

The Progressive Corporation
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PROGRESSIVE REPORTS JUNE RESULTS

MAYFIELD VILLAGE, OHIO -- July 15, 2020 -- The Progressive Corporation (NYSE:PGR) today reported the following results for June 2020 and the second quarter of 2020:

| (millions, except per share amounts and ratios; unaudited) | June | | | Quarter | | |
|--|------------|------------|------------|------------|------------|------------|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Net premiums written | \$ 3,201.6 | \$ 2,794.0 | 15 % | \$10,140.0 | \$9,126.5 | 11 % |
| Net premiums earned | \$ 3,023.1 | \$ 2,745.0 | 10 % | \$ 9,648.6 | \$ 8,824.7 | 9 % |
| Net income attributable to Progressive | \$ 470.9 | \$ 413.1 | 14 % | \$ 1,790.4 | \$ 979.4 | 83 % |
| Per share available to common shareholders | \$ 0.80 | \$ 0.70 | 14 % | \$ 3.04 | \$ 1.66 | 83 % |
| Total pretax net realized gains (losses) on securities | \$ 142.9 | \$ 252.6 | (43) % | \$ 890.8 | \$ 179.9 | 395 % |
| Combined ratio | 86.9 | 92.7 | (5.8) pts. | 87.7 | 90.4 | (2.7) pts. |
| Average diluted equivalent common shares | 587.3 | 587.0 | 0 % | 587.2 | 586.9 | 0 % |

| (thousands; unaudited) | June | | |
|--------------------------|----------|----------|--------|
| | 2020 | 2019 | Change |
| Policies in Force | | | |
| Personal Lines | | | |
| Agency – auto | 7,362.5 | 6,783.7 | 9 % |
| Direct – auto | 8,507.6 | 7,528.4 | 13 % |
| Total personal auto | 15,870.1 | 14,312.1 | 11 % |
| Total special lines | 4,790.5 | 4,510.2 | 6 % |
| Total Personal Lines | 20,660.6 | 18,822.3 | 10 % |
| Total Commercial Lines | 775.8 | 734.2 | 6 % |
| Property business | 2,336.1 | 2,071.6 | 13 % |
| Companywide Total | 23,772.5 | 21,628.1 | 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

June 2020

(millions)

(unaudited)

| | Current Month | Comments on Monthly Results¹ |
|--|--------------------------|---|
| Net premiums written | \$ 3,201.6 | |
| Revenues: | | |
| Net premiums earned | \$ 3,023.1 | |
| Investment income | 77.0 | |
| Net realized gains (losses) on securities: | | |
| Net realized gains (losses) on security sales | 69.8 | |
| Net holding period gains (losses) on securities | 73.1 | |
| Total net realized gains (losses) on securities | 142.9 | |
| Fees and other revenues | 43.8 | |
| Service revenues | 19.6 | |
| Total revenues | 3,306.4 | |
| Expenses: | | |
| Losses and loss adjustment expenses | 1,929.6 | |
| Policy acquisition costs | 250.9 | |
| Other underwriting expenses | 472.7 | |
| Policyholder credit expense | 16.9 | Represents additional policyholder credits issued to personal auto customers in California. |
| Investment expenses | 1.5 | |
| Service expenses | 18.3 | |
| Interest expense | 18.8 | |
| Total expenses | 2,708.7 | |
| Income before income taxes | 597.7 | |
| Provision for income taxes | 126.8 | |
| Net income | 470.9 | |
| Other comprehensive income (loss) | | |
| Changes in: | | |
| Total net unrealized gains (losses) on fixed-maturity securities | 126.8 | |
| Net unrealized losses on forecasted transactions | 0.1 | |
| Other comprehensive income (loss) | 126.9 | |
| Total comprehensive income | \$ 597.8 | |

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

June 2020

(millions)

