



Investor Relations

PROGRESSIVE

2022 Q2

Property Insurance
Update

Safe Harbor Statement

Under the Private Securities Litigation Reform Act of 1995:

Investors are cautioned that certain statements in this presentation not based upon historical fact are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements often use words such as “estimate,” “expect,” “intend,” “plan,” “believe,” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. Forward-looking statements are based on current expectations and projections about future events, and are subject to certain risks, assumptions, and uncertainties that could cause actual events and results to differ materially from those discussed herein. These risks and uncertainties include, without limitation, uncertainties related to:

- our ability to underwrite and price risks accurately and to charge adequate rates to policyholders;
- our ability to establish accurate loss reserves;
- the impact of severe weather, other catastrophe events, and climate change;
- the effectiveness of our reinsurance programs and the continued availability of reinsurance and performance by reinsurers;
- the highly competitive nature of property-casualty insurance markets;
- whether we innovate effectively and respond to our competitors’ initiatives;
- whether we effectively manage complexity as we develop, and deliver products and customer experiences;
- how intellectual property rights affect our competitiveness and our business operations;
- whether we adjust claims accurately;
- our ability to maintain a recognized and trusted brand;
- our ability to attract, develop, and retain talent and maintain appropriate staffing levels;
- compliance with complex and changing laws and regulations;
- litigation challenging our business practices, and those of our competitors and other companies;
- the impacts of a security breach or other attack involving our computer systems or the systems of one or more of our vendors;
- the secure and uninterrupted operation of the facilities, systems, and business functions that are critical to our business;
- the success of our efforts to acquire or develop new products or enter into new areas of business and navigate related risks;
- our continued ability to send and accept electronic payments;
- the possible impairment of our goodwill or intangible assets;
- the performance of our fixed-income and equity investment portfolios;
- the impact on our investment returns and strategies from regulations and societal pressures relating to environmental, social, and other public policy matters;
- the elimination of the London Interbank Offered Rate;
- our continued ability to access our cash accounts and/or convert securities into cash on favorable terms;
- the impact if one or more parties with which we enter into significant contracts or transact business fail to perform;
- legal restrictions on our insurance subsidiaries’ ability to pay dividends to The Progressive Corporation;
- limitations on our ability to pay dividends on our common shares under the terms of our outstanding preferred shares;
- our ability to obtain capital when necessary to support our business and potential growth;
- evaluations by credit rating and other rating agencies;
- the variable nature of our common share dividend policy;
- whether our investments in certain tax-advantaged projects generate the anticipated returns;
- the impact from not managing short-term earnings expectations in light of our goal to maximize the long-term value of the enterprise;
- the impacts of the COVID-19 pandemic and measures taken in response; and
- other matters described from time to time in our releases and publications, and in our periodic reports and other documents filed with the United States Securities and Exchange Commission, including, without limitation, the Risk Factors section of our Annual Report on Form 10-K for the year ending December 31, 2021.

In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when we establish reserves for one or more contingencies. Also, our regular reserve reviews may result in adjustments of varying magnitude as additional information regarding claims activity becomes known. Reported results, therefore, may be volatile in certain accounting periods.

Information Relevant to this Presentation

Regulation FD Disclosure Outlets

Progressive disseminates information to the public about Progressive, its products, services and other matters through various outlets in order to achieve broad, non-exclusionary distribution of information to the public. These outlets include its website (progressive.com) and its investor relations website (investors.progressive.com). We encourage investors and others to review the information Progressive makes public through these outlets, as such information distributed through these outlets may be considered to be material information.

Additional Information

Information in this presentation, and related comments by management during the earnings call, should be reviewed together. Additional information can also be found in Progressive's annual report on Form 10-K for the year ending December 31, 2021 filed with the Securities and Exchange Commission. All information, statements, and projections in this presentation and the related earnings call speak only as of the date of this presentation and related earnings call. Progressive assumes no obligation to update any forward-looking or other information included in this presentation or related earnings calls, whether as a result of new information, future developments or events or otherwise.



