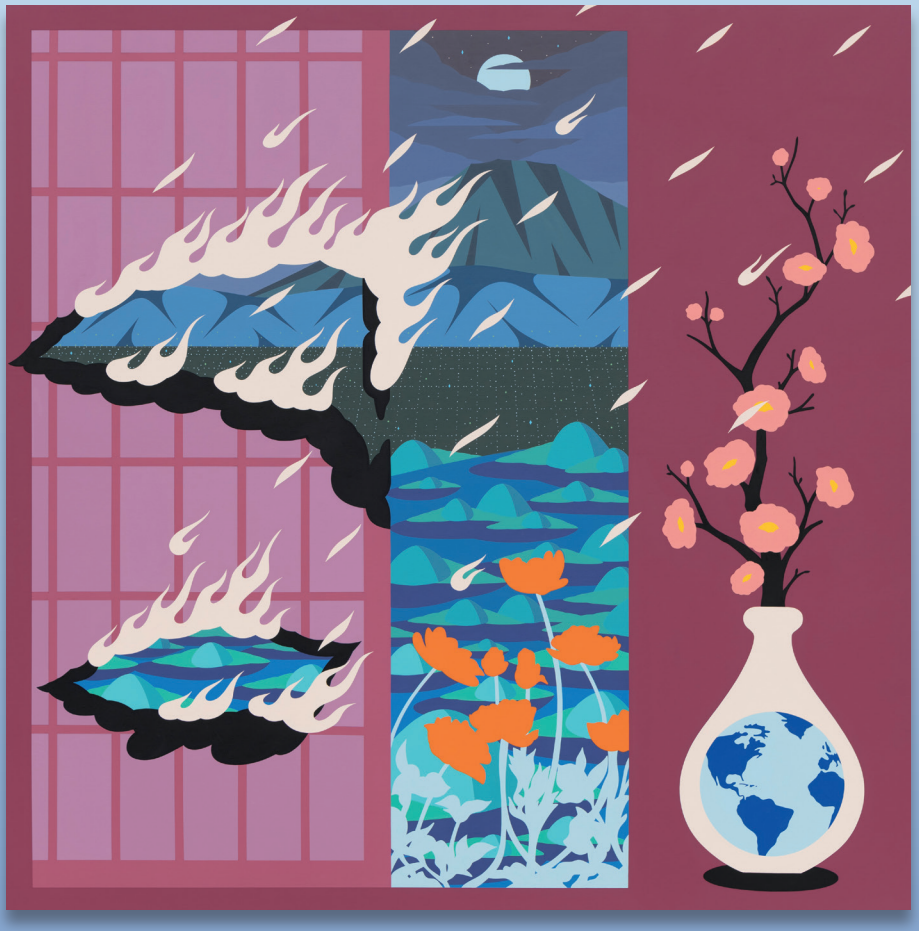


The Progressive Corporation

2026 Third Quarter Report

The Progressive Corporation and Subsidiaries

Financial Highlights

	Nine Months Ended September 30,		Years Ended December 31,			
(billions - except per share amounts)						
	2026	2025	2025	2024	2023	2022
Net premiums written	$ 67.0	$ 63.7	$ 83.2	$ 74.4	$ 61.6	$ 51.1
Growth over prior period	5 %	13 %	12 %	21 %	20 %	10 %
Net premiums earned	$ 64.4	$ 60.6	$ 81.7	$ 70.8	$ 58.7	$ 49.2
Growth over prior period	6 %	17 %	15 %	21 %	19 %	11 %
Total revenues	$ 69.0	$ 64.9	$ 87.7	$ 75.4	$ 62.1	$ 49.6
Net income	$ 8.7	$ 8.4	$ 11.3	$ 8.5	$ 3.9	$ 0.7
Per common share	$ 14.83	$ 14.21	$ 19.23	$ 14.40	$ 6.58	$ 1.18
Underwriting margin	12.5 %	12.7 %	12.6 %	11.2 %	5.1 %	4.2 %
(billions - except shares outstanding, per share amounts, and policies in force)						
At Period-End						
Common shares outstanding (millions)	579.5	586.4	586.1	585.8	585.3	584.9
Book value per common share	$ 59.51	$ 60.45	$ 51.74	$ 43.69	$ 33.80	$ 26.32
Consolidated shareholders' equity	$ 34.5	$ 35.4	$ 30.3	$ 25.6	$ 20.3	$ 15.9
Common share close price	$ 207.31	$ 246.95	$ 227.72	$ 239.61	$ 159.28	$ 129.71
Market capitalization	$ 120.1	$ 144.8	$ 133.5	$ 140.4	$ 93.2	$ 75.9
Return on average common shareholders' equity - trailing 12 months						
Net income	34.4 %	35.9 %	35.3 %	35.5 %	22.9 %	4.4 %
Comprehensive income (loss)	25.7 %	37.1 %	40.1 %	36.4 %	30.0 %	(13.5)%
Policies in force (thousands)						
Personal Lines						
Agency - auto	11,347	10,630	10,787	9,778	8,336	7,767
Direct - auto	16,848	15,619	15,993	13,996	11,190	10,131
Special lines	7,390	6,980	6,998	6,520	5,969	5,558
Property	3,652	3,651	3,650	3,517	3,096	2,851
Total Personal Lines	39,237	36,880	37,428	33,811	28,591	26,307
Growth over prior period	6 %	13 %	11 %	18 %	9 %	3 %
Commercial Lines	1,252	1,198	1,191	1,141	1,099	1,046
Growth over prior period	5 %	6 %	4 %	4 %	5 %	8 %
Companywide total	40,489	38,078	38,619	34,952	29,690	27,353
Growth over prior period	6 %	12 %	10 %	18 %	9 %	3 %
Private passenger auto insurance market[1]			$ 359.5	$ 345.9	$ 306.6	$ 268.0
Market share[2]			19.1 %	17.2 %	15.6 %	14.4 %
Stock Price Appreciation (Depreciation)[3]						
Progressive	(3.0)%	5.2 %	(3.0)%	51.4 %	23.2 %	26.8 %
S&P 500	12.7 %	14.8 %	17.9 %	25.0 %	26.3 %	(18.1)%

[1] Represents net premiums written as reported by A.M. Best Company, Inc.

[2] Represents Progressive's private passenger auto business, including motorcycle insurance, as a percent of the private passenger auto insurance market.

[3] Represents average compounded rate of increase (decrease) and assumes dividend reinvestment.

Letter to Shareholders

Third Quarter 2026

In the extremely competitive third-quarter marketplace we maintained growth, though at a more moderate pace than in prior periods. Our net premiums written (NPW) grew 4% when compared with the third quarter of 2025, in part reflecting our rate reductions as we compete in this soft market. Our year-over-year policies in force (PIF) growth moderated slightly to 6%, but unit growth was still strong given our large base of customers. Of course we want units to increase, so we continue to create plans for growth in both our Personal Lines and Commercial Lines segments and will spend on media to spur growth as long as that spend remains efficient. All that said, as market growth turned slightly negative, our performance relative to peers remained strong, underscoring the resilience of our business. Our companywide margins continued to be strong, with the combined ratio (CR) during the quarter at 88.7 and 87.5 year to date (YTD).

Personal Lines – personal auto, special lines, and personal property – delivered strong profitability relative to seasonal targets during the third quarter. NPW of $19.9 billion increased 4% while the CR of 88.0 improved by 1.5 points, compared to the same quarter last year. Though new business applications were down slightly against third quarter 2025, renewal applications increased by 9% and PIFs grew by 6% during the period.

We continue to invest aggressively across channels to obtain new customers and retain our existing ones. Quarterly media spend was up 18% over last year, driving new business volume at elevated but still efficient customer acquisition costs, and we continue to invest in agency growth incentives across most states and agencies. On the non-acquisition expense side, we remain focused on expense discipline and reduced our Personal Lines vehicle non-acquisition expense ratio by 0.4 points YTD versus the prior year period, through operating efficiency gains.

During the quarter, our personal vehicle business NPW increased 4%, while PIFs rose 7%, at a better than target 88.7 CR. We continue to benefit from the enhanced segmentation and risk selection of our latest personal auto product model (9.0), which was in-market in 21 states that represented 55% of personal auto PIFs and 53% of trailing 12-month personal auto NPW at quarter end.

In personal property, we continued to prioritize profitability and portfolio quality by focusing on lower-risk properties, reducing exposure in catastrophe-prone markets, and encouraging bundled homeowners business. These actions contributed to a CR of 72.8 for the quarter and 76.3 year to date. As the health of our property insurance business has improved, we have begun shifting our focus toward growth opportunities in markets where we believe we can confidently achieve our target returns. New business applications in our homeowners product (which excludes our renters and umbrella products) increased 22%, compared to the third quarter last year.

Speaking of personal property, we are excited about the progress our dedicated personal property claims organization is making to create competitive advantage, as we apply the playbook that has worked so well in personal auto, special lines, and Commercial Lines, where we're #1.

Our success in claims has been grounded in our Guiding Principles for more than twenty years. It's a balance of Accuracy, Efficiency, Customer Experience, and Employee Engagement that has served us extremely well. Leveraging the combination of Progressive's enterprise strengths and evolving property expertise, we are building a property claims organization with outstanding leadership, forward-thinking technology solutions, and a stellar training experience for which Progressive is known.

I often talk about the investments we make in people, processes, technology, and data, and that certainly applies here. Since the end of 2017, we have increased our dedicated personal property staff more than fivefold, bringing adjusting functions in-house that we previously outsourced. We are also about to open a state-of-the-art training facility in Arizona. This is a purpose-built, immersive, learning environment designed to bridge the gap between classroom instruction and real-world field application. This hands-on component of the training journey enables learners to apply inspection, estimating, and customer-service skills in a realistic residential setting before ever working with customers.

Unlike traditional training environments, the facility incorporates real damaged materials and construction components sourced from contractors and restoration partners. These items provide exposure to actual fire, water, smoke, and other property damage conditions, giving learners hands-on experience identifying and evaluating real-world losses. Technology is integrated throughout the environment to support modern claims processes, including audiovisual capabilities, scenario-based learning, estimating exercises, and opportunities to practice vendor coordination and mobile device workflows.

Our customers are noticing the progress being made, with this recent survey comment as proof. This came from a customer named Joy, whom we were privileged to serve.

"Keke is a huge asset to progressive insurance! She is knowledgeable, patient, kind and takes the time to walk the claimant through every step. I'm not sure I would have been able to complete the claim process, had it not been for Keke. I cannot say enough good things about her. I'm 69 years old and deal with people in customer service on a regular basis. Many are impatient, and at times even rude. Keke deserves to be recognized for going above and beyond what her job is! I hope this survey helps in getting her the recognition she deserves. A gold star is in order for Keke. I will never forget the great experience. I had with her throughout this claim. She makes progressive a better company!"

That kind of feedback is what we aim to achieve from every customer who has a claim with us.

Our Commercial Lines (CL) business finished the third quarter with NPW growth of 9% at a 92.6 CR. Core commercial auto continued to be a significant contributor to NPW growth in the quarter, driven by an increase in both new and renewal applications, which we attribute to targeted rate decreases in states and business market targets in which we have margin and increased investment in advertising and agent incentives. New business application growth was driven by both increased quoting, particularly in our trucking products, and improved conversion.

Based on data from S&P Global Market Intelligence, the commercial auto industry, excluding Progressive, finished the first half of 2026 with an estimated CR of approximately 104, highlighting continued profitability challenges across the market. In response, competitors continued taking rate and underwriting actions. Industry data, including second quarter 2026 survey results from the Council of Insurance Agents & Brokers, shows commercial auto rate increases continue in the mid-single digits. We believe our competitive position will continue to strengthen as competitors raise rates and tighten underwriting. We are also optimistic that increased shopping activity in the market, reflected in the higher level of quoting we are seeing, will continue to support new business growth.

We continue to invest in our products and segmentation and, in the third quarter, we launched our new 8.4 core auto product model in two states. This new product adds meaningful segmentation capabilities that we believe drive profitable growth, while expanding our appetite to include trucking segments we have not previously served. We expect to elevate our 8.4 model in five additional states in the fourth quarter, with all seven states representing 15% of our countrywide trailing 12-month core commercial auto NPW as of the end of the third quarter 2026.

We launched our business owners' policy (BOP) product in California during the third quarter, bringing our total state rollout to 47 states. California, with over four million small businesses, is the largest small business insurance market in the country and represents a significant growth opportunity.

In the third quarter, Progressive's fourth Keys to Progress® semi-truck giveaway honored former U.S. Army National Guard Specialist Fahad Al-Kadhim during an event in Phoenix, Arizona. At the event, our CL team presented Specialist Fahad Al-Kadhim with a 2024 Freightliner Cascadia semi-truck to help him take the next step toward owning his own trucking business. Fahad was born and raised in Baghdad, Iraq. After his family assisted the U.S. during the Iraq War, he was kidnapped and held for ransom at age 17. Fahad later served as a U.S. Army interpreter before moving to Jordan for his safety and eventually immigrating to the United States. Here, he worked his way from a temporary warehouse role to CDL driver, trainer, and training manager. In 2020, Fahad joined the Michigan Army National Guard as a motor transport operator. Fahad said his goal is to build a successful business so his daughters have opportunities he did not. To me, stories like Fahad's are a powerful reminder of what our Purpose looks like in action.

Through the first three quarters of 2026, solid operating performance and investment income generated significant capital, providing ample capacity to fund growth, consider corporate development opportunities, investment risk, and share repurchases, or return under-leveraged capital to shareholders. We repurchased over $1.5 billion of our common shares in the first nine months of 2026. We haven't spent that much in any given calendar year for at least the last two decades. We continue to retain significant financial flexibility through our current capital position and a debt-to-total capital ratio of 19.6%.

In the third quarter 2026, our investment portfolio generated a return of -1.5%. We believe our conservative investment allocation could be beneficial if volatility continues in the capital markets during the rest of the year.

I've often described how Progressive has a culture where we all pull together toward a common Purpose: Helping people move forward and live fully. One of my favorite traditions is closing these letters with a few anecdotes about our employees—whom we refer to internally simply as "Progressive people"—that exemplify this one-of-a-kind culture, often in their own words.

The first comes from Jessica, who works in our Customer Relationship Management organization and described a recent interaction with a customer that really hits home. Jessica wrote, *"I talked with a customer who was embarrassed to call at first because he'd fallen on hard times. This is a judgment-free zone, so I just talked to him for a while and showed that we're all humans at Progressive who just want to help. With that reassurance, he was ready to ask questions and get back on track with us. Before he got off the line, he said it meant a lot that Progressive doesn't judge him and that we've always stood by him."*

Next, I wanted to share a story from a customer about claims employees Juliet and Kaylin, because it touches on how we strive to balance technology with human interaction. The customer wrote, *"Juliet and her boss, Kaylin, who stepped in seamlessly while Juliet was on PTO, were both amazing. I truly felt like they were my friends and not just claims agents. Rather than feeling alone in the chaotic time after an accident and health issue, they made me feel supported and like they had my back. Their teamwork should be used as an example. I also want to commend their balance of AI technology and human interaction. I think to date that is the best balance I've experienced to both speed up certain processes while maintaining the comforts of human interaction."*

Another customer who had been with another carrier for more than 40 years described his experience with Selena and Donny in our claims department, saying, *"Selena and Donny made it so easy, and I'm particularly impressed with their level of professionalism. It felt like genuine caring and old-school customer service. They even spent a lot of time helping me figure out how to take a video and upload pictures. Afterwards, I told my wife what a relief that was."*

My final story—for this letter anyway—comes from an annual event where we invite employees from across the country to tour our Cleveland headquarters and spend a night together at Progressive Field® (thank you, Guardians, for an incredible season!). To be selected for this trip, employees write essays about something they've done that embodies our Purpose of helping people move forward and live fully. Narrowing down the thousands of entries we receive is no easy task, but here's one from the most recent group we hosted in September that really stood out.

It comes from a Customer Relationship Management supervisor named Chris, who wrote in his essay, *"I'm a passionate advocate for children's literacy and community learning. Each summer, I take advantage of Progressive's Volunteer Time Off benefit to partner with our local library to help families build Little Free Libraries for their own yards—small projects that create lasting access to books and imagination. For years, I've believed that removing hands-on trades from schools was a serious loss. These projects reaffirm why practical skills still matter. At every build, participants tell me how lucky they feel to be involved. I always remind them that I am the fortunate one—to have an employer who supports flexibility and to have learned, as a younger man, the skills that now allow me to give back. To date, we've built more than 300 Little Free Libraries, reaching countless children across the county. All it takes is a little know-how, reclaimed wood, and a shared belief that communities grow stronger when we invest in their youngest readers."*

To wrap up, regardless of whether we are in a hard or soft industry cycle, our goal is always the same: grow as fast as we can and make at least four cents of underwriting profit all while taking care of our customers in the way they have come to expect. That clear objective reflects our decades of transparency and clarity of our goals. We believe that certainty is appreciated by employees and investors alike. As we head into the last quarter of the year, we will push for growth by balancing a competitively priced product for our customers while meeting our underwriting goals.

Stay well and be kind to others,



Tricia Griffith
President and Chief Executive Officer

Financial Policies

Progressive balances operating risk with risk of investing and financing activities in order to have sufficient capital to support all the insurance we can profitably underwrite and service. Risks arise in all operational and functional areas, and, therefore, must be assessed holistically, accounting for the offsetting and compounding effects of the separate sources of risk within Progressive.

We use risk management tools to quantify the amount of capital needed, in addition to surplus, to absorb consequences of events such as unfavorable loss reserve development, litigation, weather-related catastrophes, and investment-market corrections. Our financial policies define our allocation of risk and we measure our performance against them. We will invest capital in expanding business operations when, in our view, future opportunities meet our financial objectives and policies. Under-leveraged capital will be returned to investors. We expect to earn a return on equity greater than its cost. Presented is an overview of Progressive's Operating, Investing, and Financing policies.

