

The Progressive Corporation
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PROGRESSIVE REPORTS FEBRUARY RESULTS

MAYFIELD VILLAGE, OHIO -- March 17, 2020 -- The Progressive Corporation (NYSE:PGR) today reported the following results for February 2020:

(millions, except per share amounts and ratios; unaudited)	February		
	2020	2019	Change
Net premiums written	\$ 3,404.2	\$ 3,107.0	10 %
Net premiums earned	\$ 2,915.1	\$ 2,601.3	12 %
Net income attributable to Progressive	\$ 67.1	\$ 327.6	(80) %
Per share available to common shareholders	\$ 0.11	\$ 0.55	(80) %
Total pretax net realized gains (losses) on securities	\$ (257.0)	\$ 109.9	(334) %
Combined ratio	90.3	90.9	(0.6) pts.
Average diluted equivalent common shares	586.9	586.6	0 %

(thousands; unaudited)	February		
	2020	2019	Change
Policies in Force			
Personal Lines			
Agency – auto	7,148.1	6,497.4	10 %
Direct – auto	8,095.1	7,189.9	13 %
Total personal auto	15,243.2	13,687.3	11 %
Total special lines	4,570.7	4,380.7	4 %
Total Personal Lines	19,813.9	18,068.0	10 %
Total Commercial Lines	764.0	703.8	9 %
Property business	2,243.7	1,978.1	13 %
Companywide Total	22,821.6	20,749.9	10 %

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 primary liability and physical damage insurance, and 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 2020

(millions)

(unaudited)

	Current Month	Comments on Monthly Results¹
Net premiums written	\$ 3,404.2	
Revenues:		
Net premiums earned	\$ 2,915.1	
Investment income	78.1	
Net realized gains (losses) on securities:		
Net realized gains (losses) on security sales	42.8	
Net holding period gains (losses) on securities	(299.8)	
Total net realized gains (losses) on securities	(257.0)	
Fees and other revenues	49.9	
Service revenues	16.4	
Total revenues	2,802.5	
Expenses:		
Losses and loss adjustment expenses	2,033.5	
Policy acquisition costs	242.3	
Other underwriting expenses	407.1	
Investment expenses	1.5	
Service expenses	15.0	
Interest expense	15.9	
Total expenses	2,715.3	
Income before income taxes	87.2	
Provision for income taxes	17.5	
Net income	69.7	
Net (income) loss attributable to noncontrolling interest (NCI)	(2.6)	
Net income attributable to Progressive	67.1	
Other comprehensive income (loss)		
Changes in:		
Total net unrealized gains (losses) on fixed-maturity securities	242.3	
Net unrealized losses on forecasted transactions	0.1	
Other comprehensive income (loss)	242.4	
Other comprehensive (income) loss attributable to NCI	(2.1)	
Total comprehensive income attributable to Progressive	\$ 307.4	

¹See the Monthly Commentary at the end of this release for additional discussion. For a description of our financial reporting and accounting policies, see Note 1 to our 2019 audited consolidated financial statements included in our 2019 Shareholders' Report, which can be found at www.progressive.com/annualreport.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPREHENSIVE INCOME STATEMENTS

February 2020

(millions)

(unaudited)

	Year-to-Date		% Change
	2020	2019	
Net premiums written	\$ 7,010.5	\$ 6,280.2	12
Revenues:			
Net premiums earned	\$ 6,494.2	\$ 5,791.2	12
Investment income	162.5	166.1	(2)
Net realized gains (losses) on securities:			
Net realized gains (losses) on security sales	91.7	32.8	180
Net holding period gains (losses) on securities	(316.2)	346.6	(191)
Total net realized gains (losses) on securities	(224.5)	379.4	(159)
Fees and other revenues	107.6	86.9	24
Service revenues	34.6	27.5	26
Total revenues	6,574.4	6,451.1	2
Expenses:			
Losses and loss adjustment expenses	4,568.6	3,980.3	15
Policy acquisition costs	539.5	486.9	11
Other underwriting expenses	929.0	809.5	15
Investment expenses	3.4	3.9	(13)
Service expenses	30.2	24.0	26
Interest expense	31.7	31.6	0
Total expenses	6,102.4	5,336.2	14
Income before income taxes	472.0	1,114.9	(58)
Provision for income taxes	92.6	228.1	(59)
Net income	379.4	886.8	(57)
Net (income) loss attributable to noncontrolling interest (NCI)	(5.3)	(3.2)	66
Net income attributable to Progressive	374.1	883.6	(58)
Other comprehensive income (loss)			
Changes in:			
Total net unrealized gains (losses) on fixed-maturity securities	507.7	122.7	314
Net unrealized losses on forecasted transactions	0.1	0.1	0
Other comprehensive income (loss)	507.8	122.8	314
Other comprehensive (income) loss attributable to NCI	(4.4)	(0.5)	NM
Total comprehensive income attributable to Progressive	\$ 877.5	\$ 1,005.9	(13)

