

The Progressive Corporation
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PROGRESSIVE REPORTS SEPTEMBER RESULTS

MAYFIELD VILLAGE, OHIO -- October 13, 2022 -- The Progressive Corporation (NYSE:PGR) today reported the following results for September 2022 and the third quarter of 2022:

(millions, except per share amounts and ratios; unaudited)	September			Quarter		
	2022	2021	Change	2022	2021	Change
Net premiums written	\$ 4,007.3	\$ 4,004.0	0 %	\$13,017.8	\$12,446.5	5 %
Net premiums earned	\$ 3,869.5	\$ 3,537.5	9 %	\$12,398.9	\$11,364.8	9 %
Net income (loss)	\$ (684.4)	\$ (130.3)	425 %	\$ 124.1	\$ 118.5	5 %
Per share available to common shareholders	\$ (1.17)	\$ (0.23)	418 %	\$ 0.20	\$ 0.19	5 %
Total pretax net realized gains (losses) on securities	\$ (351.0)	\$ (217.4)	61 %	\$ (216.4)	\$ 36.8	NM
Combined ratio	116.2	100.1	16.1 pts.	99.2	100.4	(1.2) pts.
Average equivalent common shares	584.6	584.7	0 %	587.1	587.1	0 %

NM = Not Meaningful

(thousands; unaudited)	September		
	2022	2021	Change
Policies in Force			
Personal Lines			
Agency – auto	7,600.3	7,973.6	(5) %
Direct – auto	9,823.8	9,613.1	2 %
Total personal auto	<u>17,424.1</u>	<u>17,586.7</u>	(1) %
Total special lines	<u>5,558.0</u>	<u>5,282.4</u>	5 %
Total Personal Lines	<u>22,982.1</u>	<u>22,869.1</u>	0 %
Total Commercial Lines	1,039.8	952.7	9 %
Total Property business	<u>2,835.5</u>	<u>2,735.0</u>	4 %
Companywide Total	<u><u>26,857.4</u></u>	<u><u>26,556.8</u></u>	1 %

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 insurance 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

September 2022

(millions)

(unaudited)

	Current Month	Comments on Monthly Results¹
Net premiums written	<u>\$ 4,007.3</u>	
Revenues:		
Net premiums earned	\$ 3,869.5	
Investment income	132.7	
Net realized gains (losses) on securities:		
Net realized gains (losses) on security sales	(1.5)	
Net holding period gains (losses) on securities	(348.8)	
Net impairment losses recognized in earnings	<u>(0.7)</u>	
Total net realized gains (losses) on securities	(351.0)	
Fees and other revenues	58.6	
Service revenues	<u>25.2</u>	
Total revenues	<u>3,735.0</u>	
Expenses:		
Losses and loss adjustment expenses	3,770.3	
Policy acquisition costs	306.6	
Other underwriting expenses	479.8	
Investment expenses	1.9	
Service expenses	25.5	
Interest expense	<u>21.1</u>	
Total expenses	<u>4,605.2</u>	
Income (loss) before income taxes	(870.2)	
Provision (benefit) for income taxes	<u>(185.8)</u>	
Net income (loss)	<u>(684.4)</u>	
Other comprehensive income (loss)		
Changes in:		
Total net unrealized gains (losses) on fixed-maturity securities	(800.1)	
Net unrealized losses on forecasted transactions	0	
Foreign currency translation adjustment	<u>(0.5)</u>	
Other comprehensive income (loss)	<u>(800.6)</u>	
Total comprehensive income (loss)	<u>\$ (1,485.0)</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, 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

September 2022

(millions)

(unaudited)