Operating Maintain pricing and reserving discipline

- Manage profitability targets and operational performance at our lowest level of product definition
- Sustain premiums-to-surplus ratios at efficient levels, and at or below applicable state regulations, for each insurance subsidiary
- Ensure loss reserves are adequate and develop with minimal variance

Investing Maintain a liquid, diversified, high-quality investment portfolio

- Manage on a total return basis
- Manage interest rate, credit, prepayment, extension, and concentration risk
- Allocate portfolio between two groups:
    - Group I – Target 0% to 25% (common equities; nonredeemable preferred stocks; redeemable preferred stocks, except for 50% of investment-grade redeemable preferred stocks with cumulative dividends; and all other non-investment-grade fixed-maturity securities)
    - Group II – Target 75% to 100% (short-term securities and all other fixed-maturity securities)

Financing Maintain sufficient capital to support our business

- Maintain debt below 30% of total capital at book value
- Neutralize dilution from equity-based compensation in the year of issuance through share repurchases
- Use under-leveraged capital to repurchase shares and pay dividends

Objectives and Policy Scorecard

		Nine Months Ended September 30,	Years Ended December 31,				
	Target	2026	2025	2024	2023	5 Years[1]	10 Years[1]
Underwriting margin:							
Progressive[2]	4 %	12.5 %	12.6 %	11.2 %	5.1 %	8.3 %	8.5 %
Industry[3]	na		9.0 %	5.1 %	(4.6) %	0.2 %	0.7 %
Net premiums written growth:							
Progressive	(a)	5 %	12 %	21 %	20 %	15 %	15 %
Industry[3]	na		4 %	13 %	14 %	8 %	6 %
Policies in force growth:							
Personal Lines							
Agency - auto	(a)	7 %	10 %	17 %	7 %	7 %	9 %
Direct - auto	(a)	8 %	14 %	25 %	10 %	12 %	13 %
Special lines	(a)	6 %	7 %	9 %	7 %	7 %	5 %
Property	(a)	0 %	4 %	14 %	9 %	8 %	13 %
Commercial Lines	(a)	5 %	4 %	4 %	5 %	8 %	8 %
Companywide premiums-to-surplus ratio	(b)	na	2.9	2.7	2.8	na	na
Investment allocation:							
Group I	≤25 %	7 %	6 %	6 %	7 %	na	na
Group II	≥75 %	93 %	94 %	94 %	93 %	na	na
Debt-to-total capital ratio	<30 %	19.6 %	18.5 %	21.2 %	25.4 %	na	na
Return on average common shareholders' equity - trailing 12 months:							
Net income	(c)	34.4 %	35.3 %	35.5 %	22.9 %	26.0 %	26.2 %
Comprehensive income (loss)	(c)	25.7 %	40.1 %	36.4 %	30.0 %	25.2 %	26.6 %

(a) Grow as fast as possible, constrained only by our profitability objective and our ability to provide high-quality customer service.
(b) Determined separately for each insurance subsidiary.
(c) Progressive does not have a predetermined target for return on average common shareholders' equity.
na = not applicable.

[1] Represents results over the respective time period; growth represents average annual compounded rate of increase (decrease) as of December 31, 2025.
[2] Expressed as a percentage of net premiums earned. Underwriting profit (loss) is calculated by subtracting losses and loss adjustment expenses, policy acquisition costs, other underwriting expenses, and policyholder credit expense, when applicable, from the total of net premiums earned and fees and other revenues.
[3] Industry results represent private passenger auto insurance market data as reported by A.M. Best Company, Inc. The industry underwriting margin excludes the effect of policyholder dividends.

The Progressive Corporation and Subsidiaries

Operating Results

($ in billions)	Personal Lines Business			Commercial Lines Business
	Vehicles	Property	Total	
Net premiums written				
Nine months ended September 30,				
2026	$ 55.7	$ 2.4	$ 58.1	$ 8.9
2025	52.7	2.4	55.1	8.5
Change over prior period	6 %	1 %	5 %	5 %
Net premiums earned				
Nine months ended September 30,				
2026	$ 54.0	$ 2.3	$ 56.3	$ 8.1
2025	50.0	2.3	52.3	8.2
Change over prior period	8 %	0 %	8 %	(2)%
(# in thousands)				
Policies in Force				
September 30,				
2026	35,585	3,652	39,237	1,252
2025	33,229	3,651	36,880	1,198
Change over prior period	7 %	0 %	6 %	5 %
Underwriting Ratios				
Nine months ended September 30,				
Loss and loss adjustment expense ratio - 2026			67.1	67.6
Underwriting expense ratio - 2026			20.1	21.4
Combined ratio - 2026			87.2	89.0
Combined ratio - 2025			87.1	87.8
Change over prior period			0.1 pts.	1.2 pts.

The Progressive Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months		Nine Months	
Periods Ended September 30,	**2026**	**2025**	**2026**	**2025**
(millions — except per share amounts)				
Revenues				
Net premiums earned	$ 21,869	$ 20,849	$ 64,410	$ 60,568
Investment income	1,035	924	2,931	2,609
Net realized gains (losses) on securities:				
Net realized gains (losses) on security sales	(9)	12	103	32
Net holding period gains (losses) on securities	(161)	283	211	438
Total net realized gains (losses) on securities	(170)	295	314	470
Fees and other revenues	311	306	913	896
Service revenues	147	138	421	382
Total revenues	23,192	22,512	68,989	64,925
Expenses				
Losses and loss adjustment expenses	14,904	13,445	43,303	39,854
Policy acquisition costs	1,607	1,555	4,712	4,522
Other underwriting expenses	3,196	3,015	9,253	8,423
Policyholder credit expense	0	950	0	950
Investment expenses	10	10	28	26
Service expenses	152	144	437	400
Interest expense	87	70	245	209
Total expenses	19,956	19,189	57,978	54,384
Net Income				
Income before income taxes	3,236	3,323	11,011	10,541
Provision for income taxes	694	708	2,340	2,184
Net income	2,542	2,615	8,671	8,357
Other Comprehensive Income (Loss)				
Changes in:				
Total net unrealized gains (losses) on fixed-maturity securities	(1,898)	284	(2,847)	1,611
Net unrealized losses on forecasted transactions	0	0	0	1
Foreign currency translation adjustment	1	0	0	0
Other comprehensive income (loss)	(1,897)	284	(2,847)	1,612
Comprehensive income (loss)	$ 645	$ 2,899	$ 5,824	$ 9,969
Computation of Earnings Per Common Share				
Average common shares outstanding - Basic	580.9	586.5	583.1	586.3
Net effect of dilutive stock-based compensation	1.3	1.7	1.5	1.8
Total average equivalent common shares - Diluted	582.2	588.2	584.6	588.1
Basic: Earnings per common share	$ 4.38	$ 4.46	$ 14.87	$ 14.25
Diluted: Earnings per common share	$ 4.37	$ 4.45	$ 14.83	$ 14.21

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Balance Sheets

(unaudited)

(millions)	September 30, 2026	September 30, 2025	December 31, 2025
Assets			
Available-for-sale securities, at fair value:			
Fixed maturities (amortized cost: $95,719, $88,247, and $82,704)	$ 92,247	$ 88,509	$ 82,866
Short-term investments (amortized cost: $2,125, $1,515, and $10,005)	2,125	1,515	10,005
Total available-for-sale securities	94,372	90,024	92,871
Equity securities, at fair value:			
Nonredeemable preferred stocks (cost: $212, $454, and $419)	193	438	404
Common equities (cost: $909, $808, and $819)	4,632	4,047	4,098
Total equity securities	4,825	4,485	4,502
Total investments	99,197	94,509	97,373
Cash and cash equivalents	141	173	125
Restricted cash and cash equivalents	15	12	13
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	156	185	138
Accrued investment income	747	691	670
Premiums receivable, net of allowance for credit losses of $588, $516, and $552	17,337	16,519	15,362
Reinsurance recoverables	3,875	4,107	4,083
Prepaid reinsurance premiums	209	215	197
Deferred acquisition costs	2,300	2,164	2,044
Property and equipment, net of accumulated depreciation of $1,428, $1,398, and $1,460	924	790	783
Net federal deferred income taxes	1,231	662	748
Other assets	1,768	1,693	1,641
Total assets	$ 127,744	$ 121,535	$ 123,039
Liabilities and Shareholders' Equity			
Unearned premiums	$ 27,873	$ 26,822	$ 25,219
Loss and loss adjustment expense reserves	46,786	42,105	43,310
Dividends payable on common shares	58	59	7,972
Accounts payable, accrued expenses, and other liabilities	10,153	10,208	9,318
Debt[1]	8,389	6,896	6,897
Total liabilities	93,259	86,090	92,716
Common shares, $1.00 par value (authorized 900; issued 798, including treasury shares of 219, 212, and 212)	579	586	586
Paid-in capital	2,372	2,233	2,307
Retained earnings	34,278	32,437	27,327
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on fixed-maturity securities	(2,730)	203	117
Net unrealized losses on forecasted transactions	(13)	(13)	(13)
Foreign currency translation adjustment	(1)	(1)	(1)
Total accumulated other comprehensive income (loss)	(2,744)	189	103
Total shareholders' equity	34,485	35,445	30,323
Total liabilities and shareholders' equity	$ 127,744	$ 121,535	$ 123,039

[1] Consists of both short-term and long-term debt. See *Note 4 – Debt* for further discussion.

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

	Three Months		Nine Months	
Periods Ended September 30,	**2026**	**2025**	**2026**	**2025**
(millions — except per share amounts)				
Common Shares, $1.00 Par Value				
Balance, beginning of period	$ 581	$ 586	$ 586	$ 586
Treasury shares purchased	(3)	(1)	(8)	(1)
Net restricted equity awards issued/vested	1	1	1	1
Balance, end of period	579	586	579	586
Paid-In Capital				
Balance, beginning of period	2,338	2,192	2,307	2,145
Amortization of equity-based compensation	43	42	95	90
Treasury shares purchased	(9)	0	(30)	(1)
Net restricted equity awards issued/vested	(1)	(1)	(1)	(1)
Reinvested dividends on restricted stock units	1	0	1	0
Balance, end of period	2,372	2,233	2,372	2,233
Retained Earnings				
Balance, beginning of period	32,261	29,921	27,327	24,283
Net income	2,542	2,615	8,671	8,357
Treasury shares purchased	(459)	(39)	(1,525)	(105)
Cash dividends declared on common shares ($0.10, $0.10, $0.30, and $0.30 per share)	(58)	(59)	(174)	(176)
Reinvested dividends on restricted stock units	(1)	0	(1)	0
Other, net	(7)	(1)	(20)	78
Balance, end of period	34,278	32,437	34,278	32,437
Accumulated Other Comprehensive Income (Loss)				
Balance, beginning of period	(847)	(95)	103	(1,423)
Other comprehensive income (loss)	(1,897)	284	(2,847)	1,612
Balance, end of period	(2,744)	189	(2,744)	189
Total shareholders' equity	$ 34,485	$ 35,445	$ 34,485	$ 35,445

There are 20 million Serial Preferred Shares authorized. There are 5 million Voting Preference Shares authorized; no such shares have been issued.

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(unaudited)

Nine Months Ended September 30,	2026	2025
(millions)		
Cash Flows From Operating Activities		
Net income	$ 8,671	$ 8,357
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	254	230
Net amortization (accretion) of fixed-income securities	(115)	(81)
Amortization of equity-based compensation	95	90
Net realized (gains) losses on securities	(314)	(470)
Net (gains) losses on disposition of property and equipment	5	2
Changes in:		
Premiums receivable	(1,975)	(2,150)
Reinsurance recoverables	208	658
Prepaid reinsurance premiums	(12)	134
Deferred acquisition costs	(256)	(203)
Income taxes	142	(138)
Unearned premiums	2,654	2,964
Loss and loss adjustment expense reserves	3,476	3,048
Accounts payable, accrued expenses, and other liabilities	(181)	2,079
Other, net	(160)	(142)
Net cash provided by operating activities	12,492	14,378
Cash Flows From Investing Activities		
Purchases:		
Fixed maturities	(43,791)	(34,912)
Equity securities	(205)	(143)
Sales:		
Fixed maturities	23,108	17,520
Equity securities	192	182
Maturities, paydowns, calls, and other:		
Fixed maturities	7,564	6,269
Equity securities	189	240
Net (purchases) sales of short-term investments	7,945	(825)
Net change in unsettled security transactions	960	398
Purchases of property and equipment	(317)	(227)
Sales of property and equipment	45	70
Net cash used in investing activities	(4,310)	(11,428)
Cash Flows From Financing Activities		
Dividends paid to common shareholders	(8,088)	(2,812)
Acquisition of treasury shares for equity award tax liabilities	(73)	(92)
Acquisition of treasury shares acquired in open market	(1,490)	(15)
Net proceeds from debt issuances	1,487	0
Net cash used in financing activities	(8,164)	(2,919)
Increase in cash, cash equivalents, restricted cash, and restricted cash equivalents	18	31
Cash, cash equivalents, restricted cash, and restricted cash equivalents – January 1	138	154
Cash, cash equivalents, restricted cash, and restricted cash equivalents – September 30	$ 156	$ 185

See notes to consolidated financial statements.

1. BASIS OF REPORTING AND ACCOUNTING

The accompanying consolidated financial statements include the accounts of The Progressive Corporation and our wholly owned insurance subsidiaries and non-insurance subsidiaries and affiliates in which we have a controlling financial interest; collectively referred to as Progressive, we, us, or our.

The consolidated financial statements reflect all normal recurring adjustments that, in the opinion of management, were necessary for a fair statement of the results for the interim periods presented. The results of operations for the period ended September 30, 2026, are not necessarily indicative of the results expected for the full year. These consolidated financial statements and the notes thereto should be read in conjunction with Progressive's audited financial statements and accompanying notes included in Exhibit 13 to our Annual Report on Form 10-K for the year ended December 31, 2025 (2025 Annual Report to Shareholders).

Premiums Receivable

We perform analyses to evaluate our premiums receivable for expected credit losses. See our 2025 Annual Report to Shareholders for a discussion on our premiums receivable allowance for credit loss policy. The following table summarizes changes in our allowance for credit loss exposure on our premiums receivable:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(millions)	**2026**	**2025**	**2026**	**2025**
Allowance for credit losses, beginning of period	$ 544	$ 501	$ 552	$ 460
Increase in allowance[1]	228	211	641	540
Write-offs[2]	(184)	(196)	(605)	(484)
Allowance for credit losses, end of period	$ 588	$ 516	$ 588	$ 516

[1] Represents the incremental increase in other underwriting expenses.

[2] Represents the portion of allowance that is reversed when the premiums receivable balances are written off. Premiums receivable balances are written off once we have exhausted our collection efforts.

Supplemental Cash Flow Information

Cash and cash equivalents include bank demand deposits. Restricted cash and restricted cash equivalents include collateral held against unpaid deductibles and cash that is restricted to pay flood claims under the National Flood Insurance Program's "Write Your Own" program, for which certain subsidiaries are participants.

Non-cash activity included the following in the respective periods:

	Nine Months Ended September 30,	
(millions)	**2026**	**2025**
Common share dividends[1]	$ 58	$ 59
Operating lease liabilities[2]	50	83

[1] Declared but unpaid. See *Note 10 – Dividends* for further discussion.

[2] From obtaining right-of-use assets.

In the respective periods, we paid the following:

	Nine Months Ended September 30,	
(millions)	**2026**	**2025**
Income taxes, net of refunds	$ 2,193	$ 2,313
Interest	263	226
Operating lease liabilities	69	68

New Accounting Standards

We did not adopt any new accounting standards during the three and nine months ended September 30, 2026.

In May 2026, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) that establishes accounting guidance for the recognition of environmental credits and environmental credit obligations. This ASU will be effective for fiscal years (including interim periods within those fiscal years) beginning after December 15, 2027 (fiscal 2028 for calendar-year companies). We do not believe this ASU will have a material impact on our financial condition or results of operations.

In September 2025, the FASB issued an ASU that amends the existing accounting guidance for capitalization of internal-use software costs and provides more detailed guidelines around the criteria for capitalization. This ASU will be effective for fiscal years (including interim periods within those fiscal years) beginning after December 15, 2027 (fiscal 2028 for calendar-year companies). We do not believe this ASU will have a material impact on our financial condition or results of operations.

2. INVESTMENTS

The following tables present the composition of our investment portfolio by major security type:

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
September 30, 2026						
Available-for-sale securities:						
Fixed maturities:						
U.S. government	$ 43,865	$ 0	$ (2,271)	$ 0	$ 41,594	41.9 %
State and local government	3,988	0	(153)	0	3,835	3.9
Corporate and other debt	23,856	16	(580)	(17)	23,275	23.5
Residential mortgage-backed	4,654	0	(95)	0	4,559	4.6
Commercial mortgage-backed	8,174	3	(268)	0	7,909	8.0
Other asset-backed	11,182	4	(111)	0	11,075	11.1
Total fixed maturities	95,719	23	(3,478)	(17)	92,247	93.0
Short-term investments	2,125	0	0	0	2,125	2.1
Total available-for-sale securities	97,844	23	(3,478)	(17)	94,372	95.1
Equity securities:						
Nonredeemable preferred stocks	212	0	0	(19)	193	0.2
Common equities	909	0	0	3,723	4,632	4.7
Total equity securities	1,121	0	0	3,704	4,825	4.9
Total portfolio[1]	$ 98,965	$ 23	$ (3,478)	$ 3,687	$ 99,197	100.0 %

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
September 30, 2025						
Available-for-sale securities:						
Fixed maturities:						
U.S. government	$ 51,021	$ 731	$ (413)	$ 0	$ 51,339	54.3 %
State and local government	3,320	20	(65)	0	3,275	3.5
Foreign government	16	0	0	0	16	0
Corporate and other debt	18,621	270	(86)	12	18,817	19.9
Residential mortgage-backed	2,979	26	(6)	1	3,000	3.2
Commercial mortgage-backed	5,916	17	(247)	0	5,686	6.0
Other asset-backed	6,374	35	(33)	0	6,376	6.7
Total fixed maturities	88,247	1,099	(850)	13	88,509	93.6
Short-term investments	1,515	0	0	0	1,515	1.6
Total available-for-sale securities	89,762	1,099	(850)	13	90,024	95.2
Equity securities:						
Nonredeemable preferred stocks	454	0	0	(16)	438	0.5
Common equities	808	0	0	3,239	4,047	4.3
Total equity securities	1,262	0	0	3,223	4,485	4.8
Total portfolio[1]	$ 91,024	$ 1,099	$ (850)	$ 3,236	$ 94,509	100.0 %

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
December 31, 2025						
Available-for-sale securities:						
Fixed maturities:						
U.S. government	$ 43,114	$ 541	$ (357)	$ 0	$ 43,298	44.5 %
State and local government	3,342	19	(58)	0	3,303	3.4
Foreign government	17	0	0	0	17	0
Corporate and other debt	19,773	273	(68)	13	19,991	20.5
Residential mortgage-backed	3,152	28	(6)	1	3,175	3.3
Commercial mortgage-backed	6,194	12	(233)	0	5,973	6.1
Other asset-backed	7,112	28	(31)	0	7,109	7.3
Total fixed maturities	82,704	901	(753)	14	82,866	85.1
Short-term investments	10,005	0	0	0	10,005	10.3
Total available-for-sale securities	92,709	901	(753)	14	92,871	95.4
Equity securities:						
Nonredeemable preferred stocks	419	0	0	(15)	404	0.4
Common equities	819	0	0	3,279	4,098	4.2
Total equity securities	1,238	0	0	3,264	4,502	4.6
Total portfolio[1]	$ 93,947	$ 901	$ (753)	$ 3,278	$ 97,373	100.0 %

[1] At September 30, 2026 and 2025, and December 31, 2025, we had $1,160 million, $523 million, and $200 million, respectively, of net unsettled security transactions included in accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets.
The total fair value of the portfolio at September 30, 2026 and 2025, and December 31, 2025, included $5.8 billion, $4.9 billion, and $13.0 billion, respectively, of securities held in a consolidated, non-insurance subsidiary of the holding company, net of unsettled security transactions. A portion of the investments held at December 31, 2025, were sold and proceeds were used to pay our common share dividends in January 2026; see *Note 10 – Dividends* for additional information.

