

The Progressive Corporation
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PROGRESSIVE REPORTS FEBRUARY RESULTS

MAYFIELD VILLAGE, OHIO -- March 16, 2022 -- The Progressive Corporation (NYSE:PGR) today reported the following results for February 2022:

(millions, except per share amounts and ratios; unaudited)	February		
	2022	2021	Change
Net premiums written ¹	\$ 4,625.7	\$ 3,852.4	20 %
Net premiums earned	\$ 3,626.1	\$ 3,202.5	13 %
Net income	\$ 61.6	\$ 354.6	(83) %
Per share available to common shareholders	\$ 0.10	\$ 0.60	(83) %
Total pretax net realized gains (losses) on securities	\$ (209.4)	\$ 128.4	(263) %
Combined ratio	93.7	91.4	2.3 pts.
Average diluted equivalent common shares	586.3	586.8	0 %

¹Year-over-year growth is primarily attributable to significant growth in our Commercial Lines business; see page 5 for additional discussion.

(thousands; unaudited)	February		
	2022	2021	Change
Policies in Force			
Personal Lines			
Agency – auto	7,805.6	7,752.6	1 %
Direct – auto	9,558.8	9,132.3	5 %
Total personal auto	17,364.4	16,884.9	3 %
Total special lines	5,318.0	4,957.4	7 %
Total Personal Lines	22,682.4	21,842.3	4 %
Total Commercial Lines	989.2	842.0	17 %
Total Property business	2,790.3	2,529.7	10 %
Companywide Total	26,461.9	25,214.0	5 %

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, workers' compensation coverage primarily for the transportation industry, and business-related general liability and property insurance, predominantly for small businesses. Our Property business writes residential property insurance for homeowners, other property owners, and renters.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPREHENSIVE INCOME STATEMENT

February 2022

(millions)

(unaudited)

	Current Month	Comments on Monthly Results¹
Net premiums written	\$ 4,625.7	
Revenues:		
Net premiums earned	\$ 3,626.1	
Investment income	75.5	
Net realized gains (losses) on securities:		
Net realized gains (losses) on security sales	(19.0)	
Net holding period gains (losses) on securities	(189.7)	
Net impairment losses recognized in earnings	(0.7)	
Total net realized gains (losses) on securities	(209.4)	
Fees and other revenues	54.4	
Service revenues	20.8	
Total revenues	3,567.4	
Expenses:		
Losses and loss adjustment expenses	2,706.0	
Policy acquisition costs	296.1	
Other underwriting expenses	448.9	
Investment expenses	2.1	
Service expenses	19.8	
Interest expense	17.2	
Total expenses	3,490.1	
Income before income taxes	77.3	
Provision for income taxes	15.7	
Net income	61.6	
Other comprehensive income (loss)		
Changes in:		
Total net unrealized gains (losses) on fixed-maturity securities	(275.1)	
Net unrealized losses on forecasted transactions	0	
Foreign currency translation adjustment	0.1	
Other comprehensive income (loss)	(275.0)	
Total comprehensive income (loss)	\$ (213.4)	

¹ For a description of our financial reporting and accounting policies, see Note 1 to our 2021 audited consolidated financial statements included in our 2021 Shareholders' Report, which can be found at www.progressive.com/annualreport.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPREHENSIVE INCOME STATEMENTS

February 2022

(millions)

(unaudited)

	Year-to-Date		% Change
	2022	2021	
Net premiums written	\$ 9,210.9	\$ 7,956.6	16
Revenues:			
Net premiums earned	\$ 8,100.9	\$ 7,150.3	13
Investment income	147.9	134.2	10
Net realized gains (losses) on securities:			
Net realized gains (losses) on security sales	(40.9)	116.2	(135)
Net holding period gains (losses) on securities	(515.0)	120.4	NM
Net impairment losses recognized in earnings	(1.4)	0	NM
Total net realized gains (losses) on securities	(557.3)	236.6	(336)
Fees and other revenues	119.5	111.9	7
Service revenues	44.6	38.0	17
Total revenues	7,855.6	7,671.0	2
Expenses:			
Losses and loss adjustment expenses	5,989.9	4,864.9	23
Policy acquisition costs	661.7	598.5	11
Other underwriting expenses	1,023.4	983.8	4
Investment expenses	4.1	4.0	2
Service expenses	41.7	34.5	21
Interest expense	34.3	37.6	(9)
Total expenses	7,755.1	6,523.3	19
Income before income taxes	100.5	1,147.7	(91)
Provision for income taxes	13.1	235.6	(94)
Net income	87.4	912.1	(90)
Other comprehensive income (loss)			
Changes in:			
Total net unrealized gains (losses) on fixed-maturity securities	(672.2)	(333.6)	101
Net unrealized losses on forecasted transactions	0.1	0.2	(50)
Foreign currency translation adjustment	0	0	NM
Other comprehensive income (loss)	(672.1)	(333.4)	102
Total comprehensive income (loss)	\$ (584.7)	\$ 578.7	(201)

