposure to regulatory assessments;
- the highly competitive nature of property-casualty insurance markets;
- whether we adjust claims accurately;
- compliance with complex and changing laws and regulations;
- litigation challenging our business practices, and those of our competitors and other companies;
- the success of our business strategy and efforts to acquire or develop new products or enter into new areas of business and navigate related risks;
- how intellectual property rights affect our competitiveness and our business operations;
- the performance of our fixed-income and equity investment portfolios;
- the impact on our investment returns and strategies from regulations and societal pressures relating to environmental, social, governance and other public policy matters;
- our continued ability to access our cash accounts and/or convert investments into cash on favorable terms;
- the impact if one or more parties with which we enter into significant contracts or transact business fail to perform;
- legal restrictions on our insurance subsidiaries’ ability to pay dividends to The Progressive Corporation;
- limitations on our ability to pay dividends on our common shares under the terms of our outstanding preferred shares;
- our ability to obtain capital when necessary to support our business and potential growth;
- evaluations by credit rating and other rating agencies;
- the variable nature of our common share dividend policy;
- whether our investments in certain tax-advantaged projects generate the anticipated returns;
- the impact from not managing to short-term earnings expectations in light of our goal to maximize the long-term value of the enterprise;
- the impacts of epidemics, pandemics, or other widespread health risks; and
- other matters described from time to time in our releases and publications, and in our periodic reports and other documents filed with the United States Securities and Exchange Commission, including, without limitation, the Risk Factors section of our Annual Report on Form 10-K for the year ending December 31, 2022.

Any forward-looking statements are made only as of the date presented. Except as required by applicable law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

In addition, investors should be aware that accounting principles generally accepted in the United States prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when we establish reserves for one or more contingencies. Also, our regular reserve reviews may result in adjustments of varying magnitude as additional information regarding claims activity becomes known. Reported results, therefore, may be volatile in certain accounting periods.