At September 30, 2026, securities in the principal amount of $945 million were on deposit to meet state insurance and other regulatory requirements. We did not hold any securities of any one issuer, excluding U.S. government securities, with an aggregate cost or fair value exceeding 10% of total shareholders' equity at September 30, 2026 or 2025, or December 31, 2025. At September 30, 2026, we did not hold any debt securities that were non-income producing during the preceding 12 months.

Hybrid Securities Certain securities in our fixed-maturity portfolio are accounted for as hybrid securities and are reported at fair value:

	September 30,		
(millions)	2026	2025	December 31, 2025
Fixed Maturities:			
Corporate and other debt	$ 643	$ 696	$ 733
Residential mortgage-backed	694	642	792
Total hybrid securities	$ 1,337	$ 1,338	$ 1,525

These securities contain embedded derivatives (e.g., change-in-control put option, debt-to-equity conversion, or any other feature unrelated to the credit quality or risk of default of the issuer that could impact the amount or timing of our expected future cash flows) that are not deemed to be clearly and closely related to the host investments. Since the embedded derivatives do not have observable intrinsic values, we use the fair value option to record the changes in fair value of these securities through income as a component of net realized gains (losses).

Fixed Maturities The following table details the composition of fixed maturities by maturity at September 30, 2026:

(millions)	Cost	Fair Value
Less than one year	$ 12,374	$ 12,300
One to five years	50,489	48,905
Five to ten years	32,395	30,593
Ten years or greater	461	449
Total	$ 95,719	$ 92,247

Securities are classified in the maturity distribution table based upon their projected cash flows. Contractual maturities may differ from expected cash flows because the issuers of the securities may have the right to call or prepay obligations.

Gross Unrealized Losses The following tables show the composition of gross unrealized losses by major security type and by the length of time that individual securities have been in a continuous unrealized loss position:

				Less than 12 Months			12 Months or Greater		
($ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses
September 30, 2026									
U.S. government	109	$ 41,594	$ (2,271)	69	$ 36,518	$ (1,843)	40	$ 5,076	$ (428)
State and local government	532	3,782	(153)	381	2,859	(87)	151	923	(66)
Corporate and other debt	723	19,776	(580)	656	18,112	(501)	67	1,664	(79)
Residential mortgage-backed	139	3,724	(95)	122	3,678	(89)	17	46	(6)
Commercial mortgage-backed	180	4,916	(268)	80	2,927	(37)	100	1,989	(231)
Other asset-backed	238	7,870	(111)	209	7,141	(80)	29	729	(31)
Total fixed maturities	1,921	$ 81,662	$ (3,478)	1,517	$ 71,235	$ (2,637)	404	$ 10,427	$ (841)

				Less than 12 Months			12 Months or Greater		
($ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses
September 30, 2025									
U.S. government	71	$ 11,145	$ (413)	7	$ 1,777	$ (3)	64	$ 9,368	$ (410)
State and local government	251	1,557	(65)	40	188	(1)	211	1,369	(64)
Corporate and other debt	138	3,503	(86)	24	718	(4)	114	2,785	(82)
Residential mortgage-backed	28	283	(6)	9	186	(1)	19	97	(5)
Commercial mortgage-backed	138	2,879	(247)	16	375	(1)	122	2,504	(246)
Other asset-backed	50	1,128	(33)	13	228	(1)	37	900	(32)
Total fixed maturities	676	$ 20,495	$ (850)	109	$ 3,472	$ (11)	567	$ 17,023	$ (839)

				Less than 12 Months			12 Months or Greater		
($ in millions)	Total No. of Sec.	Total Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses	No. of Sec.	Fair Value	Gross Unrealized Losses
December 31, 2025									
U.S. government	62	$ 17,402	$ (357)	8	$ 11,327	$ (54)	54	$ 6,075	$ (303)
State and local government	252	1,589	(58)	60	318	(1)	192	1,271	(57)
Corporate and other debt	141	3,821	(68)	36	1,177	(5)	105	2,644	(63)
Residential mortgage-backed	30	293	(6)	12	233	(1)	18	60	(5)
Commercial mortgage-backed	147	3,551	(233)	34	1,210	(3)	113	2,341	(230)
Other asset-backed	64	1,924	(31)	32	1,148	(3)	32	776	(28)
Total fixed maturities	696	$ 28,580	$ (753)	182	$ 15,413	$ (67)	514	$ 13,167	$ (686)

A review of the securities in an unrealized loss position indicated that, at the end of each period presented, the issuers were current with respect to their interest obligations and that there was no evidence of deterioration of the current cash flow projections that would indicate we would not receive the remaining principal at maturity.

Allowance For Credit and Uncollectible Losses We are required to measure the amount of potential credit losses for all fixed-maturity securities in an unrealized loss position. We did not record any allowances for credit losses or any write-offs for credit losses deemed to be uncollectible during the first nine months of 2026 or 2025, and did not have a material credit loss allowance balance as of September 30, 2026 and 2025, or December 31, 2025. No unrealized loss write-offs were recorded during the nine months ended September 30, 2026 or 2025.

As of September 30, 2026 and 2025, and December 31, 2025, we believe that none of the unrealized losses on our fixed-maturity securities were related to material credit losses on any specific securities, or in the aggregate. We continue to expect all the securities in our fixed-maturity portfolio will pay their principal and interest obligations.

In addition, we reviewed the accrued investment income on securities in an unrealized loss position at September 30, 2026 and 2025, and December 31, 2025, to determine if the accrued interest amounts were uncollectible. Based on our analysis, we believe the issuers have sufficient liquidity and capital reserves to meet their current interest and future principal obligations and, therefore, did not write off any accrued income as uncollectible at September 30, 2026 and 2025, or December 31, 2025.

Realized Gains (Losses) The following table details the components of net realized gains (losses) for the three and nine months ended September 30:

	Three Months		Nine Months	
(millions)	**2026**	**2025**	**2026**	**2025**
Gross realized gains on security sales				
Available-for-sale securities:				
U.S. government	$ 9	$ 1	$ 159	$ 78
State and local government	0	0	1	0
Corporate and other debt	7	6	42	9
Residential mortgage-backed	0	0	1	1
Total available-for-sale securities	16	7	203	88
Equity securities:				
Nonredeemable preferred stocks	2	1	12	3
Common equities	27	11	63	50
Total equity securities	29	12	75	53
Subtotal gross realized gains on security sales	45	19	278	141
Gross realized losses on security sales				
Available-for-sale securities:				
U.S. government	(48)	0	(133)	(78)
State and local government	(4)	0	(8)	(2)
Corporate and other debt	(15)	(4)	(26)	(7)
Residential mortgage-backed securities	(1)	0	(1)	0
Commercial mortgage-backed	(1)	0	(1)	(10)
Total available-for-sale securities	(69)	(4)	(169)	(97)
Equity securities:				
Nonredeemable preferred stocks	0	(1)	(8)	(6)
Common equities	(3)	(2)	(16)	(6)
Total equity securities	(3)	(3)	(24)	(12)
Subtotal gross realized losses on security sales	(72)	(7)	(193)	(109)
Net realized gains (losses) on security sales				
Available-for-sale securities:				
U.S. government	(38)	1	27	0
State and local government	(4)	0	(7)	(2)
Corporate and other debt	(8)	2	16	2
Residential mortgage-backed	(1)	0	0	1
Commercial mortgage-backed	(1)	0	(1)	(10)
Total available-for-sale securities	(52)	3	35	(9)
Equity securities:				
Nonredeemable preferred stocks	2	0	4	(3)
Common equities	23	9	46	44
Total equity securities	25	9	50	41
Subtotal net realized gains (losses) on security sales	(27)	12	85	32
Other assets				
Gain	18	0	18	0
Net holding period gains (losses)				
Hybrid securities	(218)	3	(228)	17
Equity securities	57	280	439	421
Subtotal net holding period gains (losses)	(161)	283	211	438
Total net realized gains (losses) on securities[1]	$ (170)	$ 295	$ 314	$ 470

[1]U.S. Treasury futures positions are utilized to manage portfolio duration. Net realized losses on closed positions, which are included within U.S. government securities, were $18 million and $69 million for the three and nine months ended September 30, 2026, respectively. Net holding period losses on open positions, which are included within hybrid securities, were $199 million and $198 million for the three and nine months ended September 30, 2026, respectively. There was no U.S. Treasury futures activity during the corresponding 2025 periods.

During the third quarter and first nine months of 2026 and 2025, the majority of our security sales were U.S. government securities, primarily sold to manage portfolio duration. We also selectively sold securities that we viewed as having less attractive risk/reward profiles during the third quarter and first nine months of 2026 and 2025.

The following table reflects our holding period realized gains (losses) recognized on equity securities held at the three and nine months ended September 30:

	Three Months		Nine Months	
(millions)	**2026**	**2025**	**2026**	**2025**
Total net gains (losses) recognized during the period on equity securities	$ 82	$ 289	$ 489	$ 462
Less: Net gains (losses) recognized on equity securities sold during the period	25	9	50	41
Net holding period gains (losses) recognized during the period on equity securities held at period end	$ 57	$ 280	$ 439	$ 421

Net Investment Income The following table details the components of net investment income for the three and nine months ended September 30:

	Three Months		Nine Months	
(millions)	**2026**	**2025**	**2026**	**2025**
Available-for-sale securities:				
Fixed maturities:				
U.S. government	$ 429	$ 470	$ 1,262	$ 1,314
State and local government	32	24	83	64
Corporate and other debt	273	214	761	593
Residential mortgage-backed	59	38	152	95
Commercial mortgage-backed	90	63	244	175
Other asset-backed	118	78	305	246
Total fixed maturities	1,001	887	2,807	2,487
Short-term investments	19	20	79	66
Total available-for-sale securities	1,020	907	2,886	2,553
Equity securities:				
Nonredeemable preferred stocks	2	6	8	19
Common equities	13	11	37	37
Total equity securities	15	17	45	56
Investment income	1,035	924	2,931	2,609
Investment expenses	(10)	(10)	(28)	(26)
Net investment income	$ 1,025	$ 914	$ 2,903	$ 2,583

On a year-over-year basis, investment income (interest and dividends) increased 12% for both the three and nine months ended September 30, 2026, compared to the same periods last year. The increases primarily reflect growth in invested assets.

3. FAIR VALUE

The composition of the investment portfolio by major security type and our outstanding debt was:

	Fair Value				
(millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Cost**
September 30, 2026					
Fixed maturities:					
U.S. government	$ 41,594	$ 0	$ 0	$ 41,594	$ 43,865
State and local government	0	3,835	0	3,835	3,988
Corporate and other debt	0	23,266	9	23,275	23,856
Residential mortgage-backed	0	4,559	0	4,559	4,654
Commercial mortgage-backed	0	7,909	0	7,909	8,174
Other asset-backed	0	10,926	149	11,075	11,182
Total fixed maturities	41,594	50,495	158	92,247	95,719
Short-term investments	2,082	43	0	2,125	2,125
Total available-for-sale securities	43,676	50,538	158	94,372	97,844
Equity securities:					
Nonredeemable preferred stocks	0	140	53	193	212
Common equities:					
Common stocks	4,585	0	8	4,593	870
Other risk investments	0	0	39	39	39
Subtotal common equities	4,585	0	47	4,632	909
Total equity securities	4,585	140	100	4,825	1,121
Total portfolio	$ 48,261	$ 50,678	$ 258	$ 99,197	$ 98,965
Debt	$ 0	$ 7,345	$ 0	$ 7,345	$ 8,389

	Fair Value				
(millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Cost**
September 30, 2025					
Fixed maturities:					
U.S. government	$ 51,339	$ 0	$ 0	$ 51,339	$ 51,021
State and local government	0	3,275	0	3,275	3,320
Foreign government	0	16	0	16	16
Corporate and other debt	0	18,812	5	18,817	18,621
Residential mortgage-backed	0	3,000	0	3,000	2,979
Commercial mortgage-backed	0	5,686	0	5,686	5,916
Other asset-backed	0	6,376	0	6,376	6,374
Total fixed maturities	51,339	37,165	5	88,509	88,247
Short-term investments	1,414	101	0	1,515	1,515
Total available-for-sale securities	52,753	37,266	5	90,024	89,762
Equity securities:					
Nonredeemable preferred stocks	0	378	60	438	454
Common equities:					
Common stocks	4,004	0	9	4,013	774
Other risk investments	0	0	34	34	34
Subtotal common equities	4,004	0	43	4,047	808
Total equity securities	4,004	378	103	4,485	1,262
Total portfolio	$ 56,757	$ 37,644	$ 108	$ 94,509	$ 91,024
Debt	$ 0	$ 6,398	$ 0	$ 6,398	$ 6,896

(millions)	Fair Value Level 1	Level 2	Level 3	Total	Cost
December 31, 2025					
Fixed maturities:					
U.S. government	$ 43,298	$ 0	$ 0	$ 43,298	$ 43,114
State and local government	0	3,303	0	3,303	3,342
Foreign government	0	17	0	17	17
Corporate and other debt	0	19,987	4	19,991	19,773
Residential mortgage-backed	0	3,175	0	3,175	3,152
Commercial mortgage-backed	0	5,973	0	5,973	6,194
Other asset-backed	0	7,109	0	7,109	7,112
Total fixed maturities	43,298	39,564	4	82,866	82,704
Short-term investments	9,810	195	0	10,005	10,005
Total available-for-sale securities	53,108	39,759	4	92,871	92,709
Equity securities:					
Nonredeemable preferred stocks	0	344	60	404	419
Common equities:					
Common stocks	4,057	0	5	4,062	783
Other risk investments	0	0	36	36	36
Subtotal common equities	4,057	0	41	4,098	819
Total equity securities	4,057	344	101	4,502	1,238
Total portfolio	$ 57,165	$ 40,103	$ 105	$ 97,373	$ 93,947
Debt	$ 0	$ 6,345	$ 0	$ 6,345	$ 6,897

Our portfolio valuations, excluding short-term investments valued at adjusted original cost and classified as either Level 1 or Level 2 in the above tables, are priced exclusively by external sources, including pricing vendors, dealers/market makers, and exchange-quoted prices. At each reporting period, we concluded there was sufficient market activity in the relevant sectors and securities, further supporting our Level 1 and Level 2 classifications.

Our short-term investments classified as Level 1 include commercial paper, U.S. Treasury Bills, and money market funds, which are highly liquid, actively marketed, and have short durations. These securities are valued at their original cost, adjusted for any accretion of discount, which approximates fair value because of the relatively short period of time until maturity. The remainder of our short-term investments with a trade date to maturity of less than a year are classified as Level 2. These securities are classified as Level 2 since they are valued using external pricing vendor prices or are securities that continually trade at par value because they contain either liquidity facilities or mandatory put features within one year and, as a result, are valued at their original cost.

At September 30, 2026, vendor-quoted prices represented 90% of our Level 1 classifications (excluding short-term investments valued at adjusted original cost), compared to 93% and 91%, at September 30, 2025 and December 31, 2025, respectively. The securities quoted by vendors in Level 1 primarily represent our holdings in U.S. government securities, which are frequently traded, and the quotes are considered similar to exchange-traded quotes. The balance of our Level 1 pricing comes from quotes obtained directly from trades made on active exchanges.

At September 30, 2026 and 2025, vendor-quoted prices comprised 99% of our Level 2 classifications (excluding short-term investments valued at adjusted original cost), with the balance from dealer quotes, compared to 100% at December 31, 2025. In our process for selecting a source (e.g., dealer or pricing service) to provide pricing for securities in our portfolio, we reviewed documentation from the sources that detailed the pricing techniques and methodologies used by these sources and determined if their policies adequately considered market activity, either based on specific transactions for the particular security type or based on modeling of securities with similar credit quality, duration, yield, and structure that were recently transacted. Once a source is chosen, we continue to monitor any changes or modifications to their processes by reviewing their documentation on internal controls for pricing and market reviews. We review quality control measures of our sources as they become available to determine if any significant changes have occurred from period to period that might indicate issues or concerns regarding their evaluation or market coverage.

As part of our pricing procedures, we obtain quotes from more than one source to help us fully evaluate the market price of securities. However, our internal pricing policy is to use a consistent source for individual securities in order to maintain the integrity of our valuation process. Quotes obtained from the sources are not considered binding offers to transact. Under our policy, when a review of the valuation received from our selected source appears to be outside of what is considered market level activity (which is defined as trading at spreads or yields significantly different than those of comparable securities or outside the

general sector level movement without a reasonable explanation), we may use an alternate source's price. To the extent we determine that it may be prudent to substitute one source's price for another, we will contact the initial source to obtain an understanding of the factors that may be contributing to the significant price variance.

To allow us to determine if our initial source is providing a price that is outside of a reasonable range, we review our portfolio pricing on a weekly basis. When necessary, we challenge prices from our sources when a price provided does not match our expectations based on our evaluation of market trends and activity. Initially, we perform a review of our portfolio by sector to identify securities whose prices appear outside of a reasonable range. We then perform a more detailed review of fair values for securities disclosed as Level 2. We review dealer bids and quotes for these and/or similar securities to determine the market level context for our valuations. We then evaluate inputs relevant for each class of securities disclosed in the preceding hierarchy tables.

For asset-backed securities, including residential, commercial, and other asset-backed securities, we evaluate available market-related data for these and similar securities related to collateral, delinquencies, and defaults for historical trends and reasonably estimable projections, as well as historical prepayment rates and current prepayment assumptions and cash flow estimates. We further stratify each class of asset-backed securities into more finite sectors (e.g., planned amortization class, first pay, second pay, senior, and subordinated) and use duration and credit quality to determine if the fair value is appropriate.

For corporate and other debt, nonredeemable preferred stock, and the notes issued by The Progressive Corporation (see *Note 4 – Debt*), we review securities by duration, credit quality, and coupon, as well as changes in interest rate and credit spread movements within that stratification. The review also includes recent trades, including: volume traded at various levels that establish a market; issuer specific fundamentals; and industry-specific economic news as it comes to light.