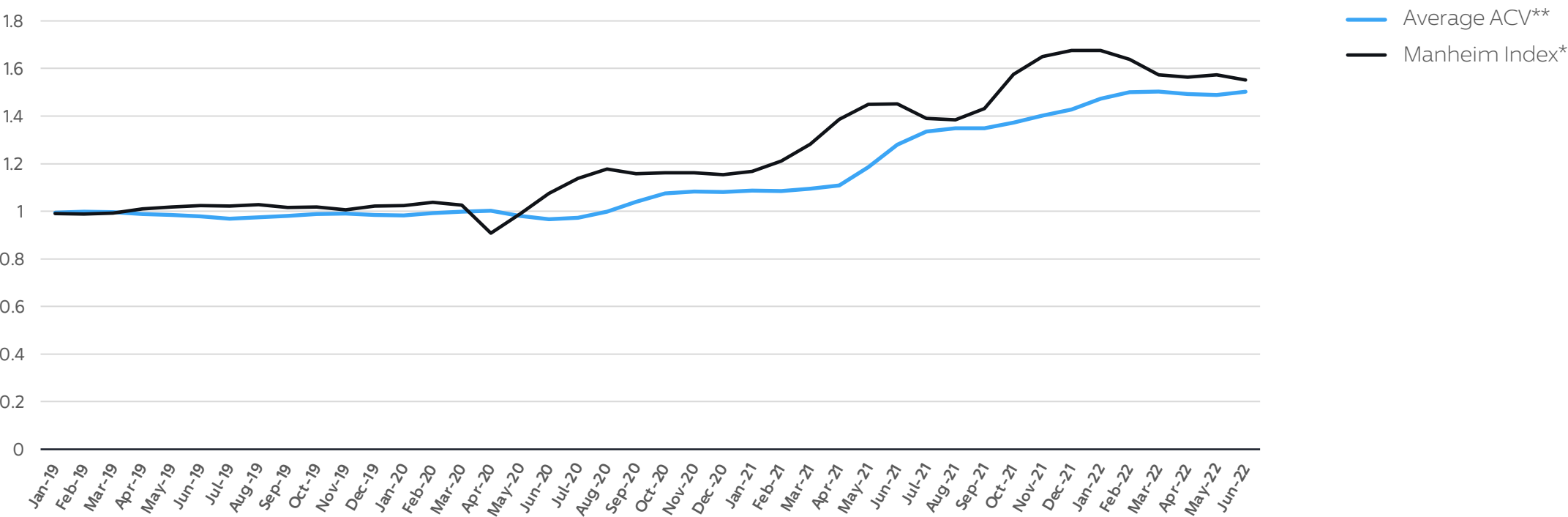
Tricia Griffith

President & CEO

INVESTOR RELATIONS Q2

Loss costs are higher YOY with a modest tail wind from fuel prices

Used car values and actual cash value (ACV) estimates



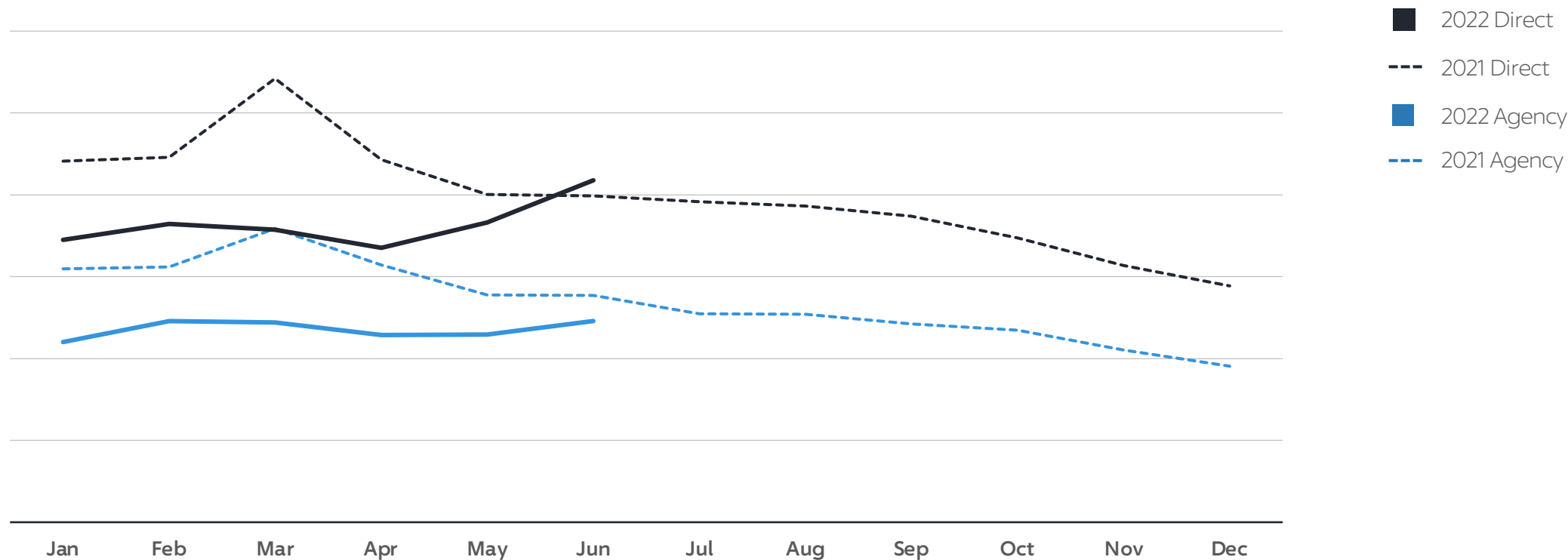
Sources: Mitchell* and COX Automotive**
Note ACV data is adjusted for vehicle make, model year and vehicle age. Further adjustments are made for state mix and inflation.

We continue to address Personal Auto profitability through rate

		Combined ratio	Aggregate rate change	Number of states	Average rate change per state
2021	Q1	88.7	0.2%	–	–
	Q2	96.2	1.8%	11	4.8%
	Q3	100.2	2.8%	20	5.9%
	Q4	96.3	3.2%	19	6.8%
2022	Q1	95.2	7.0%	36	9.4%
	Q2	95.1	2.1%	17	5.5%

Personal Auto new app trends are encouraging

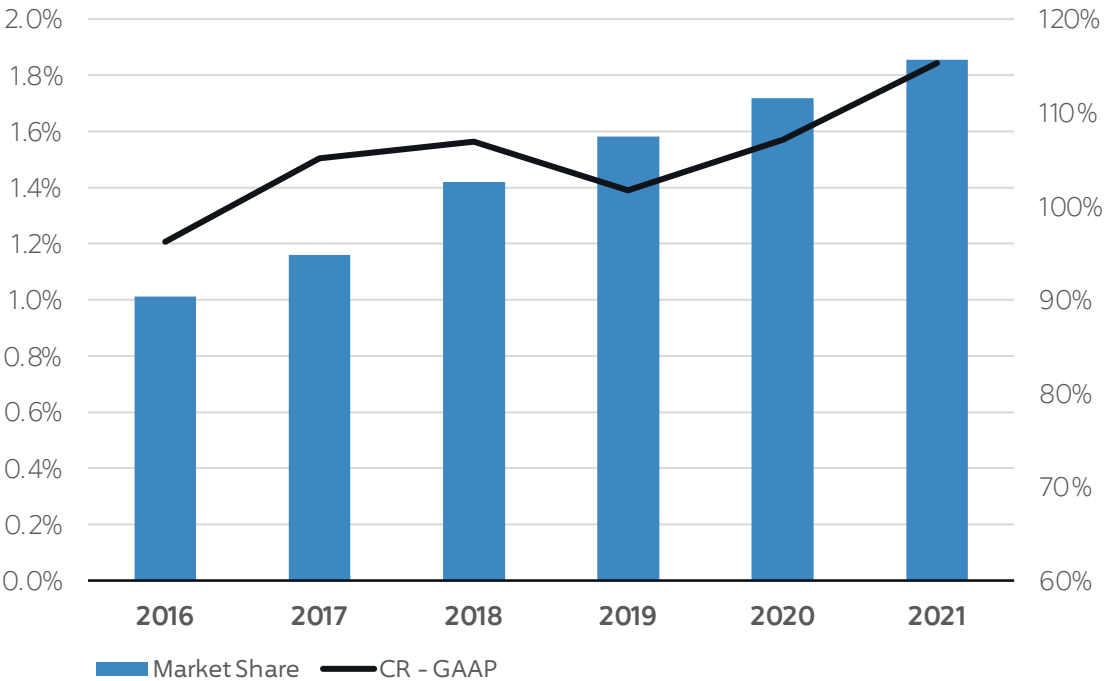
Average weekly new apps by channel



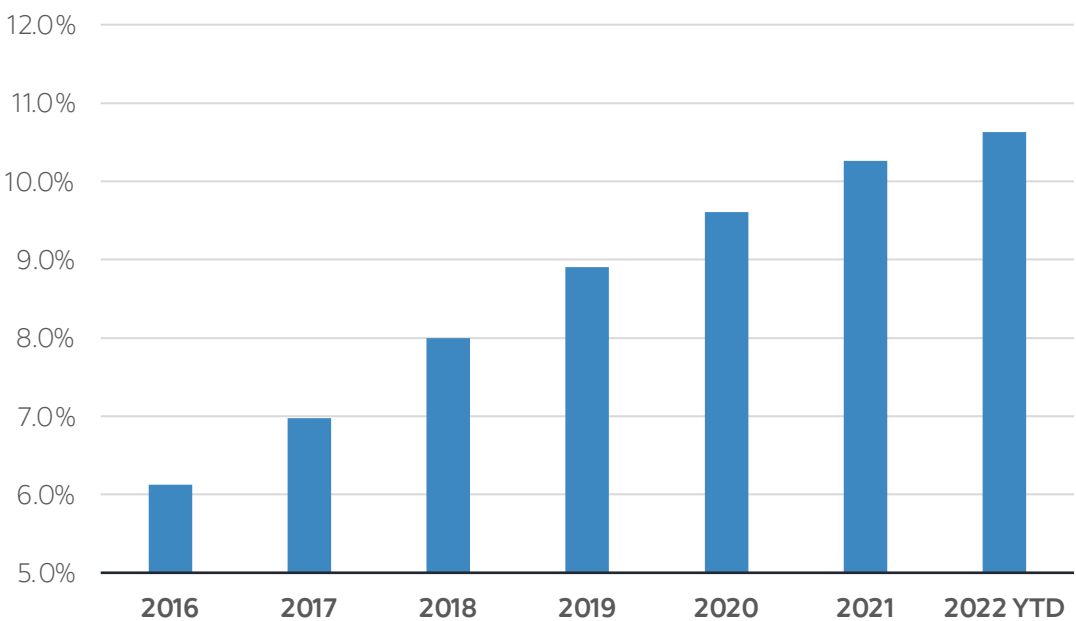
Source: Internal data

Our market share in property and Robinsons with above-target combined ratios (CRs)