NM = Not Meaningful

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET INCOME AND COMPREHENSIVE INCOME PER SHARE
&
INVESTMENT RESULTS
February 2022
(millions – except per share amounts)
(unaudited)

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

	Current Month	Year-to-Date	
		2022	2021
Net income	\$ 61.6	\$ 87.4	\$ 912.1
Less: Preferred share dividends	2.3	4.5	4.5
Net income available to common shareholders	<u>\$ 59.3</u>	<u>\$ 82.9</u>	<u>\$ 907.6</u>
Per common share:			
Basic	\$ 0.10	\$ 0.14	\$ 1.55
Diluted	\$ 0.10	\$ 0.14	\$ 1.55
Comprehensive income (loss)	\$ (213.4)	\$ (584.7)	\$ 578.7
Less: Preferred share dividends	2.3	4.5	4.5
Comprehensive income (loss) attributable to common shareholders	<u>\$ (215.7)</u>	<u>\$ (589.2)</u>	<u>\$ 574.2</u>
Per common share:			
Diluted	\$ (0.37)	\$ (1.01)	\$ 0.98
Average common shares outstanding - Basic	584.3	584.3	585.0
Net effect of dilutive stock-based compensation	2.0	2.0	2.0
Total average equivalent common shares - Diluted	<u>586.3</u>	<u>586.3</u>	<u>587.0</u>

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

	Current Month	Year-to-Date	
		2022	2021
Fully taxable equivalent (FTE) total return:			
Fixed-income securities	(0.7)%	(1.8)%	(0.5)%
Common stocks	(2.7)%	(8.1)%	3.8%
Total portfolio	(0.9)%	(2.4)%	(0.1)%
Pretax annualized investment income book yield	1.9%	1.8%	1.9%

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION

February 2022

(\$ in millions)

(unaudited)

Current Month							
	Personal Lines Business			Commercial Lines Business	Property Business	Companywide Total	
	Agency	Direct	Total				
Net Premiums Written	\$ 1,481.5	\$ 1,699.0	\$ 3,180.5	\$ 1,276.9	\$ 168.4	\$ 4,625.7	
% Growth in NPW	2%	4%	3%	104% ¹	12%	20%	
Net Premiums Earned	\$ 1,330.7	\$ 1,475.2	\$ 2,805.9	\$ 647.8	\$ 172.2	\$ 3,626.1	
% Growth in NPE	6%	8%	7%	50%	18%	13%	
<u>GAAP Ratios</u>							
Loss/LAE ratio	74.8	76.6	75.8	75.6	53.3	74.7	
Expense ratio	17.9	18.9	18.4	19.1	28.3 ²	19.0	
Combined ratio	92.7	95.5	94.2	94.7	81.6 ²	93.7	
Net catastrophe loss ratio ³			0.3	0.1	0.7	0.3	
<u>Actuarial Adjustments⁴</u>							
Reserve Decrease/(Increase)							
Prior accident years						\$	32.7
Current accident year							3.2
Calendar year actuarial adjustment	\$ 21.6	\$ 24.2	\$ 45.8	\$ (9.3)	\$ (0.6)	\$	35.9
<u>Prior Accident Years Development</u>							
Favorable/(Unfavorable)							
Actuarial adjustment						\$	32.7
All other development							(42.9)
Total development						\$	(10.2)
Calendar year loss/LAE ratio							74.7
Accident year loss/LAE ratio							74.4

¹The net premiums written growth for the month primarily reflects growth in the transportation network company (TNC) business due to: (a) policy renewal of certain TNC policies for a 12-month term, compared to the previous 6-month policy period, which has about double the amount of premiums per policy; (b) an increase in projected mileage, which is the basis for computing premiums, as the industry continues to recover from the pandemic; and (c) rate increases taken to address profitability. Excluding the TNC business, the Commercial Lines net premiums written growth would have been about 40% with our for-hire transportation business market target continuing to experience solid growth.

²Included in both the expense ratio and combined ratio is 2.7 points of amortization expense predominately associated with the acquisition of a controlling interest in ARX. Excluding these additional expenses, the Property business would have reported an expense ratio of 25.6 and a combined ratio of 78.9.

³Represents catastrophe losses incurred during the period, including the impact of reinsurance, as a percent of net premiums earned.

⁴Represents 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

February 2022

(\$ in millions)

(unaudited)

	Year-to-Date					
	Personal Lines Business			Commercial Lines Business	Property Business	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$ 3,112.2	\$ 3,620.9	\$ 6,733.1	\$ 2,153.9	\$ 323.9	\$ 9,210.9
% Growth in NPW	2%	6%	4%	79%	13%	16%
Net Premiums Earned	\$ 2,988.4	\$ 3,306.8	\$ 6,295.2	\$ 1,441.5	\$ 363.8	\$ 8,100.9
% Growth in NPE	6%	8%	7%	49%	18%	13%
<u>GAAP Ratios</u>						
Loss/LAE ratio	74.2	77.1	75.7	71.9	51.3	74.0
Expense ratio	17.8	19.9	18.9	18.9	27.9 ¹	19.3
Combined ratio	92.0	97.0	94.6	90.8	79.2 ¹	93.3
Net catastrophe loss ratio ²			0.3	0.1	1.8	0.3
<u>Actuarial Adjustments</u> ³						
Reserve Decrease/(Increase)						
Prior accident years					\$	43.0
Current accident year						2.2
Calendar year actuarial adjustment	\$ 18.4	\$ 22.7	\$ 41.1	\$ (10.1)	\$ 14.2	\$ 45.2
<u>Prior Accident Years Development</u>						
Favorable/(Unfavorable)						
Actuarial adjustment					\$	43.0
All other development						(236.5)
Total development					\$	(193.5)
Calendar year loss/LAE ratio						74.0
Accident year loss/LAE ratio						71.6