For state and local government (municipal) securities, we stratify the portfolio to evaluate securities by type, duration, credit quality, and coupon, to review price changes relative to credit spread and interest rate changes. Additionally, we look to economic data as it relates to geographic location as an indication of price-to-call or maturity predictors. For municipal housing securities, we look to changes in cash flow projections, both historical and reasonably estimable projections, to understand yield changes and their effect on valuation.

For short-term investments valued at adjusted original cost, we look at acquisition price relative to the coupon or yield. Since most of these securities are 60 days or less to maturity, we believe that adjusted original cost is the best estimate of fair value. For short-term investments valued with external vendor prices, we review securities by duration, credit quality, and coupon, as well as changes in interest rate and credit spread movements within that stratification, and recent trade information.

We also review data assumptions as supplied by our sources to determine if that data is relevant to current market conditions. In addition, we independently review each sector for transaction volumes, new issuances, and changes in spreads, as well as the overall movement of interest rates along the yield curve to determine if sufficient activity and liquidity exists to provide a credible source for our market valuations.

During each valuation period, we create internal estimations of portfolio valuation (performance returns), based on current market-related activity (i.e., interest rate and credit spread movements and other credit-related factors) within each major sector of our portfolio. We compare our results to index returns for each major sector adjusting for duration and credit quality differences to better understand our portfolio's results. Additionally, we review our external sales transactions and compare the actual final market sales prices to previous market valuation prices on a monthly basis. This review provides us further validation that our pricing sources are providing market level prices, and gives us additional comfort regarding the source's process, the quality of its review, and its willingness to improve its analysis based on feedback from clients. We believe this effort helps ensure that we are reporting the most representative fair values for our securities.

After all the valuations are received and our review of Level 2 securities is complete, if the inputs used by vendors are determined to not contain sufficient observable market information, we will reclassify the affected securities to Level 3.

Except as described below, our Level 3 securities are priced externally; however, due to several factors (e.g., nature of the securities, level of activity, and lack of similar securities trading to obtain observable market level inputs), these valuations are more subjective in nature.

To the extent we receive prices from external sources (e.g., broker and valuation firm) for the Level 3 securities, we review those prices for reasonableness using internally developed assumptions and then compare our derived prices to the prices received from the external sources. Based on our review during the first nine months of 2026 and for the full year of 2025, all prices received from external sources remained unadjusted.

If we do not receive prices from an external source, we perform an internal fair value comparison, which includes a review and analysis of market-comparable securities, to determine if fair value changes are needed. Based on this analysis, certain private equity investments included in the Level 3 category remain valued at cost or were priced using a recent transaction as the basis for fair value. At least annually, these private equity investments are priced by an external source.

Our Level 3 investments include securities that are not subject to fair value accounting. Since these securities represent less than 0.1% of our total portfolio, we include them in our Level 3 disclosures and report the activity from these investments as “other” changes in the summary of changes in fair value table and categorize these securities as “pricing exemption securities” in the quantitative information table.

During the first nine months of 2026 and for the full year of 2025, there were no material assets or liabilities measured at fair value on a nonrecurring basis.

Due to the relative size of the Level 3 securities’ fair values, compared to the total portfolio’s fair value, any changes in pricing methodology would not have a significant change in valuation that would materially impact net or comprehensive income.

The following tables provide a summary of changes in fair value associated with Level 3 assets for the three and nine months ended September 30, 2026 and 2025:

(millions)	Fair Value at June 30, 2026	Calls/ Maturities/ Paydowns/ Other	Purchases	Sales	Net Realized (Gain)/Loss on Sales	Change in Valuation[1]	Net Transfers In (Out)	Fair Value at September 30, 2026
Fixed maturities:								
Corporate and other debt	$ 4	$ 5	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9
Other asset-backed	150	(1)	0	0	0	0	0	149
Equity securities:								
Nonredeemable preferred stocks	49	4	0	0	0	0	0	53
Common equities:								
Common stocks	8	0	0	0	0	0	0	8
Other risk investments	39	0	0	0	0	0	0	39
Total Level 3 securities	$ 250	$ 8	$ 0	$ 0	$ 0	$ 0	$ 0	$ 258

(millions)	Fair Value at June 30, 2025	Calls/ Maturities/ Paydowns/ Other	Purchases	Sales	Net Realized (Gain)/Loss on Sales	Change in Valuation[1]	Net Transfers In (Out)	Fair Value at September 30, 2025
Fixed maturities:								
Corporate and other debt	$ 5	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5
Equity securities:								
Nonredeemable preferred stocks	60	0	0	0	0	0	0	60
Common equities:								
Common stocks	9	0	0	0	0	0	0	9
Other risk investments	32	2	0	0	0	0	0	34
Total Level 3 securities	$ 106	$ 2	$ 0	$ 0	$ 0	$ 0	$ 0	$ 108

(millions)	Fair Value at December 31, 2025	Calls/ Maturities/ Paydowns/ Other	Purchases	Sales	Net Realized (Gain)/Loss on Sales	Change in Valuation[1]	Net Transfers In (Out)	Fair Value at September 30, 2026
Fixed maturities:								
Corporate and other debt	$ 4	$ 5	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9
Other asset-backed	0	(1)	150	0	0	0	0	149
Equity securities:								
Nonredeemable preferred stocks	60	4	0	(5)	(7)	1	0	53
Common equities:								
Common stocks	5	0	0	0	0	3	0	8
Other risk investments	36	3	0	0	0	0	0	39
Total Level 3 securities	$ 105	$ 11	$ 150	$ (5)	$ (7)	$ 4	$ 0	$ 258

(millions)	Fair Value at December 31, 2024	Calls/ Maturities/ Paydowns/ Other	Purchases	Sales	Net Realized (Gain)/Loss on Sales	Change in Valuation[1]	Net Transfers In (Out)	Fair Value at September 30, 2025
Fixed maturities:								
Corporate and other debt	$ 5	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5
Equity securities:								
Nonredeemable preferred stocks	52	0	8	0	0	0	0	60
Common equities:								
Common stocks	23	0	0	0	0	(14)	0	9
Other risk investments	25	9	0	0	0	0	0	34
Total Level 3 securities	$ 105	$ 9	$ 8	$ 0	$ 0	$ (14)	$ 0	$ 108

[1]For fixed maturities, amounts included are unrealized gains (losses) reflected in accumulated other comprehensive income (loss) on our consolidated balance sheets. For equity securities, amounts included are net holding period gains (losses) on securities on our consolidated statements of comprehensive income.

The following tables provide a summary of the quantitative information about Level 3 fair value measurements for our applicable securities at September 30, 2026 and 2025, and December 31, 2025:

($ in millions)	Fair Value at September 30, 2026	Valuation Technique	Unobservable Input	Range of Input Values Increase (Decrease)	Weighted Average Increase (Decrease)
Fixed maturities:					
Corporate and other debt	$ 9	Market comparables	Weighted average market capitalization price change %	(9.8)% to 0.3%	(2.6)%
Equity securities:					
Nonredeemable preferred stocks	49	Market comparables	Weighted average market capitalization price change %	(21.2)% to 2.4%	(8.3)%
Common stocks	8	Market comparables	Weighted average market capitalization price change %	(48.5)% to 42.6%	(21.2)%
Subtotal Level 3 securities	66				
External price securities	149				
Pricing exemption securities	43				
Total Level 3 securities	$ 258				

($ in millions)	Fair Value at September 30, 2025	Valuation Technique	Unobservable Input	Range of Input Values Increase (Decrease)	Weighted Average Increase (Decrease)
Fixed maturities:					
Corporate and other debt	$ 5	Market comparables	Weighted average market capitalization price change %	(1.0)% to (0.9)%	(1.0)%
Equity securities:					
Nonredeemable preferred stocks	60	Market comparables	Weighted average market capitalization price change %	(6.6)% to 11.3%	3.8 %
Common stocks	9	Market comparables	Weighted average market capitalization price change %	(21.5)% to 74.6%	11.3 %
Subtotal Level 3 securities	74				
Pricing exemption securities	34				
Total Level 3 securities	$ 108				

($ in millions)	Fair Value at December 31, 2025	Valuation Technique	Unobservable Input	Range of Input Values Increase (Decrease)	Weighted Average Increase (Decrease)
Fixed maturities:					
Corporate and other debt	$ 4	Market comparables	Weighted average market capitalization price change %	(0.1)% to 0.1%	0 %
Equity securities:					
Nonredeemable preferred stocks	60	Market comparables	Weighted average market capitalization price change %	(14.5)% to 7.6%	(4.5)%
Common stocks	5	Market comparables	Weighted average market capitalization price change %	(40.9)% to 36.3%	7.6 %
Subtotal Level 3 securities	69				
Pricing exemption securities	36				
Total Level 3 securities	$ 105				

4. DEBT

Debt at each of the balance sheet periods consisted of the following Senior Notes:

($ in millions)					September 30, 2026		September 30, 2025		December 31, 2025	
	Principal Amount	Interest Rate	Issuance Date	Maturity Date	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
$	500	2.45 %	August 2016	January 2027	$ 500	$ 497	$ 499	$ 491	$ 499	$ 493
	500	2.50	March 2022	March 2027	500	495	499	490	499	492
	300	6 5/8	March 1999	March 2029	299	308	298	323	299	323
	550	4.00	October 2018	March 2029	549	533	548	550	548	551
	500	3.20	March 2020	March 2030	498	463	498	481	498	484
	500	4.60	March 2026	March 2031	497	479	0	0	0	0
	500	3.00	March 2022	March 2032	497	437	497	461	497	462
	400	6.25	November 2002	December 2032	398	412	397	445	397	442
	500	4.95	May 2023	June 2033	497	476	497	514	497	513
	1,000	5.15	March 2026	March 2036	991	935	0	0	0	0
	350	4.35	April 2014	April 2044	347	274	347	308	347	304
	400	3.70	January 2015	January 2045	396	284	396	320	396	314
	850	4.125	April 2017	April 2047	843	627	843	716	843	702
	600	4.20	March 2018	March 2048	591	446	591	510	591	498
	500	3.95	March 2020	March 2050	492	351	492	404	492	392
	500	3.70	March 2022	March 2052	494	328	494	385	494	375
	Total				$ 8,389	$ 7,345	$ 6,896	$ 6,398	$ 6,897	$ 6,345

At September 30, 2026, short-term debt consisted of the $500 million 2.45% Senior Notes that mature in January 2027 and the $500 million 2.50% Senior Notes that mature in March 2027. There was no short-term debt outstanding at September 30, 2025, or December 31, 2025.

In March 2026, The Progressive Corporation issued $500 million of 4.60% Senior Notes due 2031 and $1 billion of 5.15% Senior Notes due 2036 in an underwritten public offering. The net proceeds from the issuances, after deducting underwriters' discounts, commissions, and other issuance costs, were approximately $1,487 million in aggregate. Consistent with the other senior notes issued by The Progressive Corporation, interest on these notes is payable semiannually, principal is due at maturity, and the notes are redeemable, in whole or in part, at any time, subject to a treasury "make whole" provision.

During the second quarter 2026, The Progressive Corporation renewed its line of credit with PNC Bank, National Association, in the maximum principal amount of $300 million, which expires April 30, 2027. The renewal amended the interest rate to the 1-month term Secured Overnight Financing Rate (SOFR) plus 1.0%. The remaining terms are unchanged from the previous line of credit. See the 2025 Annual Report to Shareholders for a discussion of the terms of this line of credit. We had no borrowings under the line of credit that was available during the periods presented.

5. INCOME TAXES

The effective tax rate for the three and nine months ended September 30, 2026, was 21.4% and 21.3%, respectively, compared to 21.3% and 20.7% for the same periods last year.

Deferred income taxes reflect the tax effects of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Although realization of the deferred tax assets is not assured, management believes that it is more likely than not that the deferred tax assets will be realized based on our expectation that we will be able to fully utilize the deductions that are ultimately recognized for tax purposes and, therefore, no valuation allowance was needed at September 30, 2026 and 2025, and December 31, 2025.

We had net current income taxes recoverable of $103 million at September 30, 2026, which was reported in other assets on our consolidated balance sheets, compared to net current income taxes payable of $24 million and $28 million at September 30, 2025, and December 31, 2025, respectively, which were reported in accounts payable, accrued expenses, and other liabilities. The balance may fluctuate from period to period due to normal timing differences.

At September 30, 2026 and 2025, and December 31, 2025, we have not recorded any unrecognized tax benefits or related interest and penalties.

6. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

Activity in the loss and loss adjustment expense reserves is summarized as follows:

	September 30,	
(millions)	**2026**	**2025**
Balance at January 1	$ 43,310	$ 39,057
Less reinsurance recoverables on unpaid losses	3,807	4,487
Net balance at January 1	39,503	34,570
Incurred related to:		
Current year	44,839	40,922
Prior years	(1,536)	(1,068)
Total incurred	43,303	39,854
Paid related to:		
Current year	23,579	21,904
Prior years	16,033	14,228
Total paid	39,612	36,132
Net balance at September 30	43,194	38,292
Plus reinsurance recoverables on unpaid losses	3,592	3,813
Balance at September 30	$ 46,786	$ 42,105

We experienced favorable reserve development of $1,536 million and $1,068 million during the first nine months of 2026 and 2025, respectively, which is reflected as “incurred related to prior years” in the table above.

Year-to-date September 30, 2026

- The favorable prior-year reserve development included approximately $975 million attributable to accident year 2025, $325 million to accident year 2024, and the remainder to accident years 2023 and prior.
- Our personal auto products incurred about $1,300 million of favorable loss and loss adjustment expense (LAE) reserve development, with the agency and direct auto businesses each contributing about half. The favorable development was primarily due to lower than anticipated bodily injury severity and, to a lesser extent, lower than anticipated payments on reopened property damage claims that were previously closed and lower than anticipated loss adjustment expenses.
- Our Commercial Lines business incurred about $210 million of favorable loss and LAE reserve development. The favorable development was primarily due to lower than anticipated injury severity in our transportation network company (TNC) business, partially offset by higher than anticipated injury severity and litigation defense costs in our core commercial auto products.

Year-to-date September 30, 2025

- The favorable prior-year reserve development included approximately $660 million attributable to accident year 2024, $190 million to accident year 2023, and the remainder to accident years 2022 and prior.
- Our personal auto products incurred about $910 million of favorable loss and LAE reserve development, with the agency and direct auto businesses each contributing about half. The favorable development was primarily due to lower than anticipated loss severity and frequency in Florida and, to a lesser extent, lower than anticipated litigation defense costs across most states and lower than anticipated payments on reopened property damage claims that were previously closed.
- Our personal property products experienced about $75 million of favorable development, primarily attributable to favorable development on 2024 catastrophe events.
- Our Commercial Lines business experienced about $80 million of favorable development, primarily attributable to lower than anticipated severity in our TNC business, partially offset by higher than anticipated severity and litigation defense costs in our core commercial auto bodily injury coverages.

7. SEGMENT INFORMATION

Our Personal Lines segment writes insurance for personal autos, special lines products (e.g., recreational vehicles, such as motorcycles, RVs, and watercraft), personal residential property insurance for homeowners and renters, umbrella insurance, and flood insurance through the "Write Your Own" program for the National Flood Insurance Program.

Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and commercial property insurance predominantly for small businesses, and workers' compensation insurance primarily for the transportation industry.

Our service businesses primarily provide insurance-related services, including serving as an agent for homeowners, general liability, and workers' compensation insurance, among other products, through programs in our direct Personal Lines and Commercial Lines businesses.

All segment revenues are generated from external customers; all intercompany transactions are eliminated in consolidation.

Following are the operating results for the respective periods:

(millions)	Personal Lines	Commercial Lines	Other[1]	Companywide
Three Months Ended September 30, 2026				
Net premiums earned	$ 19,060	$ 2,807	$ 2	$ 21,869
Fees and other revenues	291	20	0	311
Total underwriting revenue	19,351	2,827	2	22,180
Losses and loss adjustment expenses:				
Losses (excluding catastrophe losses)	10,888	1,689	7	12,584
Catastrophe losses	373	15	0	388
Loss adjustment expenses	1,605	327	0	1,932
Total losses and loss adjustment expenses	12,866	2,031	7	14,904
Underwriting expenses:				
Distribution expenses[2]	2,749	340	3	3,092
Other underwriting expenses[3]	1,455	249	7	1,711
Total underwriting expenses	4,204	589	10	4,803
Pretax underwriting profit (loss)	$ 2,281	$ 207	$ (15)	2,473
Investment profit (loss)[4]				855
Service businesses profit (loss)				(5)
Interest expense				(87)
Total pretax profit (loss)				$ 3,236

(millions)	Personal Lines	Commercial Lines	Other[1]	Companywide
Three Months Ended September 30, 2025				
Net premiums earned	$ 18,089	$ 2,760	$ 0	$ 20,849
Fees and other revenues	272	34	0	306
Total underwriting revenue	18,361	2,794	0	21,155
Losses and loss adjustment expenses:				
Losses (excluding catastrophe losses)	9,801	1,575	1	11,377
Catastrophe losses	207	12	0	219
Loss adjustment expenses	1,554	296	(1)	1,849
Total losses and loss adjustment expenses	11,562	1,883	0	13,445
Underwriting expenses:				
Distribution expenses[2]	2,507	313	1	2,821
Other underwriting expenses[3]	2,394	300	5	2,699
Total underwriting expenses	4,901	613	6	5,520
Pretax underwriting profit (loss)	$ 1,898	$ 298	$ (6)	2,190
Investment profit (loss)[4]				1,209
Service businesses profit (loss)				(6)
Interest expense				(70)
Total pretax profit (loss)				$ 3,323

(millions)	Personal Lines	Commercial Lines	Other[1]	Companywide
Nine Months Ended September 30, 2026				
Net premiums earned	$ 56,324	$ 8,081	$ 5	$ 64,410
Fees and other revenues	855	58	0	913
Total underwriting revenue	57,179	8,139	5	65,323
Losses and loss adjustment expenses:				
Losses (excluding catastrophe losses)	31,608	4,536	14	36,158
Catastrophe losses	1,395	34	0	1,429
Loss adjustment expenses	4,798	918	0	5,716
Total losses and loss adjustment expenses	37,801	5,488	14	43,303
Underwriting expenses:				
Distribution expenses[2]	7,949	956	8	8,913
Other underwriting expenses[3]	4,227	807	18	5,052
Total underwriting expenses	12,176	1,763	26	13,965
Pretax underwriting profit (loss)	$ 7,202	$ 888	$ (35)	8,055
Investment profit (loss)[4]				3,217
Service businesses profit (loss)				(16)
Interest expense				(245)
Total pretax profit (loss)				$ 11,011

(millions)	Personal Lines	Commercial Lines	Other[1]	Companywide
Nine Months Ended September 30, 2025				
Net premiums earned	$ 52,343	$ 8,224	$ 1	$ 60,568
Fees and other revenues	784	112	0	896
Total underwriting revenue	53,127	8,336	1	61,464
Losses and loss adjustment expenses:				
Losses (excluding catastrophe losses)	28,484	4,695	0	33,179
Catastrophe losses	1,349	36	0	1,385
Loss adjustment expenses	4,415	875	0	5,290
Total losses and loss adjustment expenses	34,248	5,606	0	39,854
Underwriting expenses:				
Distribution expenses[2]	7,183	907	2	8,092
Other underwriting expenses[3]	4,967	823	13	5,803
Total underwriting expenses	12,150	1,730	15	13,895
Pretax underwriting profit (loss)	$ 6,729	$ 1,000	$ (14)	7,715
Investment profit (loss)[4]				3,053
Service businesses profit (loss)				(18)
Interest expense				(209)
Total pretax profit (loss)				$ 10,541

[1] Includes other underwriting business and run-off operations.