Progressive property market share and CR



Robinson Mix as % of Auto PIF



Source: S&P Global Market Intelligence and internal data



Pat Callahan

Personal Lines
President



Dave Pratt

Property
General Manager

Agenda

- 01 / **Market opportunity
and distribution
investments**
- 02 / **Progressive Home
results and plans**

01 /

Market opportunity and distribution investments

Property insurance dramatically expands
our addressable market

Pat Callahan

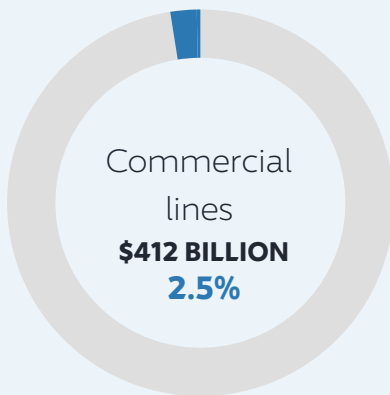
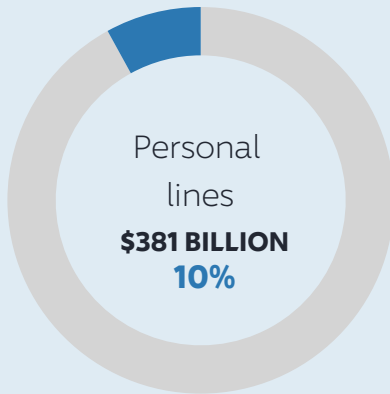
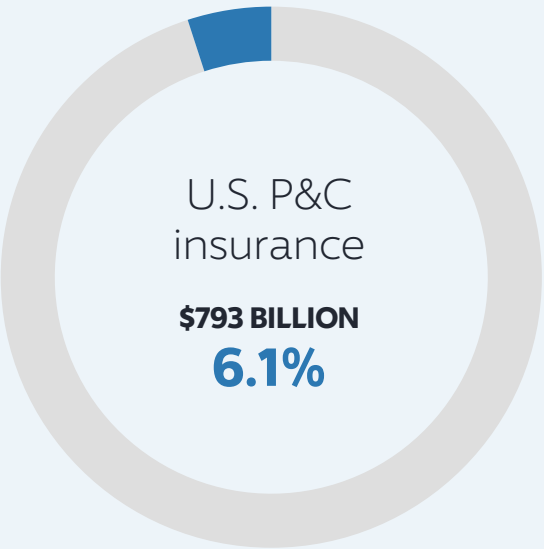
MARKET OPPORTUNITY AND DISTRIBUTION INVESTMENTS

We enjoy solid share where we play, with massive potential upside as we expand our addressable market

Large addressable market

2021 DWP

Industry Progressive



Source: S&P Global Market Intelligence

*Represents estimated personal auto market size after adjusting to consistently view policyholder credits as an expense across carriers.

**Represents all other statutory lines of P&C insurance excepting personal auto liability and physical damage, homeowners multiperil, and commercial auto liability and physical damage.

MARKET OPPORTUNITY AND DISTRIBUTION INVESTMENTS

The bundled Robinsons segment represents a significant growth opportunity for Progressive

ESTIMATED INDUSTRY PREMIUM (\$BIL)

2021 Personal Auto
and Property*



Sam



Diane



Wrights



Robinsons

Total

Captive agent	\$9.8	\$15.7	\$24.7	\$100.1	\$150.3
Independent agent	12.2	17.1	39.2	62.9	131.4
Direct	20.7	29.3	14.1	34.7	98.8
Total	42.7	62.1	78.0	197.7	380.5
Progressive 2021 share	16.7%	21.1%	17.3%	2.2%	10.0%

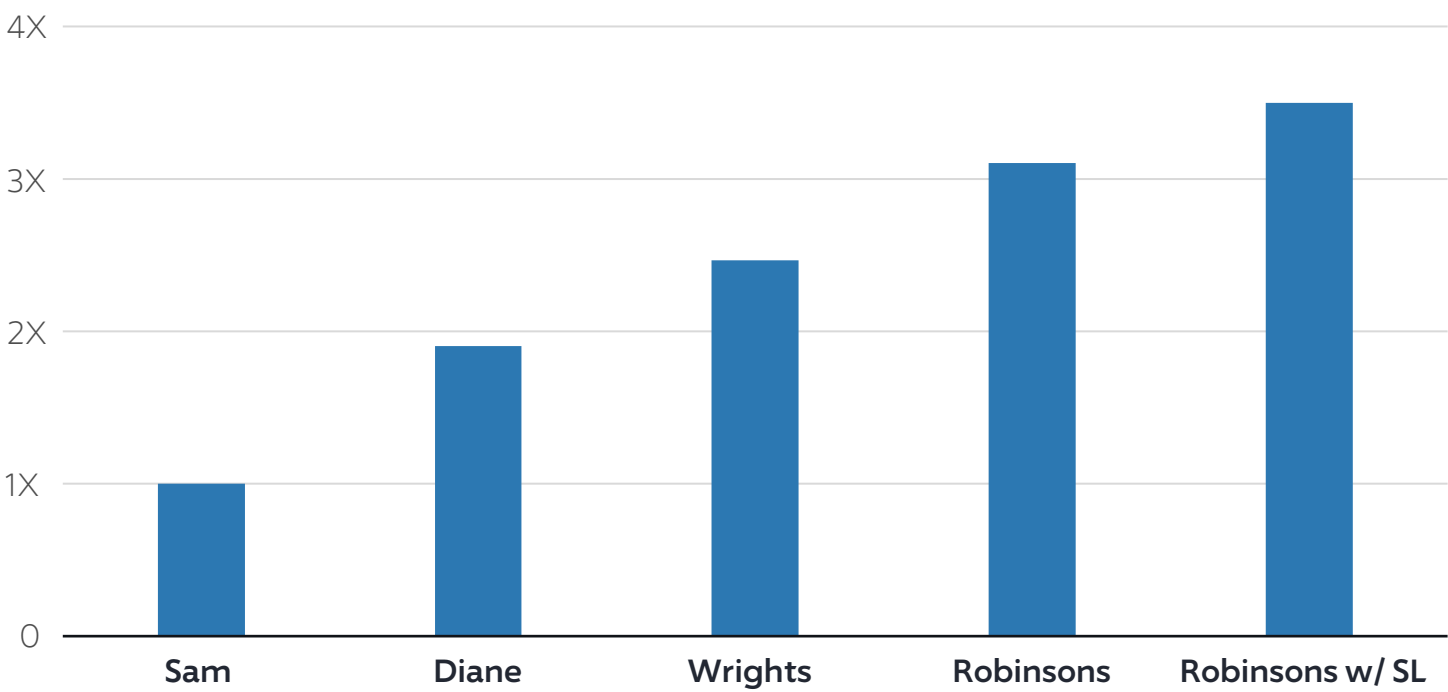
Source: SNL and Progressive estimates

*Auto includes MC and RV premiums; Property includes Home, Condo, MFH, and Renters premiums; and Monoline Property is allocated to Sam, Diane, and Wrights