	Year-to-Date		% Change
	2022	2021	
Net premiums written	\$ 38,620.9	\$ 35,655.9	8
Revenues:			
Net premiums earned	\$ 36,349.7	\$ 32,767.3	11
Investment income	868.2	639.8	36
Net realized gains (losses) on securities:			
Net realized gains (losses) on security sales	430.0	607.8	(29)
Net holding period gains (losses) on securities	(2,262.9)	479.8	NM
Net impairment losses recognized in earnings	(6.5)	(3.7)	76
Total net realized gains (losses) on securities	(1,839.4)	1,083.9	(270)
Fees and other revenues	531.9	516.8	3
Service revenues	230.5	202.1	14
Total revenues	36,140.9	35,209.9	3
Expenses:			
Losses and loss adjustment expenses	28,298.2	24,767.6	14
Policy acquisition costs	2,867.9	2,754.7	4
Other underwriting expenses	4,433.9	4,306.0	3
Investment expenses	17.4	18.5	(6)
Service expenses	221.5	190.0	17
Interest expense	180.4	167.0	8
Goodwill impairment	224.8	0	NM
Total expenses	36,244.1	32,203.8	13
Income (loss) before income taxes	(103.2)	3,006.1	(103)
Provision for income taxes	1.7	617.5	(100)
Net income (loss)	(104.9)	2,388.6	(104)
Other comprehensive income (loss)			
Changes in:			
Total net unrealized gains (losses) on fixed-maturity securities	(3,170.0)	(578.3)	448
Net unrealized losses on forecasted transactions	0.3	0.6	(50)
Foreign currency translation adjustment	(0.9)	(0.7)	29
Other comprehensive income (loss)	(3,170.6)	(578.4)	448
Total comprehensive income (loss)	\$ (3,275.5)	\$ 1,810.2	(281)

NM = Not Meaningful

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET INCOME AND COMPREHENSIVE INCOME PER SHARE
&
INVESTMENT RESULTS
September 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 (loss)	\$ (684.4)	\$ (104.9)	\$ 2,388.6
Less: Preferred share dividends	2.2	20.1	20.1
Net income (loss) available to common shareholders	<u>\$ (686.6)</u>	<u>\$ (125.0)</u>	<u>\$ 2,368.5</u>
Per common share:			
Basic	\$ (1.17)	\$ (0.21)	\$ 4.05
Diluted ¹	\$ (1.17)	\$ (0.21)	\$ 4.03
Comprehensive income (loss)	\$ (1,485.0)	\$ (3,275.5)	\$ 1,810.2
Less: Preferred share dividends	2.2	20.1	20.1
Comprehensive income (loss) attributable to common shareholders	<u>\$ (1,487.2)</u>	<u>\$ (3,295.6)</u>	<u>\$ 1,790.1</u>
Per common share:			
Diluted ¹	\$ (2.54)	\$ (5.64)	\$ 3.05
Average common shares outstanding - Basic	584.6	584.4	584.7
Net effect of dilutive stock-based compensation	2.5	2.7	2.6
Total average equivalent common shares - Diluted	<u>587.1</u>	<u>587.1</u>	<u>587.3</u>

¹ Basic earnings per share is disclosed where either a net loss or a comprehensive loss attributable to common shareholders is reported since diluted earnings per share are antidilutive.

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	(1.9)%	(7.6)%	0.3%
Common stocks	(9.2)%	(24.0)%	21.0%
Total portfolio	(2.3)%	(9.0)%	2.1%
Pretax annualized investment income book yield	2.9% ¹	2.2%	1.9%

¹ During September, we recorded approximately \$27 million (or 0.6%) of additional investment income on our asset-backed securities under the retrospective method of accounting. See Note 1 to our 2021 audited consolidated financial statements, for a description of our financial reporting and accounting policies.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION

September 2022

(\$ in millions)

(unaudited)