[2] Includes policy acquisition costs, agents' contingent commissions, and advertising costs attributable to our operating segments. A portion of our companywide advertising costs are also attributed to our service businesses.

[3] Primarily consists of employee compensation and benefit costs, policyholder credits, and the increase in the allowance for credit loss exposure on our premiums receivable. Personal Lines results for both the three and nine months ended September 30, 2025, included $950 million of policyholder credit expense, related to estimated profit we earned for the three-accident-year period ended December 31, 2025, in excess of the statutory profit limit that a Florida statute imposes on the profit that any insurance group can earn on personal auto insurance over any contiguous three-accident-year period. See our 2025 Annual Report to Shareholders for further discussion of the Florida policyholder credit expense.

[4] Calculated as recurring investment income plus total net realized gains (losses) on securities, less investment expenses.

Our management uses underwriting margin and combined ratio as primary measures of underwriting profitability. The underwriting margin is the pretax underwriting profit (loss) expressed as a percentage of net premiums earned. Pretax underwriting profit (loss) is calculated as net premiums earned plus fees and other revenues, less: (i) losses and loss adjustment expenses; (ii) policy acquisition costs; (iii) other underwriting expenses; and (iv) policyholder credit expense. Fees and other revenues are netted against either loss adjustment expenses or underwriting expenses in the ratio calculations, based on the underlying activity that generated the revenue. Combined ratio is the complement of the underwriting margin. Following are the underwriting margins and combined ratios for our underwriting operations for the respective periods:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio
Personal Lines	12.0 %	88.0	10.5 %	89.5	12.8 %	87.2	12.9 %	87.1
Commercial Lines	7.4	92.6	10.8	89.2	11.0	89.0	12.2	87.8
Total underwriting operations	11.3	88.7	10.5	89.5	12.5	87.5	12.7	87.3

8. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss), including reclassification adjustments by income statement line item, were as follows:

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax): Total net unrealized gains (losses) on securities	Net unrealized losses on forecasted transactions	Foreign currency translation adjustment
Balance at June 30, 2026	$ (1,072)	$ 225	$ (847)	$ (832)	$ (13)	$ (2)
Other comprehensive income (loss) before reclassifications:						
Investment securities	(2,427)	510	(1,917)	(1,917)	0	0
Foreign currency translation adjustment	1	0	1	0	0	1
Total other comprehensive income (loss) before reclassifications	(2,426)	510	(1,916)	(1,917)	0	1
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(25)	6	(19)	(19)	0	0
Total reclassification adjustment for amounts realized in net income	(25)	6	(19)	(19)	0	0
Total other comprehensive income (loss)	(2,401)	504	(1,897)	(1,898)	0	1
Balance at September 30, 2026	$ (3,473)	$ 729	$ (2,744)	$ (2,730)	$ (13)	$ (1)

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax): Total net unrealized gains (losses) on securities	Net unrealized losses on forecasted transactions	Foreign currency translation adjustment
Balance at June 30, 2025	$ (128)	$ 33	$ (95)	$ (81)	$ (13)	$ (1)
Other comprehensive income (loss) before reclassifications for investment securities	362	(76)	286	286	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	3	(1)	2	2	0	0
Total reclassification adjustment for amounts realized in net income	3	(1)	2	2	0	0
Total other comprehensive income (loss)	359	(75)	284	284	0	0
Balance at September 30, 2025	$ 231	$ (42)	$ 189	$ 203	$ (13)	$ (1)

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax): Total net unrealized gains (losses) on securities	Net unrealized losses on forecasted transactions	Foreign currency translation adjustment
Balance at December 31, 2025	$ 130	$ (27)	$ 103	$ 117	$ (13)	$ (1)
Other comprehensive income (loss) before reclassifications for investment securities	(3,493)	734	(2,759)	(2,759)	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	110	(22)	88	88	0	0
Total reclassification adjustment for amounts realized in net income	110	(22)	88	88	0	0
Total other comprehensive income (loss)	(3,603)	756	(2,847)	(2,847)	0	0
Balance at September 30, 2026	$ (3,473)	$ 729	$ (2,744)	$ (2,730)	$ (13)	$ (1)

(millions)	Pretax total accumulated other comprehensive income (loss)	Total tax (provision) benefit	After tax total accumulated other comprehensive income (loss)	Components of Changes in Accumulated Other Comprehensive Income (after tax)		
				Total net unrealized gains (losses) on securities	Net unrealized losses on forecasted transactions	Foreign currency translation adjustment
Balance at December 31, 2024	$ (1,809)	$ 386	$ (1,423)	$ (1,408)	$ (14)	$ (1)
Other comprehensive income (loss) before reclassifications for investment securities	2,028	(426)	1,602	1,602	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(11)	2	(9)	(9)	0	0
Interest expense	(1)	0	(1)	0	(1)	0
Total reclassification adjustment for amounts realized in net income	(12)	2	(10)	(9)	(1)	0
Total other comprehensive income (loss)	2,040	(428)	1,612	1,611	1	0
Balance at September 30, 2025	$ 231	$ (42)	$ 189	$ 203	$ (13)	$ (1)

In an effort to manage interest rate risk, we entered into forecasted transactions on certain issuances of The Progressive Corporation's debt. During the next 12 months, we expect to reclassify approximately $1 million (pretax) into interest expense, related to net unrealized losses on forecasted transactions (see *Note 4 – Debt* in our 2025 Annual Report to Shareholders for further discussion).

9. LITIGATION

The Progressive Corporation and/or its insurance subsidiaries are named as defendants in various lawsuits arising out of claims made under insurance policies written by our insurance subsidiaries in the ordinary course of business. We consider all legal actions relating to such claims in establishing our loss and loss adjustment expense reserves.

In addition, The Progressive Corporation and/or its insurance subsidiaries are named as defendants in a number of class action or individual lawsuits that challenge certain of the operations of the subsidiaries. The nature and volume of litigation pending against The Progressive Corporation and/or its insurance subsidiaries is similar to that which was disclosed in *Note 12 – Litigation* in our 2025 Annual Report to Shareholders.

As of September 30, 2026, lawsuits have been certified or conditionally certified as class/collective actions in cases alleging that: we improperly value total loss claims by applying a negotiation adjustment in Colorado, North Carolina, and Ohio; we improperly calculate basic economic loss as it relates to wage loss coverage in New York; we improperly reduce or deny personal injury protection benefits when medical expenses are paid initially by health insurance in Arkansas; and we improperly fail to timely process and pay personal injury protection claims in Texas. Other insurance companies face many of these same issues. We plan to contest the pending lawsuits vigorously, but may pursue settlement negotiations in some cases, as we deem appropriate.

Lawsuits arising from insurance policies and operations, including, but not limited to, allegations involving claims adjustment and vehicle valuation, may be filed contemporaneously in multiple states. As of September 30, 2026, we are named as defendants in class action lawsuits pending in multiple states alleging that we improperly value total loss vehicle physical damage claims through the application of a negotiation adjustment in calculating such valuations, which includes three states in which classes have been certified, as noted above, and lawsuits styled as putative class actions pending in additional states. These lawsuits, which were filed at different times by different plaintiffs, feature certain similar claims and also include different allegations and are subject to various state laws. While we believe we have meritorious defenses and we are vigorously contesting these lawsuits, an unfavorable result in, or a settlement of, a significant number of these lawsuits could, in aggregation, have a material adverse effect on our financial condition, cash flows, and/or results of operations. Based on information available to us, we determined that losses from these lawsuits are reasonably possible but neither probable nor reasonably estimable, other than for suits for which accruals have been established and are not material, as of September 30, 2026.

With respect to our pending lawsuits that are not related to claims under insurance policies, the accruals that we have established were not material at September 30, 2026 and 2025, or December 31, 2025, and there were no material settlements during 2025 or the first nine months of 2026. For most of these lawsuits, we do not consider any losses to be both probable and estimable, and we are unable to estimate a meaningful range of loss, if any, at this time, due to the factors discussed in *Note 12 – Litigation* in our 2025 Annual Report to Shareholders. In the event that any one or more of these lawsuits results in a substantial judgment against us, or settlement by us, or if our accruals (if any) prove to be inadequate, the resulting liability could have a material adverse effect on our consolidated financial condition, cash flows, and/or results of operations. For a further discussion on our pending litigation and related reserving policies, see *Note 1 – Reporting and Accounting Policies* and *Note 12 – Litigation* in our 2025 Annual Report to Shareholders.

10. DIVIDENDS

Following is a summary of our common share dividends that were declared and/or paid during the nine months ended September 30, 2026 and 2025:

(millions — except per share amounts)		Amount	
Declared	**Payable**	**Per Share**	**Accrued/Paid[1]**
Annual-Variable Dividends:			
December 2025	January 2026	$ 13.50	$ 7,913
December 2024	January 2025	4.50	2,637
Quarterly Dividends:			
August 2026	October 2026	0.10	58
May 2026	July 2026	0.10	58
March 2026	April 2026	0.10	58
December 2025	January 2026	0.10	59
August 2025	October 2025	0.10	59
May 2025	July 2025	0.10	58
March 2025	April 2025	0.10	59
December 2024	January 2025	0.10	58

[1] The accrual is based on an estimate of shares outstanding as of the record date and recorded as dividends payable on common shares on our consolidated balance sheets until paid; the prior period accrual was reclassified into this line item from accounts payable, accrued expenses, and other liabilities to conform to the current period's presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

I. OVERVIEW

The Progressive Corporation's insurance subsidiaries continued to generate underwriting profitability above our 4% companywide calendar-year underwriting profit goal during the third quarter 2026, producing a companywide underwriting profit margin of 11.3%. Both our Personal Lines and Commercial Lines operating segments generated strong underwriting profitability during the third quarter 2026.

We also maintained growth in both premiums and policies in force, albeit at a more moderate pace than in the third quarter last year, despite the continued increase in competition in the marketplace. Companywide net premiums written were $22.3 billion, an increase of $0.9 billion, or 4%, compared to the third quarter last year, while net premiums earned increased 5%. Policies in force increased 6%, or by 2.4 million policies, compared to September 30, 2025; with policies in force increasing by 0.4 million in the third quarter 2026.

For the third quarter 2026, we experienced a $73 million year-over-year decrease in net income, compared to the third quarter 2025, with total comprehensive income decreasing $2,254 million. The decrease in total comprehensive income was primarily driven by net unrealized losses on our fixed-maturity securities in the current period, compared to net unrealized gains during the third quarter last year.

At September 30, 2026, total capital (debt plus shareholders' equity) was $42.9 billion, an increase of $5.7 billion from year-end 2025. The increase was primarily driven by $5.8 billion of comprehensive income earned during the first nine months of 2026 and the issuance of $1.5 billion of senior notes during the first quarter 2026. These increases were partially offset by the repurchase of 7.7 million of our common shares at a total cost of $1.6 billion.

A. Insurance Operations

Our companywide underwriting profit margin for the third quarter 2026 was 0.8 points higher than in the same period last year, reflecting a 4.5 point decrease in the underwriting expense ratio, partially offset by a 3.7 point increase in the loss and loss adjustment expense (LAE) ratio. The decrease in the underwriting expense ratio primarily reflected Florida personal auto policyholder credit expense (Florida policyholder credits) recognized in the third quarter 2025 (see our 2025 Annual Report to Shareholders for further discussion of the Florida policyholder credits). This expense added 4.6 points to the third quarter 2025 underwriting expense ratio. The increase in the loss and LAE ratio was primarily due to higher severity.

Personal Lines represented 89% of companywide net premiums written during the third quarter 2026 and is comprised of our personal vehicle and property products. Personal vehicle products include personal auto and special lines products (e.g., recreational vehicles, such as motorcycles, RVs, and watercraft), and personal property products include homeowners, renters, and umbrella products.

During the third quarter 2026, we continued to focus on selectively increasing the availability of our personal property products. Beginning late in 2025, we took actions in certain markets to generate new business growth at the state level based on our concentration risks, product segmentation, rate adequacy, cost sharing, geographical diversification, and the regulatory and market conditions. Some of these actions include expanding independent agency relationships, reopening new business in certain agency and direct channel markets, and lifting targeted underwriting restrictions on older roofs, medium- to high-value homes, and non-bundled homeowners products, where we intend to bundle in the future, in certain markets. Certain restrictions remain in place in markets where we continue to focus on improving profitability and reducing exposure in more volatile weather-related markets.

Personal Lines generated an underwriting profit margin of 12.0% for the third quarter 2026, compared to 10.5% for the same period last year, with personal vehicle and personal property products reporting strong underwriting profit margins of 11.3% and 27.2%, respectively. Profitability in our special lines products, which typically experience higher losses during warmer weather months due to the seasonal nature of these products, had a 0.6 point unfavorable impact on the personal vehicle combined ratio during the third quarter 2026. The strong underwriting profit margin in personal property was primarily driven by a low level of incurred catastrophe losses, prior period rate increases, and lower loss frequency, and we believe was influenced by our sustained efforts to reduce exposure and improve profitability.

For the third quarter 2026, Personal Lines net premiums written increased 4%, with personal vehicle business increases of 2% in agency and 5% in direct, and a 5% increase in personal property, each compared to the same period last year. The current period net premiums written growth was primarily driven by policies in force growth in our personal auto products, which were up 7%, compared to September 30, 2025. The effect of the growth in policies in force was, in part, offset by a decrease in average written premiums per policy, due to aggregate rate decreases taken over the last 12 months in response to increased

competition in the marketplace. Changes in net premiums written are a function of new business applications (i.e., policies sold), retention, business mix, and premium per policy.

Personal vehicles experienced a decrease in new business applications of 1% and an increase in renewal business applications of 9% during the third quarter 2026, compared to the same period in the prior year. Despite continued increased competition in the marketplace, our personal vehicle business continued to generate total application growth, in relation to the double-digit growth during the same period last year.

Personal property experienced a 3% increase in both new and renewal business applications during the third quarter 2026, compared to the same period last year. New business applications in our homeowners product (which excludes our renters and umbrella products) increased 22%, compared to the prior-year period, and was flat in our renters product.

On a countrywide basis, during the third quarter 2026, personal auto rates were flat and personal property rates decreased less than 1%, in the aggregate.

We believe a key element in improving the accuracy of our personal auto rating is Snapshot®, our usage-based insurance offering. During the third quarter 2026, Snapshot adoption rates relative to total new business personal auto customers increased 8% in agency and decreased 4% in direct, compared to the same period last year. Approximately half of direct new business customers elected Snapshot in both the third quarter 2025 and 2026. The increase in the agency adoption rate was primarily due to the expansion of Snapshot eligibility in the second half of 2025, which increased the number of agents able to write Snapshot policies. Snapshot is available in all states, other than California, and our latest segmentation model was available in states representing 85% of countrywide personal auto net premiums written (excluding California) on a trailing 12-month basis at quarter end. We continue to invest in our mobile application, with the majority of new enrollments choosing mobile devices for Snapshot monitoring.

The Commercial Lines segment includes our core commercial auto products, transportation network company (TNC) business, Progressive Fleet & Specialty Programs (FSP) products, and business owners' policy (BOP) product. Total Commercial Lines generated an underwriting profit margin of 7.4%, compared to 10.8% in the same period last year, with a net premiums written increase of 9% and a policies in force increase of 5% for the third quarter 2026, compared to the third quarter 2025. This growth was driven by an increase in our core commercial auto products, due to an increase in both new and renewal applications, primarily resulting from targeted rate decreases in certain states and business market targets (BMT), and increased advertising and agent incentive spend. Core commercial auto products experienced an increase in new business applications of 11% and an increase in renewal business applications of 8% during the third quarter 2026, compared to the same period last year. New business applications increased in all BMTs and renewal business applications increased in all BMTs, except for-hire transportation.

In aggregate, we increased core commercial auto rates 1% on a countrywide basis during the third quarter 2026.

We believe we are currently adequately priced in our personal auto, personal property, and core commercial auto products in most states through the remainder of the year. However, we regularly monitor the factors that could impact our loss costs, which may include loss severity and frequency, inflation, new and used car prices, miles driven, driving patterns, weather events, building materials, construction costs, tariffs, and other factors, on a state-by-state basis. We continue to closely monitor our expenses, including acquisition expenses and non-acquisition expenses, which we view as important measures of operational efficiency as we seek to offer consumers our most competitive rates. During the third quarter 2026, advertising expense was $1.6 billion, or 18% higher than the third quarter last year. The effect of the higher advertising spend on the current period expense ratio was partially offset by growth in net premiums earned, contributing an additional 0.8 points to the underwriting expense ratio in the third quarter 2026, compared to the same period last year. We will continue to invest in advertising to maximize growth as long as the spend remains efficient and we remain on track to achieve our calendar-year profitability goal.

For the third quarter 2026, on a year-over-year basis, average written premium per policy decreased 2% in personal auto, 1% in personal property products, and 3% in core commercial auto products. In aggregate, personal auto rate decreases on a countrywide basis over the previous 12 months contributed to the decrease in average written premium per policy. The decrease in core commercial auto average written premium per policy was primarily due to a shift in the mix of business, including a shift to a higher percentage of 6-month policies, which have about half of the amount of net premiums written as 12-month term policies. Given that our personal property and commercial auto policies are predominantly written for 12-month terms, rate and non-rate actions take longer to earn into premium for these products.

We realize that to grow policies in force, it is critical that we retain our customers for longer periods. Consequently, increasing retention continues to be one of our most important priorities. Increasing our share of Progressive auto and personal property bundled households (i.e., Robinsons) remains a key initiative, and we plan to continue investing in the customer experience in order to support that goal. Policy life expectancy, our actuarial estimate of the average length of time a newly written

policy remains in force before cancellation or lapse in coverage, is our primary measure of customer retention in both Personal Lines and Commercial Lines.