MARKET OPPORTUNITY AND DISTRIBUTION INVESTMENTS

Increasing share of multiproduct households increases our policy life expectancy (PLE)

PLE by consumer segment



PLE driven by nature and nurture across consumer segments

Wrights' PLE is ~2.5X Sams'

Robinsons' PLE is ~3X Sams'

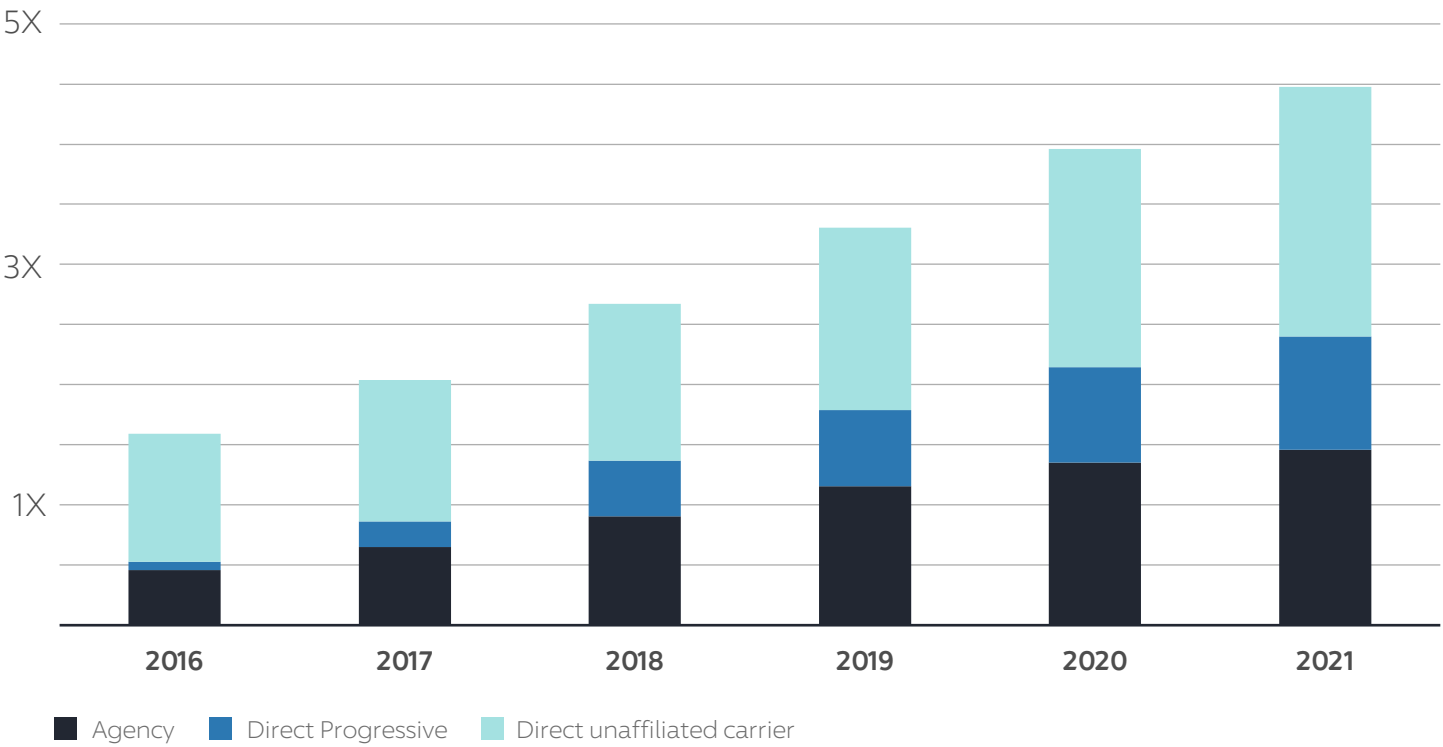
Our SL product leadership affords a rich source of future Robinsons

Source: Internal data

MARKET OPPORTUNITY AND DISTRIBUTION INVESTMENTS

Our focus on Robinsons is driving significant growth

Robinsons PIFs



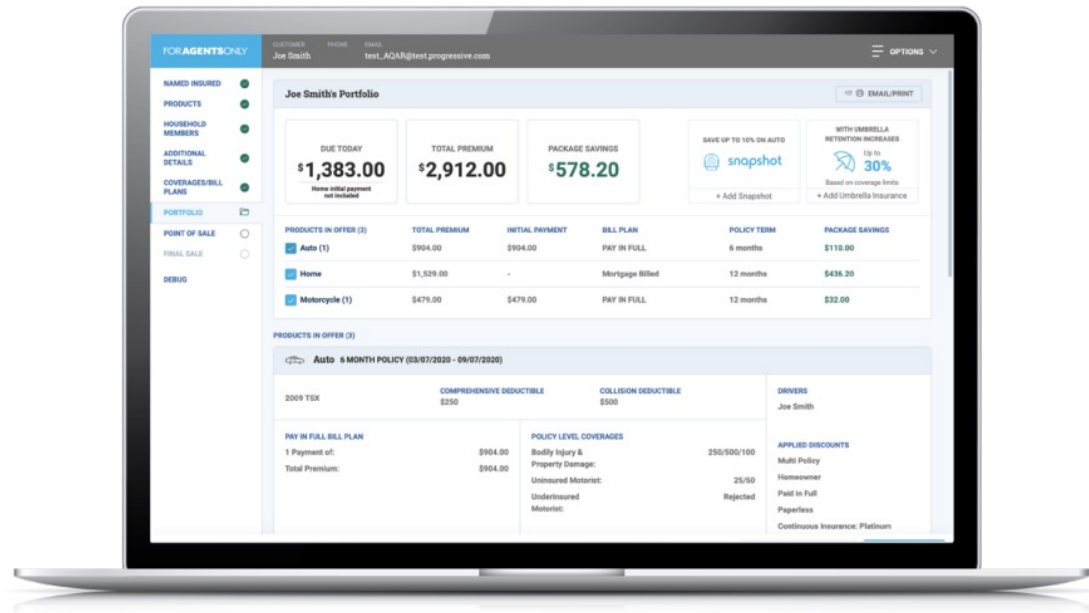
We continue to invest to grow Robinsons

- ASI acquisition
- Quoting systems across channels
- Progressive Advantage Agency expansion
- Platinum agent offering and expansion
- Bundle and save branding/marketing