NM = Not Meaningful

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET INCOME AND COMPREHENSIVE INCOME PER SHARE
&
INVESTMENT RESULTS
February 2020
(millions – except per share amounts)
(unaudited)

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

	Current Month	Year-to-Date	
		2020	2019
Net income attributable to Progressive	\$ 67.1	\$ 374.1	\$ 883.6
Less: Preferred share dividends	2.3	4.5	4.5
Net income available to common shareholders	<u>\$ 64.8</u>	<u>\$ 369.6</u>	<u>\$ 879.1</u>
Per common share:			
Basic	\$ 0.11	\$ 0.63	\$ 1.51
Diluted	\$ 0.11	\$ 0.63	\$ 1.50
Comprehensive income (loss) attributable to Progressive	\$ 307.4	\$ 877.5	\$ 1,005.9
Less: Preferred share dividends	2.3	4.5	4.5
Comprehensive income (loss) attributable to common shareholders	<u>\$ 305.1</u>	<u>\$ 873.0</u>	<u>\$ 1,001.4</u>
Per common share:			
Diluted	\$ 0.52	\$ 1.49	\$ 1.71
Average common shares outstanding - Basic	584.7	584.7	583.5
Net effect of dilutive stock-based compensation	2.2	2.2	3.0
Total average equivalent common shares - Diluted	<u>586.9</u>	<u>586.9</u>	<u>586.5</u>

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

	Current Month	Year-to-Date	
		2020	2019
Fully taxable equivalent (FTE) total return:			
Fixed-income securities	1.1%	2.4%	1.3%
Common stocks	(7.8)%	(8.1)%	11.5%
Total portfolio	0.3%	1.5%	2.1%
Pretax annualized investment income book yield	2.6%	2.7%	3.1%

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION

February 2020

(\$ in millions)

(unaudited)

Current Month						
	Personal Lines Business			Commercial Lines Business	Property Business	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$ 1,339.6	\$ 1,461.8	\$ 2,801.4	\$ 473.8	\$ 129.0	\$ 3,404.2
% Growth in NPW	6%	11%	9%	14%	14%	10%
Net Premiums Earned	\$ 1,179.2	\$ 1,229.5	\$ 2,408.7	\$ 372.6	\$ 133.8	\$ 2,915.1
% Growth in NPE	9%	12%	11%	20%	19%	12%
GAAP Ratios						
Loss/LAE ratio	68.7	71.7	70.3	72.5	53.2	69.7
Expense ratio	18.4	20.8	19.6	23.4	30.0 ¹	20.6
Combined ratio	87.1	92.5	89.9	95.9	83.2 ¹	90.3
Net catastrophe loss ratio ²			0.2	0.1	4.9	0.4
Actuarial Adjustments³						
Reserve Decrease/(Increase)						
Prior accident years						\$ (7.0)
Current accident year						0.0
Calendar year actuarial adjustment	\$ (3.7)	\$ (1.8)	\$ (5.5)	\$ (2.8)	\$ 1.3	\$ (7.0)
Prior Accident Years Development						
Favorable/(Unfavorable)						
Actuarial adjustment						\$ (7.0)
All other development						11.7
Total development						\$ 4.7
Calendar year loss/LAE ratio						69.7
Accident year loss/LAE ratio						69.9

¹Included in both the expense ratio and combined ratio is 3.7 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 26.3 and a combined ratio of 79.5.

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

³Represents adjustments solely based on our 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 2020

(\$ in millions)

(unaudited)