In personal auto, we evaluate retention using a trailing 12-month and a trailing 3-month policy life expectancy. Although the latter can reflect more volatility and is more sensitive to seasonality, we believe this measure is more responsive to current experience and may be an indicator for the future trend of our 12-month measure. For the third quarter 2026, both the trailing 3-month and 12-month total personal auto policy life expectancy decreased 9% year over year. We believe these decreases were primarily due to an increase in shopping and competition in the marketplace and, to a lesser extent, a shift in our mix of business.

Our trailing 12-month policy life expectancy was down 7% for our personal property products year over year for the third quarter 2026. We believe the retention decrease was primarily driven by rate increases in previous years, increased competition in the marketplace, and, to a lesser extent, a continued shift in the mix of business to more renters policies.

For core commercial auto products, trailing 12-month policy life expectancy increased 3%, compared to the same period in the prior year. We believe the increase reflected a shift to the business auto and contractor BMTs, which historically have higher policy life expectancies, moderation in our rate increases, and various initiatives, including payment and renewal reminders.

B. Investments

The fair value of our investment portfolio was $99.2 billion at September 30, 2026, compared to $97.4 billion at December 31, 2025. The increase from year-end 2025 primarily reflected significant positive cash flows from insurance operations and proceeds from the senior note issuances in March 2026, partially offset by the payment of our annual variable common share dividend, valuation declines across fixed-maturity sectors, repurchases of our common shares, and the Florida policyholder credits paid in the first quarter 2026.

Our asset allocation strategy is to maintain 0%-25% of our portfolio in Group I securities and 75%-100% in Group II securities as defined below under *Results of Operations – Investments*. At September 30, 2026, 7% of our portfolio was allocated to Group I securities, compared to 6% at December 31, 2025, with the remainder allocated to Group II securities.

Our recurring investment income generated a pretax book yield of 4.3% in the third quarter 2026, compared to 4.2% in the same period last year. The investment portfolio produced a fully taxable equivalent (FTE) total return of -1.5% in the third quarter 2026, compared to 1.7% in the same period last year. For the third quarter 2026, the fixed-income and common stock portfolios generated FTE total returns of -1.7% and 2.2%, respectively, compared to 1.5% and 8.1%, in the same period last year. The decrease in the fixed-income portfolio's FTE total return primarily reflected year-over-year movements in U.S. Treasury yields.

The fixed-income portfolio maintained a weighted average credit quality of AA- at September 30, 2026 and 2025, and December 31, 2025. The fixed-income portfolio duration was 3.6 years at September 30, 2026, compared to 3.4 years at both September 30, 2025, and December 31, 2025. During 2026, we modestly increased our duration to take advantage of higher yields available in the market.

II. FINANCIAL CONDITION

A. Liquidity and Capital Resources

Progressive's insurance operations generate liquidity by collecting and investing premiums from new and renewal business in advance of paying claims, as well as our insurance subsidiaries producing aggregate calendar-year underwriting profits and positive cash flows. As primarily an auto insurer, our claims liabilities generally have a short-term duration.

Operations generated positive cash flows of $12.5 billion and $14.4 billion for the nine months ended September 30, 2026 and 2025, respectively. The decrease in operating cash flows during the first nine months of 2026, compared to the same period last year, was primarily due to the $1.2 billion Florida policyholder credits paid in the first quarter 2026. We believe cash flows will remain positive for the foreseeable future and do not anticipate the need to raise capital to support our operations during that timeframe, although changes in market or regulatory conditions affecting the insurance industry, or other unforeseen events, may necessitate otherwise.

At September 30, 2026, we held $43.7 billion in short-term investments and U.S. Treasury securities, which represented just under 45% of our total portfolio's fair value at quarter end. Based on our portfolio allocation and investment strategies, we believe we have sufficient readily available marketable securities to cover claims payments and short-term obligations in the event our cash flows from operations were to become negative. See *Item 1A, Risk Factors* in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission for the year ended December 31, 2025 (our 2025 Form 10-K), for a discussion of certain matters that may affect our portfolio and capital position.

Our total capital (debt plus shareholders' equity) was $42.9 billion at September 30, 2026, compared to $42.3 billion at September 30, 2025, and $37.2 billion at December 31, 2025. The increase from year-end 2025 primarily reflected the $5.8 billion of comprehensive income recognized during the first nine months of 2026 and the issuance of $1.5 billion of senior notes in the first quarter 2026. These increases were partially offset by the repurchase of our common shares, as discussed below. Our debt-to-total capital ratio was 19.6% at September 30, 2026, compared to 16.3% at September 30, 2025, and 18.5% at December 31, 2025. These ratios were consistent with our financial policy of maintaining a debt-to-total capital ratio of less than 30%.

None of the covenants on our existing debt securities include rating or credit triggers that would require an adjustment of interest rate or an acceleration of principal payments in the event our debt securities are downgraded by a rating agency. In April 2026, we renewed the unsecured discretionary line of credit with PNC Bank, National Association, in the maximum principal amount of $300 million and amended the interest rate to the 1-month term Secured Overnight Financing Rate (SOFR) plus 1.0%. We did not engage in short-term borrowings, including any borrowings under the line of credit, to fund our operations or for liquidity purposes during the reported periods.

We seek to deploy capital in a prudent manner and use multiple data sources and modeling tools to estimate the frequency, severity, and correlation of identified exposures, including, but not limited to, investment losses, catastrophic and other insured losses, natural disasters, and other significant business interruptions. This analysis helps us estimate potential capital needs under a range of scenarios.

During the first nine months of 2026, we returned capital to shareholders primarily through common share dividends and common share repurchases. Our Board of Directors declared a $0.10 per common share dividend in each of the first three quarters of 2026. These dividends, which were each $58 million, in the aggregate, were paid in April 2026, July 2026, and October 2026. In January 2026, we also paid common share dividends declared in the fourth quarter 2025, in the aggregate amount of $8.0 billion, or $13.60 per share (see *Note 10 – Dividends* for further discussion).

Pursuant to our financial policies, we repurchase common shares opportunistically when we believe our shares are trading below our determination of long-term fair value and to neutralize dilution from equity-based compensation granted during the year. During the first nine months of 2026, we repurchased 7.7 million common shares, at a total cost of $1.6 billion, both in the open market and to satisfy tax withholding obligations in connection with the vesting of equity awards under our employee equity compensation plans. We will continue to make decisions on returning capital to shareholders based on the strength of our overall capital position, the capital strength of our subsidiaries, and the potential capital needs of our business.

At September 30, 2026, we had $5.8 billion of investments in a consolidated, non-insurance subsidiary of the holding company that can be used to fund corporate obligations and provide additional capital to our insurance subsidiaries to support potential future growth and other opportunities. As of September 30, 2026, our estimated consolidated statutory surplus was $35.6 billion.

During the first nine months of 2026, our contractual obligations and critical accounting policies have not changed materially from those discussed in our 2025 Annual Report to Shareholders. There also were no material changes in off-balance-sheet leverage, including purchase obligations, from those discussed in our 2025 Annual Report to Shareholders.

Based on our capital planning and forecasting efforts, we believe we have sufficient capital resources and cash flows from operations to support our current business, scheduled principal and interest payments on our debt, anticipated quarterly dividends on our common shares, contractual obligations, and other expected capital requirements for the foreseeable future, including the principal payments for the $500 million 2.45% Senior Notes and the $500 million 2.50% Senior Notes maturing in January 2027 and March 2027, respectively.

Nevertheless, we may decide to raise additional capital to take advantage of attractive market terms or provide additional financial flexibility. We currently have an effective shelf registration with the U.S. Securities and Exchange Commission so that we may periodically offer and sell an indeterminate aggregate amount of senior or subordinated debt securities, preferred stock, depository shares, common stock, purchase contracts, warrants, and units. The shelf registration enables us to raise funds, subject to market conditions, through the offering of any security, or a combination thereof, covered by the registration.

III. RESULTS OF OPERATIONS – UNDERWRITING

A. Segment Overview

We report our underwriting operations in two segments: Personal Lines and Commercial Lines. Our Personal Lines segment includes personal vehicles (auto and special lines products) and personal property products (insurance for homeowners and renters, umbrella insurance, and flood insurance through the "Write Your Own" program for the National Flood Insurance Program). Since personal auto products represented about 90% of the Personal Lines net premiums written as of the end of the quarter, the following personal vehicles discussion focuses primarily on our personal auto products, both in total and by distribution channel.

Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and commercial property insurance predominantly for small businesses, and workers' compensation insurance primarily for the transportation industry. Commercial Lines includes our core commercial auto products, TNC business, FSP products, and BOP product. Since core commercial auto products represented about 80% of the Commercial Lines net premiums written on a trailing 12-month basis as of the end of the quarter, the following Commercial Lines discussion focuses primarily on our core commercial auto products.

The following table shows the composition of our companywide net premiums written, by segment, for the respective periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Personal Lines				
Vehicles				
Agency	35 %	36 %	35 %	36 %
Direct	50	50	48	47
Property	4	4	4	4
Total Personal Lines	89	90	87	87
Commercial Lines	11	10	13	13
Total underwriting operations	100 %	100 %	100 %	100 %

Within Personal Lines, we categorize our personal auto policyholders into four consumer segments:

- Sam - inconsistently insured;
- Diane - consistently insured and maybe a renter;
- Wrights - homeowners who do not bundle auto and home; and
- Robinsons - homeowners who bundle auto and home.

While our personal auto policies primarily have 6-month terms, we write 12-month term personal auto policies in our Platinum agencies to promote bundled personal auto and property growth. At September 30, 2026 and 2025, 9% and 11%, respectively, of our agency personal auto policies in force were 12-month term policies. To the extent our agency application mix of annual personal auto policies changes, the shift in policy term could impact our average written premiums in the agency channel, as 12-month term policies generate about twice the amount of net premiums written, compared to 6-month term policies.

Our special lines and personal property products are written for 12-month terms. During the third quarter 2026, 55% of special lines net premiums written and 69% of personal property net premiums written were generated through the independent agency channel, with the balance generated through the direct channel.

Within Commercial Lines, our core commercial auto business operates in five traditional business market targets (BMT):

- for-hire specialty;
- for-hire transportation;
- tow;
- contractor; and
- business auto.

At September 30, 2026, 82% of Commercial Lines policies in force had 12-month terms. The majority of our Commercial Lines business is written through the independent agency channel, although we continue to focus on growing our direct business, with about 11% of core commercial auto premiums written through the direct channel.

B. Profitability

Profitability for our underwriting operations is defined by pretax underwriting profit or loss, which is calculated as net premiums earned plus fees and other revenues less losses and loss adjustment expenses, policy acquisition costs, other underwriting expenses, and policyholder credit expense. We also use underwriting margin, which is underwriting profit or loss expressed as a percentage of net premiums earned, to analyze our results. For the respective periods, our underwriting profitability results were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025[1]		2026		2025[1]	
	Underwriting Profit (Loss)		Underwriting Profit (Loss)		Underwriting Profit (Loss)		Underwriting Profit (Loss)	
($ in millions)	$	Margin	$	Margin	$	Margin	$	Margin
Personal Lines								
Vehicles								
Agency	$ 1,079	14.0 %	$ 873	11.7 %	$ 3,404	14.9 %	$ 3,279	15.0 %
Direct	986	9.3	737	7.5	3,244	10.4	2,935	10.4
Property	216	27.2	288	36.5	554	23.7	515	22.0
Total Personal Lines	2,281	12.0	1,898	10.5	7,202	12.8	6,729	12.9
Commercial Lines	207	7.4	298	10.8	888	11.0	1,000	12.2
Other indemnity[2]	(15)	NM	(6)	NM	(35)	NM	(14)	NM
Total underwriting operations	$ 2,473	11.3 %	$ 2,190	10.5 %	$ 8,055	12.5 %	$ 7,715	12.7 %

[1] Included in the underwriting profit of the personal vehicles agency business and the personal vehicles direct business is $436 million and $514 million, respectively, of expense related to Florida policyholder credits for both the three and nine months ended September 30, 2025.

[2] Underwriting margins for our other indemnity businesses are not meaningful (NM) due to the low level of premiums earned by, and the variability of expenses in, such businesses.

The increase in our underwriting profit margin for the third quarter 2026, compared to the third quarter 2025, was in part driven by the Florida policyholder credits, which contributed 4.6 points to the third quarter 2025 underwriting expense ratio. The decrease in the underwriting expense ratio was partially offset by a 3.7 point increase in our loss and LAE ratio, primarily due to increased severity.

See the *Losses and Loss Adjustment Expenses (LAE)* section below for further discussion of our personal and commercial auto severity and frequency trends, catastrophe losses, and reserve development recognized during the periods, and the *Underwriting Expenses* section for further discussion of our advertising and non-acquisition expenses.

Further underwriting results for our Personal Lines business, Commercial Lines business, and our underwriting operations in total, were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
Underwriting Performance[1]	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Personal Lines						
Vehicles						
Agency						
Loss & loss adjustment expense ratio	67.4	63.7	3.7	66.7	64.7	2.0
Underwriting expense ratio[2]	18.6	24.6	(6.0)	18.4	20.3	(1.9)
Combined ratio[2]	86.0	88.3	(2.3)	85.1	85.0	0.1
Direct						
Loss & loss adjustment expense ratio	69.3	66.4	2.9	68.8	67.3	1.5
Underwriting expense ratio[2]	21.4	26.1	(4.7)	20.8	22.3	(1.5)
Combined ratio[2]	90.7	92.5	(1.8)	89.6	89.6	0
Property						
Loss & loss adjustment expense ratio	44.0	33.8	10.2	46.9	48.8	(1.9)
Underwriting expense ratio	28.8	29.7	(0.9)	29.4	29.2	0.2
Combined ratio	72.8	63.5	9.3	76.3	78.0	(1.7)
Total Personal Lines						
Loss & loss adjustment expense ratio	67.4	63.9	3.5	67.1	65.3	1.8
Underwriting expense ratio[2]	20.6	25.6	(5.0)	20.1	21.8	(1.7)
Combined ratio[2]	88.0	89.5	(1.5)	87.2	87.1	0.1
Commercial Lines						
Loss & loss adjustment expense ratio	72.1	67.6	4.5	67.6	67.3	0.3
Underwriting expense ratio	20.5	21.6	(1.1)	21.4	20.5	0.9
Combined ratio	92.6	89.2	3.4	89.0	87.8	1.2
Total Underwriting Operations						
Loss & loss adjustment expense ratio	68.1	64.4	3.7	67.2	65.7	1.5
Underwriting expense ratio	20.6	25.1	(4.5)	20.3	21.6	(1.3)
Combined ratio	88.7	89.5	(0.8)	87.5	87.3	0.2
Accident year – Loss & loss adjustment expense ratio[3]	70.5	66.6	3.9	69.6	67.5	2.1

[1] Ratios are expressed as a percentage of net premiums earned. Fees and other revenues are netted against either loss adjustment expenses or underwriting expenses in the ratio calculations, based on the underlying activity that generated the revenue.

[2] Included in both the underwriting expense and the combined ratios for the personal vehicles agency business are 5.8 points for the third quarter 2025, and 2.0 points for the nine months ended September 30, 2025, of expense related to the Florida policyholder credits. Included in both the underwriting expense and the combined ratios for the personal vehicles direct business are 5.2 points for the third quarter 2025, and 1.8 points for the nine months ended September 30, 2025, of policyholder credit expense. Excluding the policyholder credit, the total Personal Lines underwriting expense and combined ratios would have been 5.3 points lower for the third quarter 2025, and 1.8 points lower for the nine months ended September 30, 2025.

[3] The accident year ratios include only the losses that occurred during the period noted. As a result, accident period results will change over time, either favorably or unfavorably, as we revise our estimates of loss costs when payments are made or reserves for that accident period are reviewed.

Losses and Loss Adjustment Expenses (LAE)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(millions)	**2026**	**2025**	**2026**	**2025**
Change in net loss and LAE reserves	$ 1,293	$ 1,038	$ 3,691	$ 3,722
Paid losses and LAE	13,611	12,407	39,612	36,132
Total incurred losses and LAE	$ 14,904	$ 13,445	$ 43,303	$ 39,854

Loss and LAE, our most significant expense, represent the costs needed to settle claims. These costs include payments made and estimated future payments to be made, to or on behalf of our policyholders, and expenses related to adjusting claims. Claims costs are driven by loss severity and frequency. In personal auto and core commercial auto, these trends are influenced by inflation and driving patterns, among other factors. In our personal property business, severity is primarily affected by construction costs and the age and complexity of the structure, among other factors. We consider anticipated changes in these factors when establishing premium rates and loss reserves. Loss reserves are estimates of future costs and we adjust our reserves as underlying assumptions change and additional information develops.

Our total loss and LAE ratio increased 3.7 points and 1.5 points, for the three and nine months ended September 30, 2026, respectively, compared to the same periods last year, primarily due to higher severity and, for the quarter, higher catastrophe losses, partially offset by greater favorable prior accident years reserve development. On an accident year basis, our loss and LAE ratio was 3.9 points and 2.1 points higher for the third quarter and first nine months of 2026, respectively, compared to the same periods last year.

The following table shows our consolidated catastrophe losses and related combined ratio point impact, excluding loss adjustment expenses, incurred during the periods:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
($ in millions)	**$**	**Point[1]**	**$**	**Point[1]**	**$**	**Point[1]**	**$**	**Point[1]**
Personal Lines								
Vehicles	$ 310	1.7	$ 198	1.1	$ 1,131	2.1	$ 1,029	2.1
Property	63	7.9	9	1.1	264	11.3	320	13.7
Total Personal Lines	373	2.0	207	1.1	1,395	2.5	1,349	2.6
Commercial Lines	15	0.5	12	0.4	34	0.4	36	0.4
Total net catastrophe losses incurred	$ 388	1.8	$ 219	1.1	$ 1,429	2.2	$ 1,385	2.3

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

Changes in our estimate of ultimate losses on catastrophes currently reserved, along with the impact of potential future catastrophes, could materially affect our financial condition, cash flows, or results of operations. We reinsure various risks, including, but not limited to, catastrophic losses. We do not have catastrophe-specific reinsurance for our personal auto or core commercial auto businesses. Our reinsurance programs include:

- catastrophe per occurrence excess of loss contracts for our personal property business, our boat product, and certain BOP product coverages;
- aggregate excess of loss contracts for our personal property business and certain BOP product coverages; and
- per occurrence excess of loss reinsurance for our workers' compensation insurance.