(unaudited)

| | Year-to-Date | | % Change |
|--|--------------|-------------|----------|
| | 2020 | 2019 | |
| Net premiums written | \$ 20,011.3 | \$ 18,366.4 | 9 |
| Revenues: | | | |
| Net premiums earned | \$ 19,079.3 | \$ 17,284.5 | 10 |
| Investment income | 485.0 | 514.2 | (6) |
| Net realized gains (losses) on securities: | | | |
| Net realized gains (losses) on security sales | 575.2 | 113.6 | 406 |
| Net holding period gains (losses) on securities | (238.0) | 505.1 | (147) |
| Net impairment losses recognized in earnings | 0 | (24.3) | (100) |
| Total net realized gains (losses) on securities | 337.2 | 594.4 | (43) |
| Fees and other revenues | 283.0 | 265.0 | 7 |
| Service revenues | 110.6 | 92.6 | 19 |
| Total revenues | 20,295.1 | 18,750.7 | 8 |
| Expenses: | | | |
| Losses and loss adjustment expenses | 11,476.6 | 11,897.1 | (4) |
| Policy acquisition costs | 1,578.3 | 1,449.2 | 9 |
| Other underwriting expenses | 2,848.8 | 2,402.7 | 19 |
| Policyholder credit expense | 1,033.4 | 0 | NM |
| Investment expenses | 9.8 | 12.4 | (21) |
| Service expenses | 100.3 | 83.4 | 20 |
| Interest expense | 104.4 | 94.8 | 10 |
| Total expenses | 17,151.6 | 15,939.6 | 8 |
| Income before income taxes | 3,143.5 | 2,811.1 | 12 |
| Provision for income taxes | 654.0 | 749.3 | (13) |
| Net income | 2,489.5 | 2,061.8 | 21 |
| Net (income) loss attributable to noncontrolling interest (NCI) | 0 | (4.0) | (100) |
| Net income attributable to Progressive | 2,489.5 | 2,057.8 | 21 |
| Other comprehensive income (loss) | | | |
| Changes in: | | | |
| Total net unrealized gains (losses) on fixed-maturity securities | 630.2 | 578.5 | 9 |
| Net unrealized losses on forecasted transactions | 0.4 | 0.4 | 0 |
| Other comprehensive income (loss) | 630.6 | 578.9 | 9 |
| Other comprehensive (income) loss attributable to NCI | 0 | (4.9) | (100) |
| Total comprehensive income attributable to Progressive | \$ 3,120.1 | \$ 2,631.8 | 19 |

NM = Not Meaningful

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
COMPUTATION OF NET INCOME AND COMPREHENSIVE INCOME PER SHARE
&
INVESTMENT RESULTS
June 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 | \$ 470.9 | \$ 2,489.5 | \$ 2,057.8 |
| Less: Preferred share dividends | 2.2 | 13.4 | 13.4 |
| Net income available to common shareholders | <u>\$ 468.7</u> | <u>\$ 2,476.1</u> | <u>\$ 2,044.4</u> |
| Per common share: | | | |
| Basic | \$ 0.80 | \$ 4.23 | \$ 3.50 |
| Diluted | \$ 0.80 | \$ 4.22 | \$ 3.48 |
| Comprehensive income attributable to Progressive | \$ 597.8 | \$ 3,120.1 | \$ 2,631.8 |
| Less: Preferred share dividends | 2.2 | 13.4 | 13.4 |
| Comprehensive income attributable to common shareholders | <u>\$ 595.6</u> | <u>\$ 3,106.7</u> | <u>\$ 2,618.4</u> |
| Per common share: | | | |
| Diluted | \$ 1.01 | \$ 5.29 | \$ 4.46 |
| Average common shares outstanding - Basic | 584.9 | 584.8 | 583.5 |
| Net effect of dilutive stock-based compensation | 2.4 | 2.3 | 3.2 |
| Total average equivalent common shares - Diluted | <u>587.3</u> | <u>587.1</u> | <u>586.7</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 | 0.8% | 4.6% | 4.4% |
| Common stocks | 2.2% | (3.4)% | 17.9% |
| Total portfolio | 0.9% | 3.9% | 5.5% |
| Pretax annualized investment income book yield | 2.3% | 2.6% | 3.1% |