MARKET OPPORTUNITY AND DISTRIBUTION INVESTMENTS

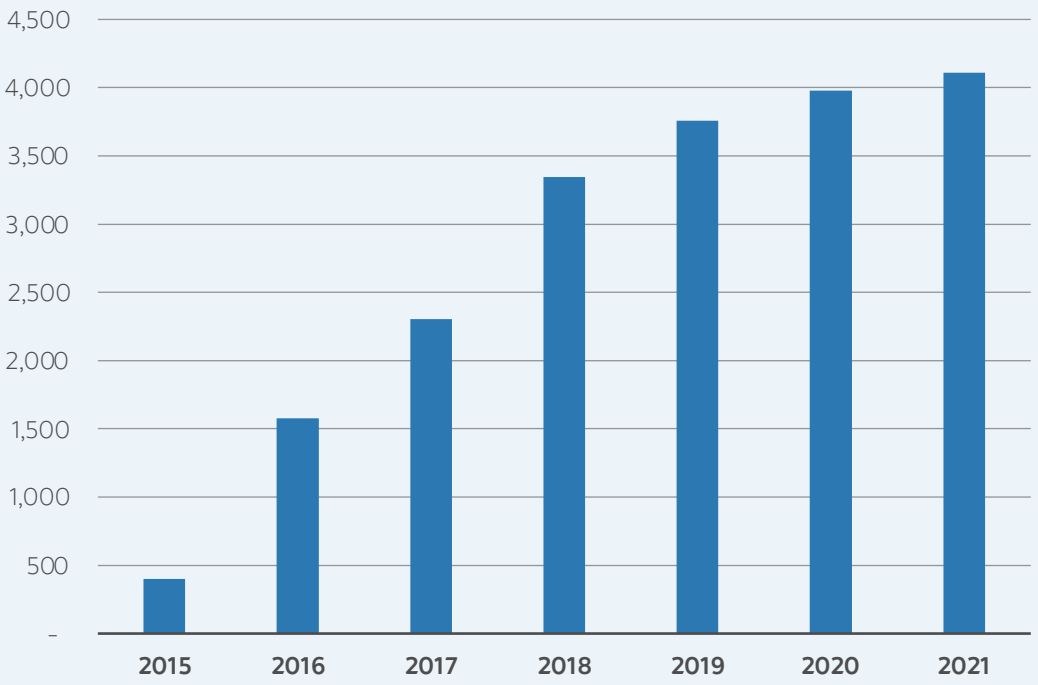
Agency channel investments attract Robinsons

- Designed and deployed streamlined quoting system for the home and auto bundle
- Countrywide rollout completed in 2020



- The Platinum agent program provides enhanced compensation and marketing support to agents who meet volume commitments
- Agents continue to join this exclusive program

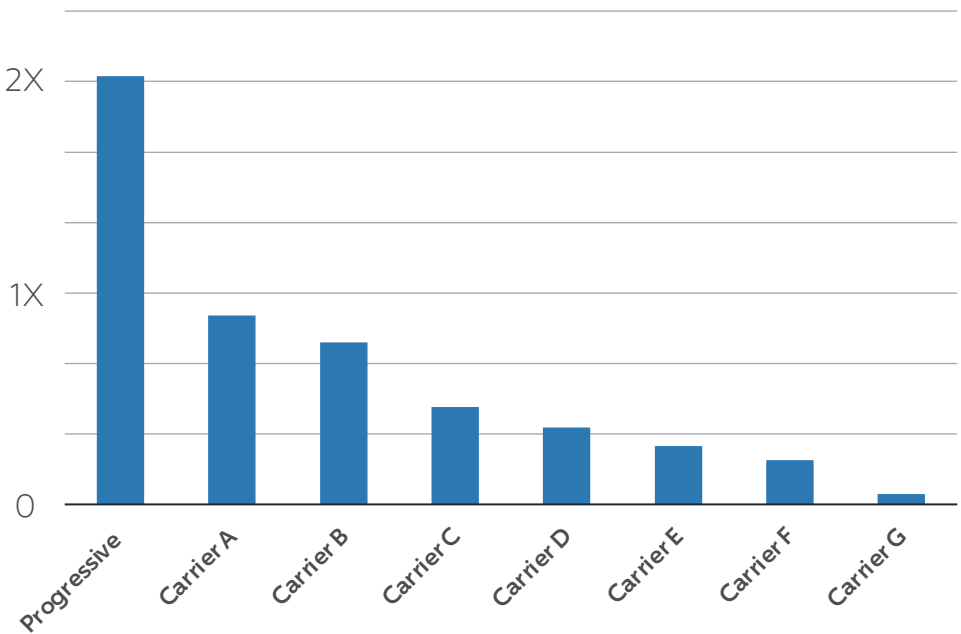
Platinum agencies



MARKET OPPORTUNITY AND DISTRIBUTION INVESTMENTS

We're investing to meet the growing online demand for property insurance

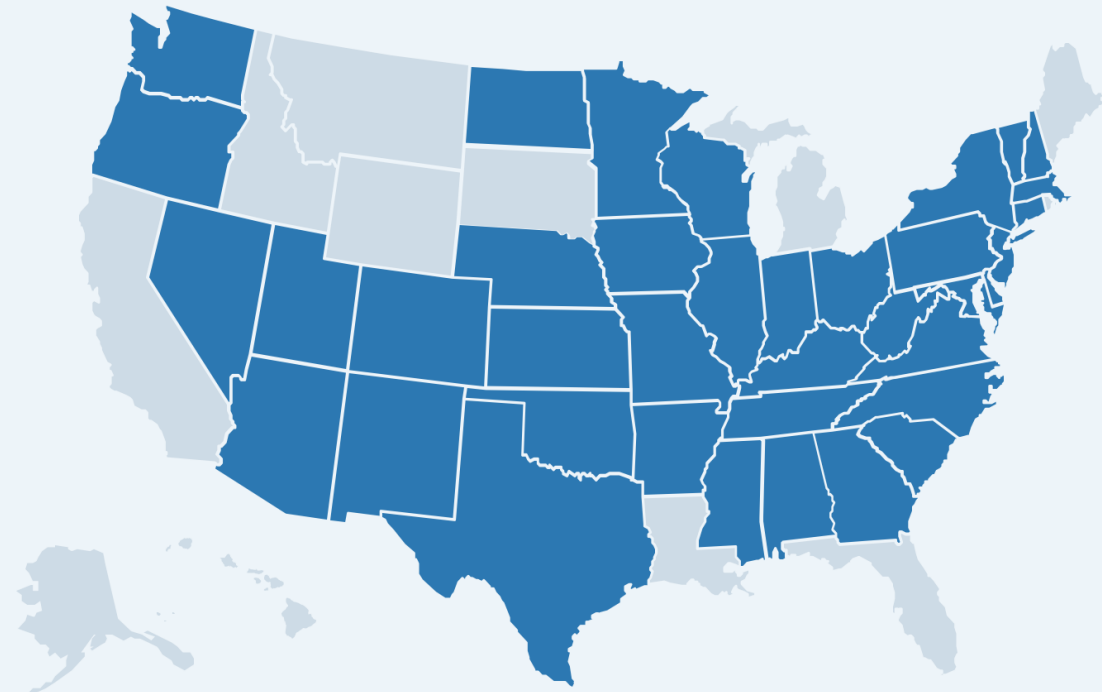
Desktop homeowners quote initiations (2019 – 2021)



Source: Comscore 2H 2021 Benchmark (desktop-only data available)

>80% of our direct property quotes originate online

We're expanding "buy button" functionality for Progressive Home to ensure we meet shopper expectations