Current Month							
	Personal Lines Business			Commercial	Property Business	Companywide	Total
	Agency	Direct	Total	Lines Business			
Net Premiums Written	\$ 1,455.5	\$ 1,715.1	\$ 3,170.6	\$ 638.2	\$ 198.4	\$ 4,007.3	
% Growth in NPW	4%	10%	7%	(26)% ¹	3%	0%	
Net Premiums Earned	\$ 1,379.6	\$ 1,589.1	\$ 2,968.7	\$ 719.2	\$ 181.4	\$ 3,869.5	
% Growth in NPE	5%	10%	7%	20%	4%	9%	
GAAP Ratios							
Loss/LAE ratio	102.5	94.3	98.1	76.8	164.1	97.2	
Expense ratio	17.2	18.7	18.0	20.6	28.9	19.0	
Combined ratio	119.7	113.0	116.1	97.4	193.0	116.2	
Net catastrophe loss ratio ²			20.1	1.7	97.7	20.3	
Actuarial Adjustments³							
Reserve Decrease/(Increase)							
Prior accident years					\$	(33.4)	
Current accident year						(23.0)	
Calendar year actuarial adjustment	\$ (29.1)	\$ (29.2)	\$ (58.3)	2.3	\$ (0.4)	\$ (56.4)	
Prior Accident Years Development							
Favorable/(Unfavorable)							
Actuarial adjustment					\$	(33.4)	
All other development						46.1	
Total development					\$	12.7	
Calendar year loss/LAE ratio						97.2	
Accident year loss/LAE ratio						97.5	

¹The decrease in net premiums written primarily reflects the fact that certain 12-month transportation network company (TNC) policies were renewed in fiscal September in 2021 compared to fiscal October in 2022, thereby shifting the timing of renewal net premiums written to October 2022. Excluding the TNC business, total Commercial Lines net premiums written would have been down about 4% for the month, primarily reflecting a decrease in the for-hire transportation business market target premiums written.

²Represents catastrophe losses incurred during the period, including the impact of reinsurance, as a percent of net premiums earned. During the month, we incurred catastrophe losses primarily related to Hurricane Ian. See the Monthly Commentary at the end of this release for additional discussion.

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
SUPPLEMENTAL INFORMATION

September 2022

(\$ in millions)

(unaudited)

Year-to-Date						
	Personal Lines Business			Commercial Lines Business	Property Business	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$ 13,754.9	\$ 15,765.5	\$ 29,520.4	\$ 7,298.4	\$ 1,800.2	\$ 38,620.9
% Growth in NPW	4%	8%	6%	19%	8%	8%
Net Premiums Earned	\$ 13,131.7	\$ 14,776.9	\$ 27,908.6	\$ 6,749.5	\$ 1,689.6	\$ 36,349.7
% Growth in NPE	4%	7%	6%	37%	13%	11%
GAAP Ratios						
Loss/LAE ratio	78.5	78.9	78.7	70.6	89.9	77.7
Expense ratio	17.6	18.5	18.1	19.3	27.2	18.8
Combined ratio	96.1	97.4	96.8	89.9	117.1	96.5
Net catastrophe loss ratio ¹			3.6	0.4	31.2	4.3
Actuarial Adjustments²						
Reserve Decrease/(Increase)						
Prior accident years					\$	(103.0)
Current accident year						(28.1)
Calendar year actuarial adjustment	\$ (29.5)	\$ (1.7)	\$ (31.2)	\$ (60.8)	\$ (39.1)	\$ (131.1)
Prior Accident Years Development						
Favorable/(Unfavorable)						
Actuarial adjustment					\$	(103.0)
All other development						50.2
Total development					\$	(52.8)
Calendar year loss/LAE ratio						77.7
Accident year loss/LAE ratio						77.6

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

²Represents 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)