¹Included in both the expense ratio and combined ratio is 2.6 points of amortization expense predominately associated with the acquisition of a controlling interest in ARX. Excluding these additional expenses, the Property business would have reported an expense ratio of 25.3 and a combined ratio of 76.6.

²Represents catastrophe losses incurred during the period, including the impact of reinsurance, as a percent of net premiums earned.

³Represents 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)
(unaudited)

**February
2022**

CONDENSED GAAP BALANCE SHEET:	
Investments, at fair value:	
Available-for-sale securities:	
Fixed maturities ¹ (amortized cost: \$45,390.5)	\$ 44,592.1
Short-term investments (amortized cost: \$444.4)	444.4
Total available-for-sale securities	<u>45,036.5</u>
Equity securities:	
Nonredeemable preferred stocks (cost: \$1,560.6)	1,560.4
Common equities (cost: \$1,261.1)	4,635.2
Total equity securities	<u>6,195.6</u>
Total investments ²	<u>51,232.1</u>
Net premiums receivable	10,287.5
Reinsurance recoverables (including \$4,776.9 on unpaid loss and LAE reserves)	5,043.8
Deferred acquisition costs	1,385.7
Goodwill and intangible assets	560.2
Other assets	3,595.6
Total assets	<u>\$ 72,104.9</u>
Unearned premiums	\$ 16,720.7
Loss and loss adjustment expense reserves	26,522.4
Other liabilities ²	6,331.6
Debt ³	4,899.3
Total liabilities	<u>54,474.0</u>
Shareholders' equity	17,630.9
Total liabilities and shareholders' equity	<u>\$ 72,104.9</u>
Common shares outstanding	584.9
Common shares repurchased - February	0
Average cost per common share	\$ 0
Book value per common share	\$ 29.30
Trailing 12-month return on average common shareholders' equity	
Net income	13.9 %
Comprehensive income	7.1 %
Net unrealized pretax gains (losses) on fixed-maturity securities	\$ (779.5)
Increase (decrease) from January 2022	\$ (348.1)
Increase (decrease) from December 2021	\$ (850.9)
Debt-to-total capital ratio ³	21.7 %
Fixed-income portfolio duration	3.1
Weighted average credit quality	AA-

¹ As of February 28, 2022, we held certain hybrid securities and recognized a change in fair value of \$18.9 million as a realized loss during the period we held these securities.

² At February 28, 2022, we had \$169.8 million of net unsettled security transactions classified in "other liabilities."

³ On March 2, 2022, we issued \$500 million 2.50% senior notes due 2027, \$500 million 3.00% senior notes due 2032, and \$500 million 3.70% senior notes due 2052, and received aggregate proceeds of \$1,486.0 million, net of underwriting discounts and expenses. Adjusting for the debt issuances, our debt-to-total capital ratio would have been 26.6% at February 28, 2022.

Monthly Commentary

- The Company has no additional commentary regarding February's results.

Events

We plan to release March results on Thursday, April 14, 2022, 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 whenever, wherever and however it's most convenient - online at progressive.com, by phone at 1-800-PROGRESSIVE, on a mobile device 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 third largest car insurer in the country, a leading seller of motorcycle and commercial auto 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.

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,” 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 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 highly competitive nature of property-casualty insurance markets;
- whether we innovate effectively and respond to our competitors’ initiatives;
- whether we effectively manage complexity as we develop and deliver products and customer experiences;
- how intellectual property rights affect our competitiveness and our business operations;
- whether we adjust claims accurately;
- our ability to maintain a recognized and trusted brand;
- our ability to attract, develop and retain talent and maintain appropriate staffing levels;
- compliance with complex and changing laws and regulations;
- litigation challenging our business practices, and those of our competitors and other companies;
- the impacts of a security breach or other attack involving our computer systems or the systems of one or more of our vendors;
- the secure and uninterrupted operation of the facilities, systems, and business functions that are critical to our business;
- the success of our efforts to acquire or develop new products or enter into new areas of business and navigate related risks;
- our continued ability to send and accept electronic payments;
- the possible impairment of our goodwill or intangible assets;
- 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, and other public policy matters;
- the elimination of the London Interbank Offered Rate;
- our continued ability to access our cash accounts and/or convert securities 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 the COVID-19 pandemic and measures taken in response; 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, 2021.

In addition, investors should be aware that generally accepted accounting principles 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.