Buy button available

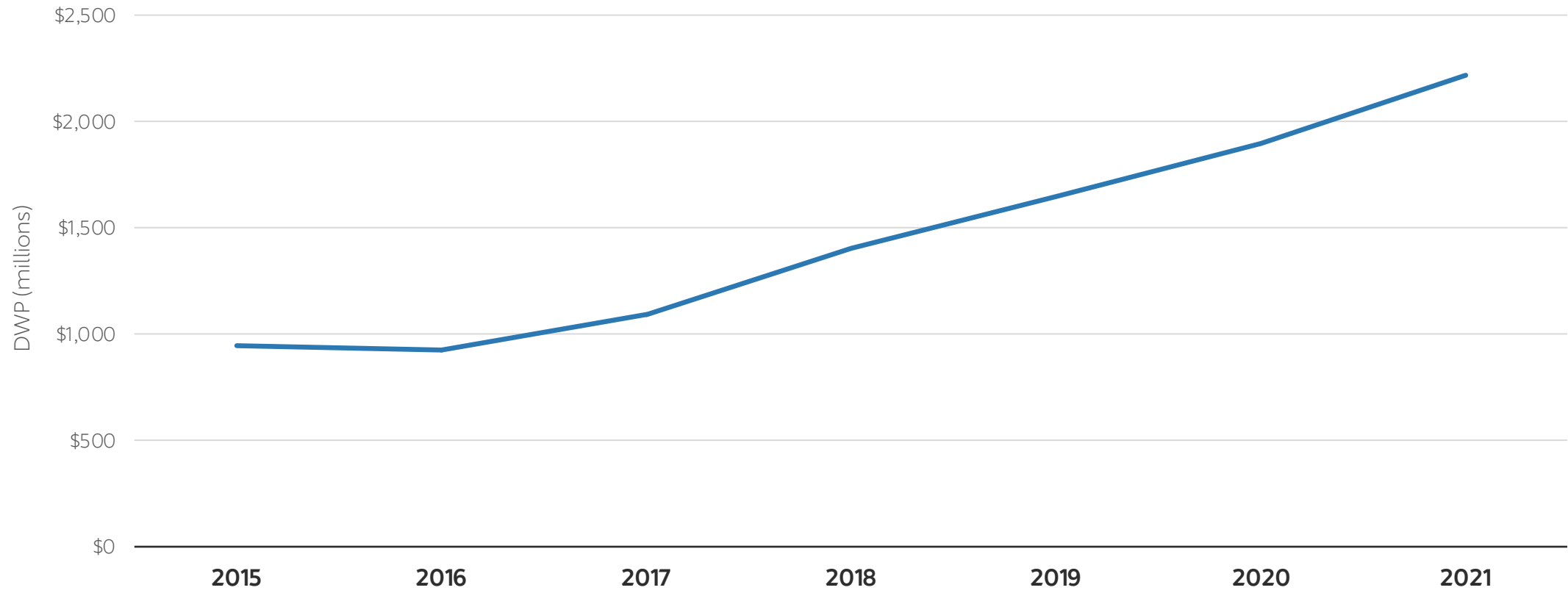
02 /

Progressive Home results and plans

Dave Pratt

PROGRESSIVE HOME RESULTS AND PLANS

Progressive has grown into the No. 10 position in property insurance



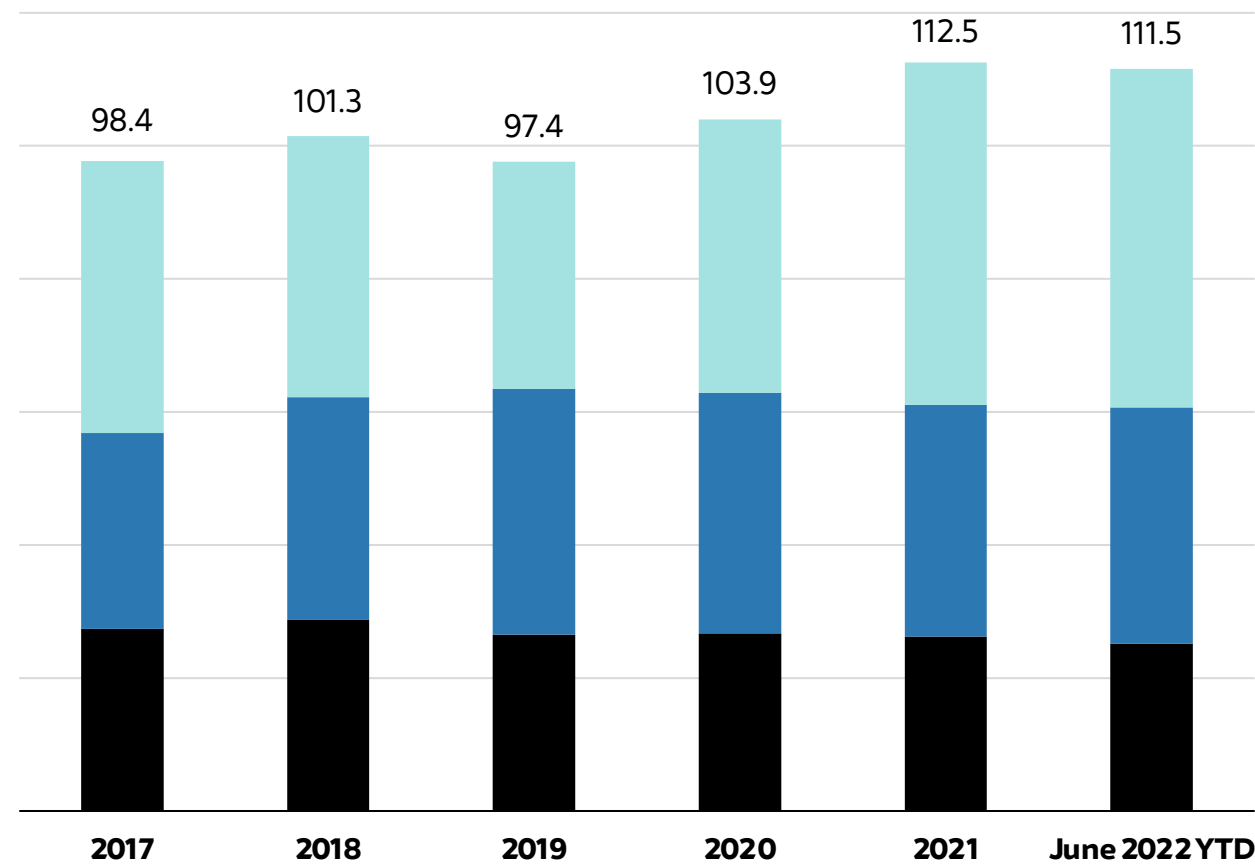
Source: Internal data

PROGRESSIVE HOME RESULTS AND PLANS

Property has not achieved target profit margin, driven by weather losses above expectations

- Expense ratio excluding amortization of intangibles
- Additional (non-weather, liability) net loss ratio
- Weather and PCS CAT loss ratio