We evaluate our reinsurance programs during the renewal process, if not more frequently, to ensure they continue to align with our risk tolerance. During the second quarter 2026, we entered into new reinsurance contracts under our per occurrence excess of loss program for our personal property business. This reinsurance program has a retention threshold for losses and allocated loss adjustment expenses (ALAE) from a single catastrophic event of $300 million for a storm outside of Florida and $75 million for a storm in Florida. In general, our program includes coverage for $1.9 billion in losses and ALAE with additional substantial coverage for a second or third hurricane. When considering coverage specific to Florida, including the Florida Hurricane Catastrophe Fund, this coverage reaches an estimated $2.2 billion.

For 2026, we also entered into a new catastrophe aggregate excess of loss reinsurance contract for claims occurring in 2026. This contract has multiple layers of coverage, provides a higher coverage limit than the 2025 program, and covers named storms and other perils (e.g., wildfires, winter storms, severe thunderstorms). See *Item 1, Business – Reinsurance* in our 2025 Form 10-K for a discussion of our various reinsurance programs.

While the total coverage limit and per-event retention will evolve as our business grows, we expect to remain a consistent purchaser of reinsurance coverage. While the availability of reinsurance is subject to many factors outside of our control, the types of reinsurance we elected to purchase during the first half of 2026 were readily

available and competitively priced. On a year-over-year basis, we did not incur a material change in the aggregate costs of our reinsurance programs. See *Item 1A, Risk Factors* in our 2025 Form 10-K for a discussion of certain risks related to catastrophe events.

The following discussion of severity and frequency trends in our personal auto business excludes comprehensive coverage because of its inherent volatility, as it is typically linked to catastrophic losses generally resulting from adverse weather. For our core commercial auto business, the reported frequency and severity trends include comprehensive coverage. Comprehensive coverage insures against damage to a customer's vehicle from various causes other than collision, such as windstorm, hail, theft, falling objects, and glass breakage.

On a calendar-year basis, the change in total personal auto incurred severity (i.e., average cost per claim, including both paid losses and the change in case reserves) over the prior-year period, was as follows:

Coverage Type	Quarter 2026	Year-to-date 2026
Bodily injury	2%	6%
Collision	4	1
Personal injury protection	16	6
Property damage	2	2
Total	4	4

The year-over-year increase in total severity in both periods was predominantly driven by higher medical costs and plaintiff-attorney represented claims in our bodily injury and personal injury protection coverages, and more large losses in our bodily injury coverage, compared to the same periods in the prior year. The increase in personal injury protection for the quarter was largely driven by severity increases in New York. The change in severity has been relatively consistent during the first nine months of 2026.

To address inherent seasonality trends and lessen the effect of month-to-month variability in the commercial auto products, we assess severity using a trailing 12-month period. Since the loss patterns in the core commercial auto products are not indicative of our other commercial auto products (i.e., TNC and FSP businesses), we believe disclosing severity and frequency trends excluding those businesses is more representative of our overall experience for the majority of our commercial products. As of the end of the third quarter 2026, trailing 12-month incurred severity in our core commercial auto products increased 3%, compared to the same period last year.

Estimating future severity remains challenging, and we continue to monitor changes in underlying cost drivers, including general inflation, used car prices, vehicle repair costs, medical costs, health care reform, court decisions, jury verdicts, regulatory changes, and other factors that may affect severity.

The change in total personal auto incurred frequency, on a calendar-year basis, over the prior-year period, was as follows:

Coverage Type	Quarter 2026	Year-to-date 2026
Bodily injury	(2)%	(2)%
Collision	(3)	(2)
Personal injury protection	(2)	0
Property damage	(4)	(3)
Total	(3)	(2)

On a trailing 12-month basis, incurred frequency in our core commercial auto products decreased 6% as of the end of the third quarter 2026, compared to the same period last year. We believe this decrease was due, in part, to a shift in the mix of business and lower vehicle miles traveled.

Although we closely monitor changes in frequency, the degree or direction of near-term frequency change is not something that we are able to predict with any certainty. We continue to analyze trends to distinguish changes in our loss experience from external factors, so that we can respond through pricing actions and more accurately reserve for our loss exposures. These changes include the number of vehicles per household, miles driven, vehicle usage, gasoline prices, advances in vehicle safety, unemployment rates, shifts in business mix, changes in customer driving patterns, and the ridesharing economy, among other factors.

The table below presents the actuarial adjustments implemented and the loss reserve development experienced on a companywide basis in the following periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	**2026**	**2025**	**2026**	**2025**
Actuarial Adjustments				
Reserve decrease (increase)				
Prior accident years	$ 198	$ 156	$ 481	$ 254
Current accident year	164	137	309	191
Calendar-year actuarial adjustments	$ 362	$ 293	$ 790	$ 445
Prior Accident Years Development				
Favorable (unfavorable)				
Actuarial adjustments	$ 198	$ 156	$ 481	$ 254
All other development	336	305	1,055	814
Total development	$ 534	$ 461	$ 1,536	$ 1,068
(Increase) decrease to calendar-year combined ratio	2.4 pts.	2.2 pts.	2.4 pts.	1.8 pts.

Total development consists of both actuarial adjustments and "all other development" on prior accident years. We use "accident year" generically to refer to the year in which a loss occurred. Actuarial adjustments represent the net changes made by our actuarial staff to current and prior accident year reserves based on regularly scheduled reviews. Through these reviews, our actuaries identify and measure variances in projected frequency and severity trends and adjust reserves to reflect current cost trends.

For the Personal Lines vehicle products and Commercial Lines business, development for catastrophe losses is reflected in "all other development" to the extent it relates to prior-year reserves. For our Personal Lines property business, all catastrophe losses are reviewed monthly, and any development on catastrophe reserves is included as part of the actuarial adjustments. We report these actuarial adjustments separately for current and prior accident years to show these adjustments as part of total prior accident years development.

"All other development" represents claims settling for more or less than reserved, emergence of unrecorded claims at rates different than anticipated in our incurred but not recorded (IBNR) reserves, and changes in reserve estimates on specific claims. Our objective is to establish case and IBNR reserves that are adequate to cover all loss costs, while incurring minimal variation from the date reserves are initially established until losses are fully developed. Our ability to achieve this objective is affected by many factors, including the factors impacting estimates described above.

As shown in the table above, we experienced favorable prior accident years reserve development during the first nine months of both 2026 and 2025. During the first nine months of 2026, we experienced $1.3 billion of favorable development in our personal auto products, primarily due to lower than anticipated bodily injury severity and, to a lesser extent, lower than anticipated payments on reopened property damage claims that were previously closed and lower than anticipated loss adjustment expenses. In commercial auto, we experienced about $210 million of favorable development, primarily due to lower than anticipated injury severity in our TNC business, partially offset by higher than anticipated injury severity and litigation defense costs in our core commercial auto products.

See *Note 6 – Loss and Loss Adjustment Expense Reserve*s to the consolidated financial statements for a more detailed discussion of our prior accident years reserve development and *V. Critical Accounting Estimates* in our 2025 Annual Report to Shareholders for a discussion of the application of estimates and assumptions in establishing our loss reserves.

Underwriting Expenses

Underwriting expenses include policy acquisition costs, other underwriting expenses, and policyholder credit expense. The underwriting expense ratio represents underwriting expenses, net of certain fees and other revenues, as a percentage of net premiums earned. For the third quarter and first nine months of 2026, our underwriting expense ratio decreased 4.5 points and 1.3 points, respectively, compared to the same periods last year. The decrease for both periods was primarily driven by the $950 million Florida policyholder credits recorded in the third quarter 2025, which contributed 4.6 points and 1.6 points to the underwriting expense ratio for the three and nine months ended September 30, 2025, respectively.

During the third quarter 2026, we continued to invest heavily in advertising to capture consumer shopping and will continue to advertise to maximize growth, as long as we remain on track to achieve our profitability goal and can acquire customers at or below our target acquisition cost. For the three and nine months ended September 30, 2026, total companywide advertising costs were $1.6 billion and $4.5 billion, respectively. Advertising spend increased 18% for both periods and contributed a 0.8 point and 0.7 point increase in the third quarter and first nine months of 2026, compared to the same periods last year.

To analyze underwriting expenses, we also review our non-acquisition expense ratio (NAER), which excludes costs related to acquiring a policy (e.g., advertising and agency commissions) from our underwriting expense ratio. By excluding these costs from our underwriting expense ratio, we are able to understand costs other than those incurred to acquire new policies and grow the business. For the third quarter 2026, our NAER decreased 0.6 points in our personal vehicle business (excluding policyholder credit expense), compared to the same period last year, while increasing 1.0 points in personal property and 0.7 points in core commercial auto. On a year-to-date basis, our NAER decreased 0.4 points in our personal vehicle business (excluding policyholder credit expense), compared to the same period last year, and increased 1.0 points in personal property and 0.7 points in core commercial auto. We remain committed to efficiently managing operational non-acquisition expenses.

C. Growth

For our underwriting operations, we analyze growth in terms of both premiums and policies. Net premiums written represent premiums from policies written during the period, less any premiums ceded to reinsurers. Net premiums earned, which reflects premiums written in both the current and prior periods, are earned as revenue over the life of the policy using a daily earnings convention. Policies in force, our preferred measure of growth since it removes variability from rate changes and mix shifts, represents all policies for which coverage was in effect as of the end of the period specified.

	Three Months Ended September 30,			Nine Months Ended September 30,		
($ in millions)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Net Premiums Written						
Personal Lines						
Vehicles						
Agency	$ 7,905	$ 7,724	2 %	$ 23,387	$ 22,678	3 %
Direct	11,093	10,600	5	32,276	30,054	7
Property	867	824	5	2,416	2,402	1
Total Personal Lines	19,865	19,148	4	58,079	55,134	5
Commercial Lines	2,433	2,234	9	8,931	8,530	5
Other indemnity[1]	3	2	NM	9	2	NM
Total underwriting operations	$ 22,301	$ 21,384	4 %	$ 67,019	$ 63,666	5 %
Net Premiums Earned						
Personal Lines						
Vehicles						
Agency	$ 7,709	$ 7,480	3 %	$ 22,821	$ 21,808	5 %
Direct	10,556	9,819	8	31,161	28,193	11
Property	795	790	1	2,342	2,342	0
Total Personal Lines	19,060	18,089	5	56,324	52,343	8
Commercial Lines	2,807	2,760	2	8,081	8,224	(2)
Other indemnity[1]	2	0	NM	5	1	NM
Total underwriting operations	$ 21,869	$ 20,849	5 %	$ 64,410	$ 60,568	6 %

NM = Not meaningful

[1] Includes other underwriting business and run-off operations.

	September 30,		
(# in thousands)	**2026**	**2025**	**% Change**
Policies in Force			
Personal Lines			
Agency - auto	11,347	10,630	7 %
Direct - auto	16,848	15,619	8
Special lines	7,390	6,980	6
Property	3,652	3,651	0
Total Personal Lines	39,237	36,880	6
Commercial Lines	1,252	1,198	5
Companywide total	40,489	38,078	6 %

To analyze growth, we review new policies, rate levels, and the retention characteristics of our segments. Although new policies are necessary to maintain a growing book of business, we recognize the importance of retaining current customers as a critical component of our continued growth.

D. Personal Lines

Our Personal Lines business offers personal vehicle (personal auto and special lines) and residential property insurance products to consumers, with the operating goal of growing the number of insured products within our policyholders' households. In the discussion below, we report our personal auto and personal property business results separately to provide a further understanding of our products. Our personal auto business discussions are further separated between the agency and direct distribution channels. For the three months ended September 30, 2026, 41% of our personal auto business was written through the agency channel and 59% was written through the direct channel. For both the third quarter and first nine months of 2026, consumer segment results varied by channel, as discussed below. Our total personal auto business experienced overall growth in policies in force and an increase in the rate of conversion, while quotes declined and new business applications were relatively flat, compared to the third quarter and first nine months of last year.

Personal Auto - Agency

The year-over-year changes in our personal auto agency business were as follows:

	Quarter		Year-to-date	
	2026	2025	2026	2025
Applications				
New	2 %	(5)%	1 %	9 %
Renewal	9	19	10	18
Total	8	13	8	16
Written premium per policy				
New	(3)	(5)	(3)	(5)
Renewal	(5)	(4)	(5)	(2)
Total	(5)	(4)	(4)	(3)
Policy life expectancy				
Trailing 3 months	(7)	(7)		
Trailing 12 months	(6)	(5)		

The personal auto agency business includes business written by more than 40,000 independent insurance agencies that represent Progressive, as well as brokerages in New York and California. During the third quarter 2026, we generated new agency personal auto application growth in 20 states, including six of our top 10 largest agency states.

Compared to the prior-year periods, new application and policies in force growth varied by consumer segment:

- Sams and Dianes experienced single-digit new application growth during the third quarter and first nine months of 2026, and positive policies in force growth at the end of the third quarter;
- Wrights experienced a single-digit decrease in new application growth during the third quarter and first nine months of 2026, with positive policies in force growth at the end of the third quarter; and
- Robinsons experienced a single-digit increase in new application growth during the third quarter and first nine months of 2026, with a single-digit decrease in policies in force growth at the end of the third quarter.

For the third quarter 2026, on a year-over-year basis, we experienced an increase in agency auto quote volume of 2%, with a flat rate of conversion (i.e., converting a quote to a sale). For the first nine months of 2026, quote volume was flat and the rate of conversion increased 1%, compared to the same period in the prior year. Compared to the prior-year periods, quote volume and conversion varied by consumer segment, as follows:

- Sams experienced a low single-digit decrease in quote volume and a single-digit increase in the rate of conversion, during both the third quarter and first nine months of 2026;
- Dianes experienced a low single-digit increase in quote volume during the third quarter, while growth was flat for the first nine months of 2026, and experienced a low single-digit increase in the rate of conversion for both periods;
- Wrights experienced a low single-digit decrease in quote volume and experienced a flat rate of conversion during the third quarter and first nine months of 2026; and
- Robinsons experienced a low double-digit increase in quote volume and a single-digit decline in conversion for the third quarter and first nine months of 2026.

Our agency auto rates were relatively stable during the quarter and on a year-to-date basis. The decrease in written premium per policy for new and renewal personal auto agency business for the third quarter and first nine months of 2026, compared to the same periods last year, was in part attributable to rate decreases in certain markets and a shift in the mix of business, including a shift to a higher percentage of 6-month term policies, which have about half of the amount of net premiums written as policies with 12-month terms.

Our trailing 3- and 12-month policy life expectancy in the agency auto business experienced a decrease at the end of the third quarter 2026, on a year-over-year basis, which we believe is primarily due to increased shopping and competition in the marketplace and, to a lesser extent, a shift in our mix of business.

Personal Auto - Direct

The year-over-year changes in our personal auto direct business were as follows:

	Quarter		Year-to-date	
	2026	2025	2026	2025
Applications				
New	(2)%	0 %	1 %	13 %
Renewal	10	21	12	22
Total	7	15	10	20
Written premium per policy				
New	2	3	3	3
Renewal	(2)	0	(2)	1
Total	(1)	1	0	1
Policy life expectancy				
Trailing 3 months	(11)	(7)		
Trailing 12 months	(10)	(6)		

The personal auto direct business includes business written directly by Progressive online or by phone. During the third quarter 2026, we generated new direct personal auto application growth in 12 states, including four of our top 10 largest direct states. Compared to the same periods in the prior year, Sams experienced a single-digit increase in new applications, while Wrights and Robinsons experienced a slight decline for the third quarter and first nine months of 2026. Dianes experienced a low single-digit decline in new applications for the third quarter and a low single-digit increase for the first nine months of 2026, year over year. Policies in force grew in the single digits in each consumer segment, compared to the same period last year.

During the third quarter and first nine months of 2026, direct personal auto quote volume decreased 6%, with a rate of conversion increase of 4% and 7%, respectively, compared to the same periods last year, primarily driven by our competitiveness in the marketplace. For the third quarter and first nine months of 2026, all consumer segments experienced a decline in quote volume and an increase in the rate of conversion, except Sams, who had a slight increase in quote volume for the third quarter 2026, compared to the same periods in the prior year.

Our trailing 3- and 12-month policy life expectancy in the direct auto business experienced a decrease at the end of the third quarter 2026, on a year-over-year basis, which we believe is primarily due to increased shopping and competition in the marketplace and, to a lesser extent, a shift in our mix of business.

Personal Property

The year-over-year changes in our personal property business were as follows:

	Quarter		Year-to-date	
	2026	2025	2026	2025
Applications				
New	3 %	(4)%	0 %	(5)%
Renewal	3	13	2	13
Total	3	7	1	6
Written premium per policy				
New	27	(16)	24	(31)
Renewal	(7)	(6)	(8)	(4)
Total	(1)	(5)	(3)	(7)
Policy life expectancy				
Trailing 12 months	(7)	(15)		

Our personal property business writes residential property insurance for homeowners and renters, umbrella, and flood insurance through the "Write Your Own" program for the National Flood Insurance Program. Our personal property business insurance is written in the agency and direct channels.

In addition to reducing our overall exposure in more volatile weather-related markets (e.g., coastal, wildfire, and hail-prone areas), we continued to focus on achieving profitability goals and, in the second half of 2025, we began to increase product availability in markets where we believe we can achieve our profitability targets for our homeowners product, which we define as our total personal property business excluding renters and umbrella products. In the growth-oriented markets, homeowners product policies in force decreased 2% and decreased 16% in the volatile weather markets as of the end of the third quarter 2026, compared to the same period in the prior year.

Our total written premium per policy decreased on a year-over-year basis for the third quarter and first nine months of 2026, primarily attributable to a shift in the mix of business to more renters policies, which have lower average written premiums, and a decline in homeowners policies in force in both volatile weather-related markets and non-owner-occupied properties, which both have higher average premiums. The effect of these declines was partially offset by rate increases taken during the last 12 months and higher premium coverages reflecting increased property values. Written premium per policy in our new business increased for the third quarter and first nine months of 2026, due to the actions taken to generate new business in our homeowners products, as previously discussed. During the third quarter 2026, we took minimal rate decreases, in aggregate, in our personal property

business, bringing the year-to-date aggregate rate increase to 2%. We intend to continue to make targeted rate changes in states where we are not achieving our optimal profitability goals.

The policy life expectancy in our personal property business shortened as of the end of the third quarter 2026, compared to the same period last year, which we believe is primarily driven by rate increases in previous years, increased competition in the marketplace, and, to a lesser extent, a shift in the mix of business to more renters policies.