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION

June 2020
(\$ in millions)
(unaudited)

| Current Month | | | | | | |
|--|-------------------------|------------|------------|---------------------------|--------------------|-------------------|
| | Personal Lines Business | | | Commercial Lines Business | Property Business | Companywide Total |
| | Agency | Direct | Total | | | |
| Net Premiums Written | \$ 1,261.8 | \$ 1,348.9 | \$ 2,610.7 | \$ 407.0 | \$ 183.9 | \$ 3,201.6 |
| % Growth in NPW | 10% | 19% | 15% | 14% | 14% | 15% |
| Net Premiums Earned | \$ 1,220.4 | \$ 1,307.1 | \$ 2,527.5 | \$ 354.2 | \$ 141.4 | \$ 3,023.1 |
| % Growth in NPE | 8% | 13% | 11% | 6% | 12% | 10% |
| GAAP Ratios | | | | | | |
| Loss/LAE ratio | 63.6 | 60.6 | 62.1 | 69.9 | 79.6 | 63.9 |
| Expense ratio | 21.5 | 22.4 | 21.9 | 28.1 | 30.5 ¹ | 23.0 |
| Combined ratio | 85.1 | 83.0 | 84.0 | 98.0 | 110.1 ¹ | 86.9 |
| Net catastrophe loss ratio ² | | | 1.4 | 0.4 | 16.0 | 2.0 |
| Actuarial Adjustments³ | | | | | | |
| Reserve Decrease/(Increase) | | | | | | |
| Prior accident years | | | | | | \$ (4.4) |
| Current accident year | | | | | | 11.4 |
| Calendar year actuarial adjustment | \$ 2.6 | \$ 6.6 | \$ 9.2 | \$ (1.2) | \$ (1.0) | \$ 7.0 |
| Prior Accident Years Development | | | | | | |
| Favorable/(Unfavorable) | | | | | | |
| Actuarial adjustment | | | | | | \$ (4.4) |
| All other development | | | | | | (12.6) |
| Total development | | | | | | \$ (17.0) |
| Calendar year loss/LAE ratio | | | | | | 63.9 |
| Accident year loss/LAE ratio | | | | | | 63.3 |

¹Included in both the expense ratio and combined ratio is 3.3 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 27.2 and a combined ratio of 106.8.

²Represents catastrophe losses incurred during the period, including the impact of reinsurance, if any, as a percent of net premiums earned. The majority of the catastrophe losses during the month were primarily due to wind, tornadoes, and thunderstorms throughout the United States. The 2020 catastrophe losses and associated allocated loss adjustment expenses (ALAE) in the Property business have not exceeded the \$375 million annual retention threshold under our catastrophe aggregate excess of loss reinsurance program and, therefore, we have not recorded a reinsurance recoverable related to these losses and ALAE.

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

June 2020
(\$ in millions)
(unaudited)

| Year-to-Date | | | | | | |
|--|-------------------------|------------|-------------|---------------------------------|----------------------|----------------------|
| | Personal Lines Business | | | Commercial Lines Business | Property Business | Companywide Total |
| | Agency | Direct | Total | | | |
| Net Premiums Written | \$ 8,131.2 | \$ 8,624.2 | \$ 16,755.4 | \$ 2,339.2 | \$ 916.7 | \$ 20,011.3 |
| % Growth in NPW | 8% | 13% | 10% | 0% | 13% | 9% |
| Net Premiums Earned | \$ 7,747.7 | \$ 8,160.3 | \$ 15,908.0 | \$ 2,318.0 | \$ 853.3 | \$ 19,079.3 |
| % Growth in NPE | 8% | 12% | 10% | 11% | 15% | 10% |
| GAAP Ratios | | | | | | |
| Loss/LAE ratio | 58.8 | 57.9 | 58.3 | 62.9 | 86.5 | 60.2 |
| Expense ratio | 26.3 | 28.4 | 27.4 | 24.5 | 29.8 ¹ | 27.1 |
| Combined ratio | 85.1 | 86.3 | 85.7 | 87.4 | 116.3 ¹ | 87.3 |
| Net catastrophe loss ratio ² | | | 1.3 | 0.3 | 32.4 | 2.5 |
| Actuarial Adjustments³ | | | | | | |
| Reserve Decrease/(Increase) | | | | | | |
| Prior accident years | | | | | | \$ (12.2) |
| Current accident year | | | | | | 30.2 |
| Calendar year actuarial adjustment | \$ 10.4 | \$ 17.1 | \$ 27.5 | \$ (7.7) | \$ (1.8) | \$ 18.0 |
| Prior Accident Years Development | | | | | | |
| Favorable/(Unfavorable) | | | | | | |
| Actuarial adjustment | | | | | | \$ (12.2) |
| All other development | | | | | | (103.9) |
| Total development | | | | | | \$ (116.1) |
| Calendar year loss/LAE ratio | | | | | | 60.2 |
| Accident year loss/LAE ratio | | | | | | 59.6 |

¹Included in both the expense ratio and combined ratio is 3.4 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 26.4 and a combined ratio of 112.9.