Progressive Home net combined ratio

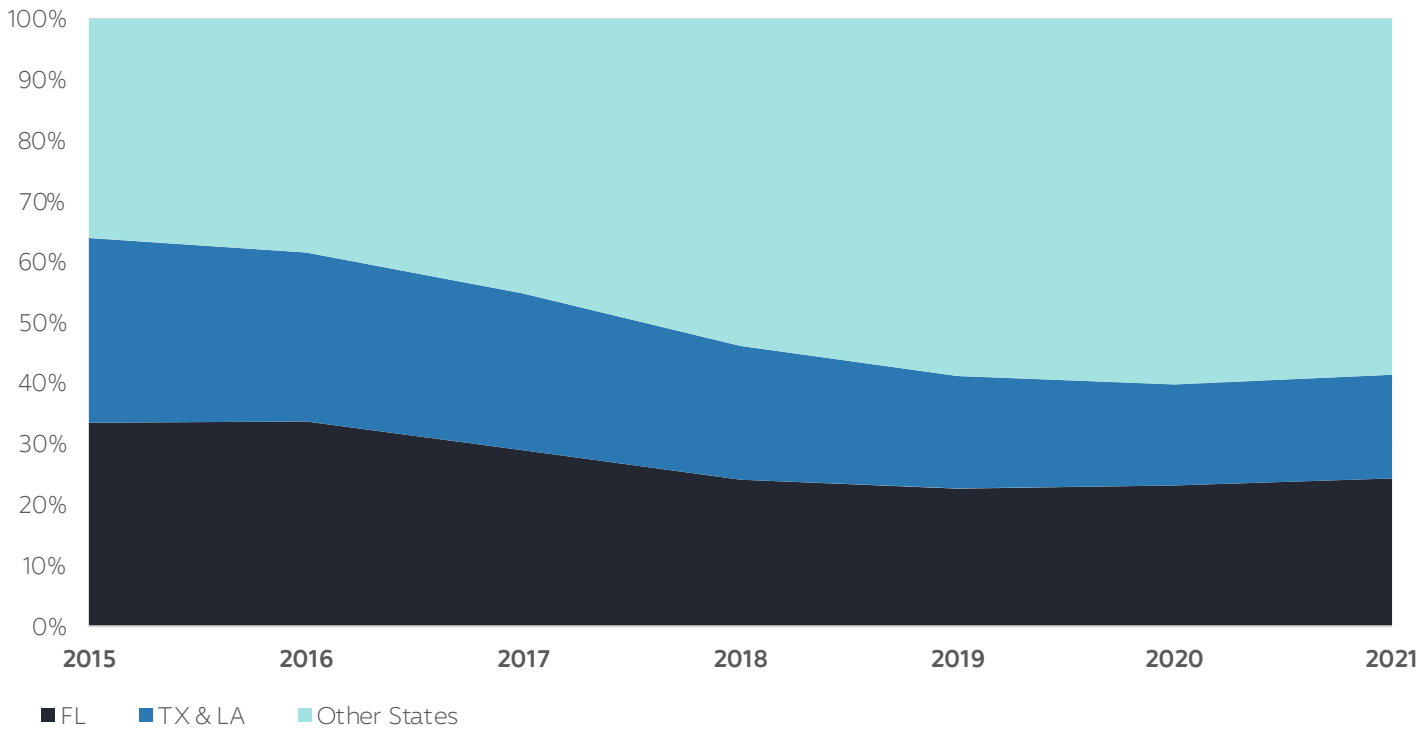


Source: Internal data

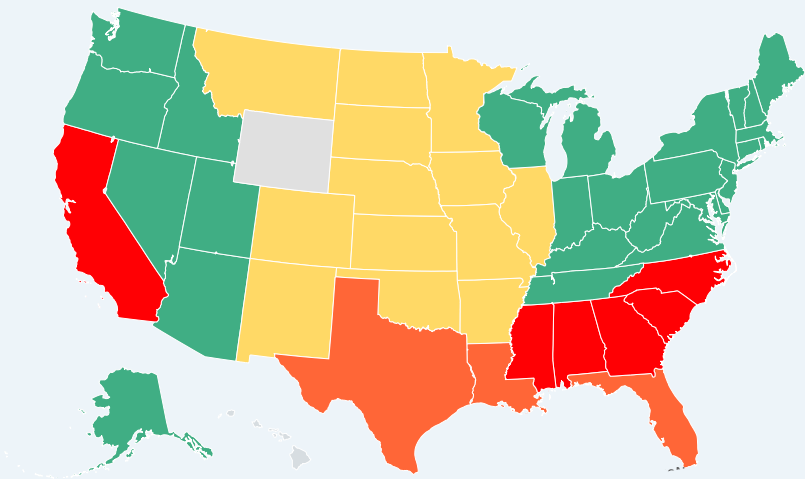
PROGRESSIVE HOME RESULTS AND PLANS

Our state mix is shifting, but we're still overweight in states with volatile CAT exposure

State mix of Progressive Homeowners multiperil DWP



Source: Internal data

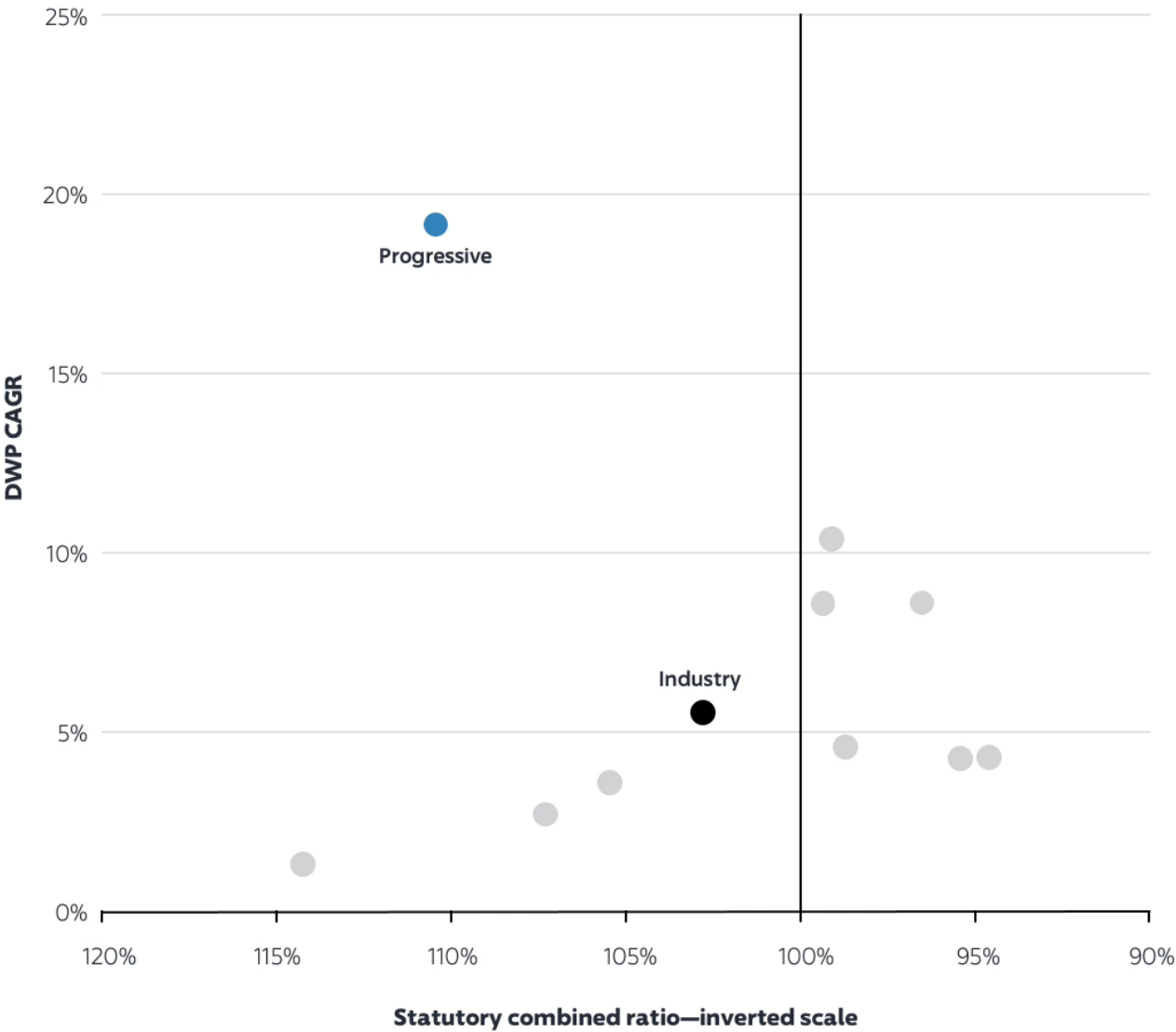


	% of 2021 DWP	
	PROGRESSIVE HOME	INDUSTRY
Less volatile	27%	40%
Moderate volatility	14%	20%
Hail	17%	18%
Legacy CAT	41%	22%