Year-to-Date						
	Personal Lines Business			Commercial Lines Business	Property Business	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$ 2,805.4	\$ 3,027.3	\$ 5,832.7	\$ 931.5	\$ 246.3	\$ 7,010.5
% Growth in NPW	10%	12%	11%	15%	15%	12%
Net Premiums Earned	\$ 2,638.1	\$ 2,744.9	\$ 5,383.0	\$ 835.2	\$ 276.0	\$ 6,494.2
% Growth in NPE	9%	12%	11%	20%	17%	12%
GAAP Ratios						
Loss/LAE ratio	70.0	72.0	71.1	71.0	54.5	70.3
Expense ratio	18.8	22.0	20.4	21.3	30.2 ¹	21.0
Combined ratio	88.8	94.0	91.5	92.3	84.7 ¹	91.3
Net catastrophe loss ratio ²			0.2	0.1	8.6	0.6
Actuarial Adjustments³						
Reserve Decrease/(Increase)						
Prior accident years						\$ (2.8)
Current accident year						(1.4)
Calendar year actuarial adjustment	\$ 0.4	\$ 0.4	\$ 0.8	\$ (2.8)	\$ (2.2)	\$ (4.2)
Prior Accident Years Development						
Favorable/(Unfavorable)						
Actuarial adjustment						\$ (2.8)
All other development						(70.9)
Total development						\$ (73.7)
Calendar year loss/LAE ratio						70.3
Accident year loss/LAE ratio						69.2

¹Included in both the expense ratio and combined ratio is 3.5 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 26.7 and a combined ratio of 81.2.

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

³Represents adjustments solely based on our 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
2020**

CONDENSED GAAP BALANCE SHEET:	
Investments, at fair value:	
Available-for-sale securities:	
Fixed maturities ¹ (amortized cost: \$32,912.0)	\$ 34,019.7
Short-term investments (amortized cost: \$1,454.4)	1,454.4
Total available-for-sale securities	<u>35,474.1</u>
Equity securities:	
Nonredeemable preferred stocks (cost: \$952.7)	991.3
Common equities (cost: \$1,111.0)	3,006.7
Total equity securities	<u>3,998.0</u>
Total investments ²	<u>39,472.1</u>
Net premiums receivable	8,017.3
Reinsurance recoverables (including \$3,412.4 on unpaid loss and LAE reserves)	3,587.8
Deferred acquisition costs	1,088.2
Goodwill and intangible assets	671.2
Other assets	3,035.4
Total assets	<u>\$ 55,872.0</u>
Unearned premiums	\$ 13,016.4
Loss and loss adjustment expense reserves	18,445.4
Other liabilities ²	5,315.5
Debt	4,407.4
Total liabilities	<u>41,184.7</u>
Redeemable noncontrolling interest (NCI)	235.3
Shareholders' equity	14,452.0
Total liabilities, NCI, and shareholders' equity	<u>\$ 55,872.0</u>
Common shares outstanding	585.3
Common shares repurchased - February	0
Average cost per common share	\$ 0
Book value per common share	\$ 23.85
Trailing 12-month return on average common shareholders' equity	
Net income attributable to Progressive	26.3 %
Comprehensive income attributable to Progressive	32.8 %
Net unrealized pretax gains (losses) on fixed-maturity securities	\$ 1,102.0
Increase (decrease) from January 2020	\$ 306.6
Increase (decrease) from December 2019	\$ 642.6
Debt-to-total capital ratio ³	23.4 %
Fixed-income portfolio duration	3.0
Weighted average credit quality	AA

¹ As of February 29, 2020, we held certain hybrid securities and recognized a change in fair value of \$5.7 million as a realized gain during the period we held these securities.

² At February 29, 2020, we had \$126.6 million of net unsettled security transactions and \$191.5 million of open repurchase transactions classified in "other liabilities."

³ Ratio reflects debt as a percent of debt plus shareholders' equity; redeemable noncontrolling interest is not part of this calculation.

Monthly Commentary

- Protecting the health and safety of our employees across the country, while serving our customers and meeting business objectives, is our priority. We've activated our Business Continuity team and are following the CDC's guidance to help contain the spread of COVID-19. As information regarding COVID-19 is continuously evolving, we are preparing for multiple scenarios that might affect our employees and business, while working with, and being responsive to, regulators and other government officials. Please visit our Investor Relations website at <https://investors.progressive.com/home/default.aspx> for further information and updates.

Events

We plan to release March results on Wednesday, April 15, 2020, before the market opens. Our monthly earnings release dates are subject to change. In such an event, we will announce the change on our Investors Website, at investors.progressive.com/events, as far in advance as is practicable.

About Progressive

The Progressive Group of Insurance Companies makes it easy to understand, buy and use auto insurance. Progressive offers choices so consumers can reach us whenever, wherever and however it's most convenient - online at [progressive.com](https://www.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. Home insurance is underwritten by select carriers, including our majority owned subsidiaries, American Strategic Insurance Corp. and its affiliates (ASI).

Progressive is the third largest auto insurer in the country; a leading seller of motorcycle and commercial auto insurance; and through ASI, 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;
- 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 could 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 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 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 potential elimination of, or change in, 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; 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, 2019.

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.