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 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)

June 2020

| CONDENSED GAAP BALANCE SHEET: | |
|--|--------------------|
| Investments, at fair value: | |
| Available-for-sale securities: | |
| Fixed maturities ¹ (amortized cost: \$33,467.9) | \$ 34,726.4 |
| Short-term investments (amortized cost: \$4,700.5) | 4,700.5 |
| Total available-for-sale securities | <u>39,426.9</u> |
| Equity securities: | |
| Nonredeemable preferred stocks (cost: \$1,205.4) | 1,180.6 |
| Common equities (cost: \$1,128.8) | 3,170.4 |
| Total equity securities | <u>4,351.0</u> |
| Total investments ^{2,3} | <u>43,777.9</u> |
| Net premiums receivable | 7,557.4 |
| Reinsurance recoverables (including \$3,502.7 on unpaid loss and LAE reserves) | 3,654.3 |
| Deferred acquisition costs | 1,154.8 |
| Goodwill and intangible assets | 652.4 |
| Other assets | 2,609.3 |
| Total assets | <u>\$ 59,406.1</u> |
| Unearned premiums | \$ 13,055.6 |
| Loss and loss adjustment expense reserves | 18,512.0 |
| Other liabilities ² | 5,773.2 |
| Debt | 5,394.7 |
| Total liabilities | <u>42,735.5</u> |
| Shareholders' equity | 16,670.6 |
| Total liabilities and shareholders' equity | <u>\$ 59,406.1</u> |

| | |
|---|------------|
| Common shares outstanding | 585.4 |
| Common shares repurchased - June | 0 |
| Average cost per common share | \$ 0 |
| Book value per common share | \$ 27.63 |
| Trailing 12-month return on average common shareholders' equity | |
| Net income attributable to Progressive | 31.2 % |
| Comprehensive income attributable to Progressive | 34.9 % |
| Net unrealized pretax gains (losses) on fixed-maturity securities | \$ 1,257.1 |
| Increase (decrease) from May 2020 | \$ 160.4 |
| Increase (decrease) from December 2019 | \$ 797.7 |
| Debt-to-total capital ratio | 24.4 % |
| Fixed-income portfolio duration | 3.0 |
| Weighted average credit quality | AA- |

¹ As of June 30, 2020, we held certain hybrid securities and recognized a change in fair value of \$1.4 million as a realized gain during the period we held these securities.

² At June 30, 2020, we had \$277.9 million of net unsettled security transactions classified in "other liabilities."

³ Includes \$2.3 billion, net of unsettled security transactions, of investments in a consolidated, non-insurance subsidiary of the holding company.

Monthly Commentary

- During June, we continued to see a significant decrease in auto accident frequency due to restrictions put in place to help slow and/or stop the spread of the novel coronavirus, or COVID-19, which contributed to our companywide loss/LAE ratio for the month being 8.2 points lower than the ratio reported in June last year. In addition, our net written premiums growth rate reflects higher than anticipated new and renewal auto applications, lower policy cancellations than expected, and minimal negative impact from the fiscal calendar timing.

Events

We are currently scheduled to hold our second quarter Investor Relations conference call on Wednesday, August 5, 2020, at 10:00 a.m. eastern time. Consistent with the first quarter 2020 Investor Relations call, this quarterly 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 are currently planning to file our Quarterly Report on Form 10-Q with the SEC on Tuesday, August 4, 2020. 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/default.aspx>.

We plan to release July results on Wednesday, August 19, 2020, before the market opens.

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, 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 auto 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;
- 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;
- impacts from the outbreak of the novel coronavirus, or COVID-19, and the restrictions put in place to help slow and/or stop the spread of the virus; 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, and our Quarterly Report on Form 10-Q for the period ending March 31, 2020.

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.