E. Commercial Lines

The following table and discussion focus on our core commercial auto products, which accounted for about 80% of our Commercial Lines segment net premiums written on a trailing 12-month basis, as of the end of the third quarter 2026. Year-over-year changes in our core commercial auto products were as follows:

	Quarter		Year-to-date	
	2026	2025	2026	2025
Applications				
New	11 %	(1)%	2 %	4 %
Renewal	8	6	8	5
Total	9	4	6	5
Written premium per policy				
New	0	(6)	(3)	(7)
Renewal	(5)	(7)	(4)	(6)
Total	(3)	(7)	(3)	(6)
Policy life expectancy				
Trailing 12 months	3	11		

For the third quarter and first nine months of 2026, on a year-over-year basis, core commercial auto new and renewal application growth was positive in all BMTs, except for-hire transportation, which had a decrease in new applications for the quarter and a decrease in renewal applications for both periods, and for-hire specialty, who experienced flat renewal application growth for the first nine months of 2026. These increases were primarily driven by rate decreases in targeted state and BMT combinations, and increased advertising and agent incentive spend. Policies in force grew in all of our BMTs, except for-hire transportation, compared to the same period in the prior year. During the third quarter and first nine months of 2026, commercial auto quote volume increased 6% and 2%, respectively, with a 5% increase in the rate of conversion for the quarter and a decrease of 1% for the first nine months of 2026, compared to the same periods in the prior year. We believe the increase in conversion for the quarter was primarily attributable to our competitiveness in the marketplace.

The effect of rate increases over the previous 12-month period on written premium per policy for our core commercial auto business was offset by a shift to a greater mix of policies with 6-month terms in our contractor and business auto BMTs, which have about half the amount of net premiums written as 12-month term policies. During the third quarter 2026, rates remained relatively stable in our core commercial auto products, bringing the year-to-date aggregate rate increase to 2%. We will continue to evaluate our rate need and adjust rates as we deem necessary.

Our policy life expectancy increased in our for-hire specialty and for-hire transportation BMTs, as of the end of the third quarter 2026, compared to the same period last year. The improvement in total policy life expectancy was due to a shift in the mix of business to BMTs with historically higher policy life expectancies, moderation of our rate increases, and various initiatives, such as payment and renewal reminders.

IV. RESULTS OF OPERATIONS – INVESTMENTS

A. Investment Results

Our management philosophy governing the portfolio is to evaluate investment results on a total return basis. The fully taxable equivalent (FTE) total return includes recurring investment income, adjusted to a fully taxable amount for certain securities that receive preferential tax treatment (e.g., municipal securities), and total net realized, and changes in total net unrealized, gains (losses) on securities.

The following table summarizes investment results for the periods ended September 30:

	Three Months		Nine Months	
	2026	2025	2026	2025
Pretax recurring investment book yield (annualized)	4.3 %	4.2 %	4.2 %	4.2 %
FTE total return:				
Fixed-income securities	(1.7)	1.5	(0.9)	5.8
Common stocks	2.2	8.1	13.0	13.8
Total portfolio	(1.5)	1.7	(0.3)	6.1

The change in the fixed-income portfolio FTE total return, compared to the prior-year period, primarily reflected movement in U.S. Treasury yields year-over-year.

The following table summarizes the FTE total returns for our fixed-income portfolio for the periods ended September 30:

	Three Months		Nine Months	
	2026	2025	2026	2025
Fixed-income securities:				
U.S. government	(3.2)%	1.3 %	(3.1)%	6.1 %
State and local government	(1.8)	1.6	(0.6)	5.1
Foreign government	0.5	(0.9)	(2.0)	5.8
Corporate and other debt	(1.1)	1.6	0	5.7
Residential mortgage-backed	(0.6)	1.6	1.1	5.2
Commercial mortgage-backed	0.6	2.0	2.9	6.3
Other asset-backed	0.5	1.5	2.4	4.3
Nonredeemable preferred stocks	0.4	1.5	3.2	5.4
Short-term investments	1.0	1.1	3.0	3.3

B. Portfolio Allocation

The composition of the investment portfolio was:

($ in millions)		Fair Value	% of Total Portfolio	Duration (years)	Average Rating[1]
September 30, 2026					
U.S. government	$	41,594	41.9 %	4.2	AA+
State and local government		3,835	3.9	2.7	AA+
Corporate and other debt		23,275	23.5	2.8	BBB+
Residential mortgage-backed		4,559	4.6	2.3	AAA-
Commercial mortgage-backed		7,909	8.0	1.1	AA
Other asset-backed		11,075	11.1	1.0	AA+
Nonredeemable preferred stocks		193	0.2	1.0	BB+
Short-term investments		2,125	2.1	<0.1	A+
Total fixed-income securities		94,565	95.3	3.6	AA-
Common equities		4,632	4.7	na	na
Total portfolio[2]	$	99,197	100.0 %	3.6	AA-
September 30, 2025					
U.S. government	$	51,339	54.3 %	4.4	AA+
State and local government		3,275	3.5	2.5	AA+
Foreign government		16	0	0.9	AAA
Corporate and other debt		18,817	19.9	2.7	BBB+
Residential mortgage-backed		3,000	3.2	2.6	AA+
Commercial mortgage-backed		5,686	6.0	1.5	AA-
Other asset-backed		6,376	6.7	1.3	AA
Nonredeemable preferred stocks		438	0.5	1.1	BB+
Short-term investments		1,515	1.6	0.1	AA-
Total fixed-income securities		90,462	95.7	3.4	AA-
Common equities		4,047	4.3	na	na
Total portfolio[2]	$	94,509	100.0 %	3.4	AA-
December 31, 2025					
U.S. government	$	43,298	44.5 %	5.4	AA+
State and local government		3,303	3.4	2.6	AA+
Foreign government		17	0	0.7	AAA
Corporate and other debt		19,991	20.5	2.6	BBB+
Residential mortgage-backed		3,175	3.3	2.3	AA+
Commercial mortgage-backed		5,973	6.1	1.4	AA-
Other asset-backed		7,109	7.3	1.2	AA
Nonredeemable preferred stocks		404	0.4	1.0	BB+
Short-term investments		10,005	10.3	<0.1	AA-
Total fixed-income securities		93,275	95.8	3.4	AA-
Common equities		4,098	4.2	na	na
Total portfolio[2]	$	97,373	100.0 %	3.4	AA-

na = not applicable

[1] Represents ratings at period end. Credit quality ratings are assigned by nationally recognized statistical rating organizations. To calculate the weighted average credit quality ratings, we weight individual securities based on fair value and assign a numeric score of 0-5, with non-investment-grade and non-rated securities assigned a score of 0-1. To the extent the weighted average of the ratings falls between AAA and AA+, we assign an internal rating of AAA-.

[2] At September 30, 2026 and 2025, and December 31, 2025, we had $1,160 million, $523 million, and $200 million, respectively, of net unsettled security transactions included in accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets.
The total fair value of the portfolio at September 30, 2026 and 2025, and December 31, 2025, included $5.8 billion, $4.9 billion, and $13.0 billion, respectively, of securities held in a consolidated, non-insurance, subsidiary of the holding company, net of unsettled security transactions. A portion of the investments held at December 31, 2025, were sold and proceeds were used to pay our common share dividends in January 2026; see *Note 10 – Dividends* for additional information.

Our asset allocation strategy is to maintain 0%-25% of our portfolio in Group I securities, with the balance (75%-100%) of our portfolio in Group II securities.

Group I securities, 7% of the total portfolio at September 30, 2026, include:

- common equities,
- nonredeemable preferred stocks,
- redeemable preferred stocks, except for 50% of investment-grade redeemable preferred stocks with cumulative dividends, which are included in Group II, and
- all other non-investment-grade fixed-maturity securities.

Group II securities, 93% of the total portfolio at September 30, 2026, include:

- short-term securities, and
- all other fixed-maturity securities, including 50% of investment-grade redeemable preferred stocks with cumulative dividends.

We believe this asset allocation strategy allows us to appropriately assess the risks associated with these securities for capital purposes and is in line with the treatment by our regulators. Non-investment-grade fixed-maturity securities are determined by National Association of Insurance Commissioners (NAIC) and nationally recognized statistical rating organizations (NRSROs) as applicable. Our common equities portfolio is primarily indexed to the Russell 1000.

See *Note 2 – Investments* for a further breakdown of our portfolio.

Unrealized Gains (Losses)

As of September 30, 2026, our fixed-maturity portfolio had a total after-tax net unrealized loss, which is recorded as part of accumulated other comprehensive income (loss) on our consolidated balance sheets, of $2,730 million, compared to a total after-tax net unrealized gain of $203 million and $117 million at September 30, 2025 and December 31, 2025, respectively. The decline from September 30, 2025 and December 31, 2025 was due to valuation decreases across fixed-maturity sectors as interest rates rose during 2026. Our U.S. government and corporate and other debt securities had the most significant valuation decrease from prior year and prior year end.

See *Note 2 – Investments* for a further breakdown of our gross unrealized gains (losses).

Fixed-Income Securities

The fixed-income portfolio is managed internally and includes fixed-maturity securities, short-term investments, and nonredeemable preferred stocks. Following are the primary exposures for our fixed-income portfolio.

Interest Rate Risk Our duration of 3.6 years at September 30, 2026 and 3.4 years at both September 30, 2025 and December 31, 2025, fell within our acceptable range of 1.5 to 5.0 years. The duration distribution of our fixed-income portfolio, excluding short-term investments, represented by the interest rate sensitivity of the comparable benchmark U.S. Treasury Notes, was:

Duration Distribution	September 30, 2026	September 30, 2025	December 31, 2025
1 year	10.6 %	10.8 %	11.8 %
2 years	18.6	8.1	9.2
3 years	21.5	30.5	19.5
5 years	28.9	30.2	28.2
7 years	13.2	19.9	19.4
10 years	7.2	0.5	11.9
Total fixed-income portfolio	100.0 %	100.0 %	100.0 %

Credit Risk This exposure is managed by maintaining an A minimum weighted average portfolio credit quality rating, as defined by NRSROs. At September 30, 2026 and 2025, and December 31, 2025, our weighted average credit quality rating was AA-. The credit quality distribution of the fixed-income portfolio was:

Average Rating[1]	September 30, 2026	September 30, 2025	December 31, 2025
AAA	20.1 %	12.5 %	13.2 %
AA	50.4	62.1	59.6
A	8.9	8.1	8.8
BBB	18.1	16.1	17.1
Non-investment grade/non-rated			
BB	1.9	1.0	1.1
B	0.4	0.1	0.1
Non-rated	0.2	0.1	0.1
Total fixed-income portfolio	100.0 %	100.0 %	100.0 %

[1] The credit quality ratings are assigned by NRSROs.

Concentration Risk We did not have any investments in a single issuer, either overall or in the context of individual asset classes and sectors, that exceeded our investment constraints during the third quarter 2026.

Prepayment and Extension Risk We did not experience significant adverse prepayment or extension of principal relative to our cash flow expectations in the portfolio during the third quarter 2026.

Liquidity Risk Our overall portfolio remains very liquid and we believe that it is sufficient to meet expected near-term liquidity requirements. The short-to-intermediate duration of our portfolio provides a source of liquidity. During the next 12 months, we expect approximately $12.0 billion, or 24%, of principal repayment from our fixed-income portfolio, excluding U.S. government securities and short-term investments. Cash from interest and dividend payments provides an additional source of recurring liquidity.

The duration of our U.S. government securities, which are included in the fixed-income portfolio, was comprised of the following at September 30, 2026:

($ in millions)	Fair Value	Duration (years)
Less than one year[1]	$ 412	0.4
One to two years	2,494	1.8
Two to three years	7,575	2.4
Three to five years	13,772	4.2
Five to seven years	9,860	5.4
Seven to ten years	7,481	7.4
Total U.S. government	$ 41,594	4.2

[1] Excludes $1,056 million of U.S. Treasury Bills included in short-term investments.

ASSET-BACKED SECURITIES

The following table details the credit quality rating of our asset-backed securities at September 30, 2026:

(millions) Average Rating[1]	Residential Mortgage-Backed	Commercial Mortgage-Backed	Other Asset-Backed	Total
AAA	$ 3,846	$ 4,883	$ 8,159	$ 16,888
AA	60	1,277	261	1,598
A	524	608	1,041	2,173
BBB	128	802	1,565	2,495
Non-investment-grade/non-rated:				
BB	0	326	49	375
B	0	13	0	13
CCC and lower	1	0	0	1
Non-rated	0	0	0	0
Total fair value	$ 4,559	$ 7,909	$ 11,075	$ 23,543

[1] The credit quality ratings are assigned by NRSROs.

Our residential mortgage-backed portfolio consists of securities that are backed by high-credit quality borrowers and/or those that have strong structural protections through underlying loan collateralization. The fair value of this portfolio increased $277 million during the third quarter 2026 and new purchases were concentrated in high-quality, investment-grade, securities and contained both fixed- and adjustable-rate residential mortgages. We continued to view this sector as having attractive risk-adjusted spreads, which widened this quarter due to interest rate volatility, and potential returns.

The commercial mortgage-backed portfolio fair value increased $456 million during the third quarter 2026 as we continued to view the risk/reward profile of commercial mortgage-backed securities as attractive. The growth in the portfolio was primarily the result of purchases of investment-grade securities backed by single-borrower transactions across various sectors including apartments, logistics, self-storage, office, and retail. We maintained a preference for geographically diversified portfolios or high-quality single assets in major markets.

A further breakdown of our other asset-backed securities (OABS) at September 30, 2026:

(millions) Average Rating	Automobile	Collateralized Loan Obligations	Student Loan	Whole Business Securitizations	Equipment	Other	Total
AAA	$ 2,642	$ 4,201	$ 27	$ 0	$ 863	$ 426	$ 8,159
AA	0	102	1	0	56	102	261
A	0	0	0	149	187	705	1,041
BBB	0	0	0	1,462	0	103	1,565
Non-investment grade/non-rated:							
BB	0	0	0	0	0	49	49
Total fair value	$ 2,642	$ 4,303	$ 28	$ 1,611	$ 1,106	$ 1,385	$ 11,075

The OABS portfolio fair value increased $1.6 billion during the third quarter 2026. The growth in the portfolio was primarily the result of adding highly-rated, shorter duration collateralized loan obligations primarily in the new issue market. We viewed these additions as offering an attractive risk/reward profile.

STATE AND LOCAL GOVERNMENT SECURITIES

The following table details the credit quality rating of our state and local government (municipal) securities at September 30, 2026:

(millions) Average Rating	General Obligations	Housing Revenue	Other Revenue	Total
AAA	$ 867	$ 580	$ 350	$ 1,797
AA	508	760	457	1,725
A	0	0	219	219
Non-rated	81	0	13	94
Total fair value	$ 1,456	$ 1,340	$ 1,039	$ 3,835

The municipal portfolio fair value decreased $17 million during the third quarter 2026, primarily reflecting valuation declines, partially offset by purchases of taxable and tax-exempt bonds, including housing finance agency and bullet bonds. These purchases further diversified the portfolio while targeting attractive risk-adjusted returns.

CORPORATE AND OTHER DEBT SECURITIES

The following table details the credit quality rating of our corporate and other debt securities at September 30, 2026:

(millions) Average Rating	Consumer	Industrial	Communication	Financial Services	Technology	Basic Materials	Energy	Total
AAA	$ 34	$ 0	$ 0	$ 0	$ 0	$ 0	$ 80	$ 114
AA	61	0	550	931	107	0	0	1,649
A	593	800	95	3,598	422	88	365	5,961
BBB	3,950	2,179	814	2,595	1,816	214	2,177	13,745
Non-investment grade/non-rated:								
BB	419	157	88	65	255	44	404	1,432
B	121	90	84	0	51	0	19	365
Non-rated	0	0	0	5	4	0	0	9
Total fair value	$ 5,178	$ 3,226	$ 1,631	$ 7,194	$ 2,655	$ 346	$ 3,045	$ 23,275

The corporate and other debt portfolio fair value increased $1.7 billion during the third quarter 2026. At September 30, 2026, corporate and other debt securities made up approximately 25% of our fixed-income portfolio, compared to 23% at June 30, 2026. During the quarter, we purchased select corporate debt securities that we viewed as offering more attractive risk/reward profiles.

NONREDEEMABLE PREFERRED STOCKS

The following table details the credit quality rating of our nonredeemable preferred stocks at September 30, 2026:

	Financial Services					
(millions) Average Rating	**U.S. Banks**	**Insurance**	**Other Financial**	**Industrials**	**Utilities**	**Total**
BBB	$ 69	$ 0	$ 32	$ 0	$ 39	$ 140
Non-investment grade/non-rated:						
Non-rated	0	21	23	9	0	53
Total fair value	$ 69	$ 21	$ 55	$ 9	$ 39	$ 193

The nonredeemable preferred stock portfolio fair value decreased $83 million during the third quarter 2026. The decrease was primarily due to nonredeemable preferred stocks that were called during the quarter.

While dividends on nonredeemable preferred stocks can be deferred or skipped entirely, we expect these securities to pay dividends in full and on time as of September 30, 2026. All of our nonredeemable preferred stocks pay dividends that have tax preferential characteristics and the majority have fixed-rate dividends until a call date. If not called, they generally convert to floating-rate dividends or reset at a fixed spread to a benchmark U.S. Treasury yield.

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;*
- *the highly competitive nature of property-casualty insurance markets;*
- *whether we adjust claims accurately;*
- *compliance with complex and changing laws and regulations;*
- *the impact of misconduct or fraudulent acts by employees, agents, and third parties to our business and/or exposure to regulatory assessments;*
- *our ability to attract, develop, and retain talent and maintain appropriate staffing levels;*
- *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 our ability to navigate the related risks;*
- *how intellectual property rights affect our competitiveness and our business operations;*
- *the success of our development and use of new technology and our ability to navigate the related risks;*
- *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 sustainability 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;*
- *our ability to obtain capital when necessary to support our business, our financial condition, and potential growth;*
- *evaluations and ratings 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, 2025.*

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.

Quantitative and Qualitative Disclosures About Market Risk

The duration of the financial instruments held in our portfolio that are subject to interest rate risk was 3.6 years at September 30, 2026, compared to 3.4 years at September 30, 2025 and December 31, 2025. The weighted average beta of the equity portfolio was 1.1 at September 30, 2026 and 2025, and December 31, 2025. We have not experienced a material impact when compared to the tabular presentations of our interest rate and market risk sensitive instruments in our Annual Report on Form 10-K for the year ended December 31, 2025.

Controls and Procedures

We, under the direction of our Chief Executive Officer and our Chief Financial Officer, have established disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The disclosure controls and procedures are also intended to ensure that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Our Chief Executive Officer and our Chief Financial Officer reviewed and evaluated our disclosure controls and procedures as of the end of the period covered by this report. Based on that review and evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effectively serving the stated purposes as of the end of the period covered by this report.

There have not been any changes in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.