**September
2022**

CONDENSED GAAP BALANCE SHEET:	
Investments, at fair value:	
Available-for-sale securities:	
Fixed maturities ¹ (amortized cost: \$48,205.7)	\$ 44,173.1
Short-term investments (amortized cost: \$4,237.6)	4,237.6
Total available-for-sale securities	<u>48,410.7</u>
Equity securities:	
Nonredeemable preferred stocks (cost: \$1,417.6)	1,254.4
Common equities (cost: \$803.7)	2,665.3
Total equity securities	<u>3,919.7</u>
Total investments ^{2,3}	<u>52,330.4</u>
Net premiums receivable	10,867.7
Reinsurance recoverables (including \$6,034.0 on unpaid loss and LAE reserves) ⁴	6,306.8
Deferred acquisition costs	1,585.2
Goodwill and intangible assets	319.7
Other assets	4,114.4
Total assets	<u>\$ 75,524.2</u>
Unearned premiums	\$ 17,796.9
Loss and loss adjustment expense reserves ⁴	30,631.8
Other liabilities ²	5,931.9
Debt	6,387.4
Total liabilities	<u>60,748.0</u>
Shareholders' equity	14,776.2
Total liabilities and shareholders' equity	<u>\$ 75,524.2</u>
Common shares outstanding	585.1
Common shares repurchased - September	0
Average cost per common share	\$ 0
Book value per common share	\$ 24.41
Trailing 12-month return on average common shareholders' equity	
Net income	5.0 %
Comprehensive income	(15.9)%
Net unrealized pretax gains (losses) on fixed-maturity securities	\$ (3,941.3)
Increase (decrease) from August 2022	\$ (1,012.8)
Increase (decrease) from December 2021	\$ (4,012.7)
Debt-to-total capital ratio	30.2 %
Fixed-income portfolio duration	2.7
Weighted average credit quality	AA

¹ As of September 30, 2022, we held certain hybrid securities and recognized a change in fair value of \$91.3 million as a realized loss during the period we held these securities.

² At September 30, 2022, we had \$74.7 million of net unsettled security transactions classified in "other liabilities."

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

⁴ Loss and loss adjustment expense reserves are stated gross of reinsurance recoverables on unpaid losses. During September, the increase in our reinsurance recoverable primarily reflected \$1.2 billion of recoverables related to Hurricane Ian under our non-regulated reinsurance programs. See the Monthly Commentary at the end of this release for further discussion.

Monthly Commentary

- For the month ending September 30, 2022, we incurred \$760 million of catastrophe losses, or 19.6 loss ratio points, related to the multiple landfalls of Hurricane Ian, primarily for incurred but not reported claims. Over 95% of our incurred losses from Hurricane Ian occurred in Florida. At month end, we incurred vehicle losses of \$585 million, including boats and recreational vehicles, and in our Property business, net of reinsurance, we retained \$175 million of losses and \$25 million of allocated loss adjustment expenses. Prior to giving effect to reinsurance, the estimate of our Property losses and allocated loss adjustment expenses was \$1.4 billion at September 30, 2022. We evaluated and reserved for this catastrophe using our knowledge and experience of reporting patterns from many past storms in addition to several assumptions specific to this hurricane. As further described in our periodic reports filed with the SEC, these estimates will change, and could change materially, as additional information develops and claims are reported. We continue to be proactive in the affected areas with the deployment of over 1,500 claim representatives and independent adjusters to serve all of our customers impacted by Hurricane Ian.
- Disclosure of monthly results often shows more variability in written premium growth rates than disclosure on a quarterly basis under our accounting calendar. The net premiums written growth rate for September reflects, in part, that the first day of October, which is historically a higher volume day, will be included in fiscal October 2022, compared to fiscal September 2021. This calendar discrepancy had about a 3% unfavorable impact on our personal auto written premium growth rate for the month. Therefore, it may be more meaningful to review policy in force growth, which is not as impacted by the fiscal calendar, or to analyze written premium growth on a quarterly basis.

Events

Our third quarter Investor Relations conference call is currently scheduled to be held on Wednesday, November 2, 2022, at 9:30 a.m. eastern time. The call is scheduled to last 60 minutes and will consist of a question and answer session with Tricia Griffith, our CEO, and John Sauerland, our CFO. We plan to file our Quarterly Report on Form 10-Q with the SEC on Tuesday, November 1, 2022. 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 October results on Wednesday, November 16, 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](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; 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.