PROGRESSIVE HOME RESULTS AND PLANS

State mix drives Progressive’s loss ratio higher than leading competitors’

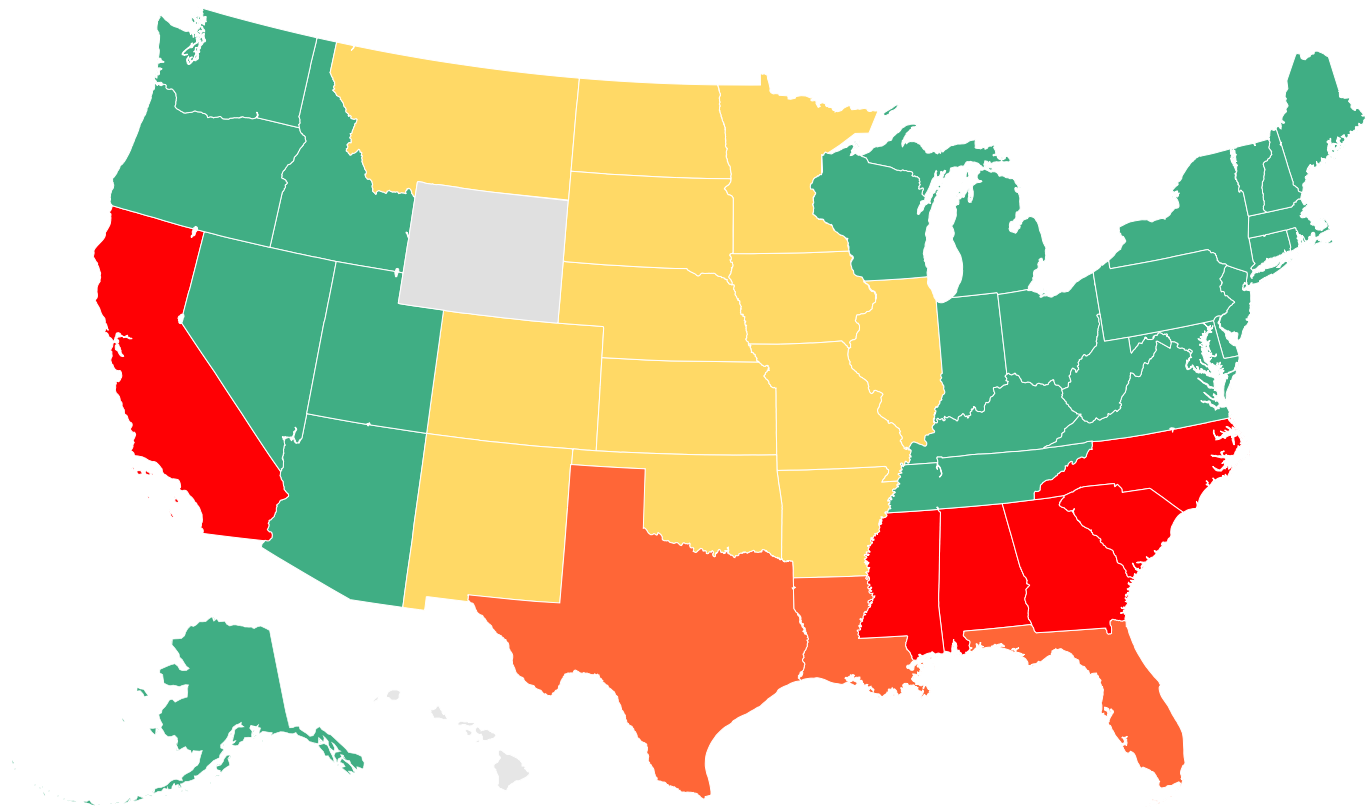
CR and CAGR 5-year unadjusted



Source: S&P Global

PROGRESSIVE HOME RESULTS AND PLANS

Shifting mix will reduce property volatility



5-year loss ratio 2017 – 2021

	PROGRESSIVE HOME	INDUSTRY
Less volatile	55.8%	55.6%
Moderate volatility	58.3%	70.3%
Hail	74.5%	71.8%
Legacy CAT	81.9%	82.3%
Total	71.1%	67.0%

Source: S&P Global

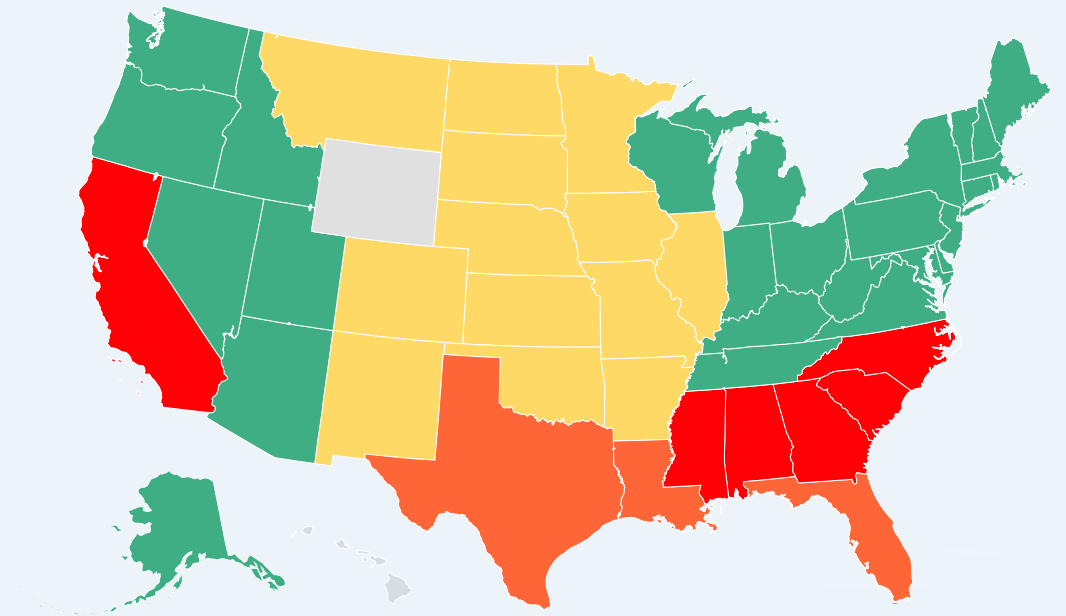
PROGRESSIVE HOME RESULTS AND PLANS

We will shrink Florida exposure and limit growth in states exposed to heavy CAT risk to reduce volatility as the overall Property book grows

Actions:

- **Rate increases**, particularly for homes with older roofs
- Expanded **underwriting eligibility restrictions** to ensure we're writing only profitable business
- Targeted **nonrenewals** in concentrated regions or unprofitable segments
- **Cost-sharing initiatives**, such as higher deductibles and Actual Cash Value coverage on roofs
- **Agency management**, including a reduction in agency force in select markets

Investments in enhanced product offerings are intended to drive growth in less volatile states



- Less volatile
- Moderate volatility
- Hail
- Legacy CAT state

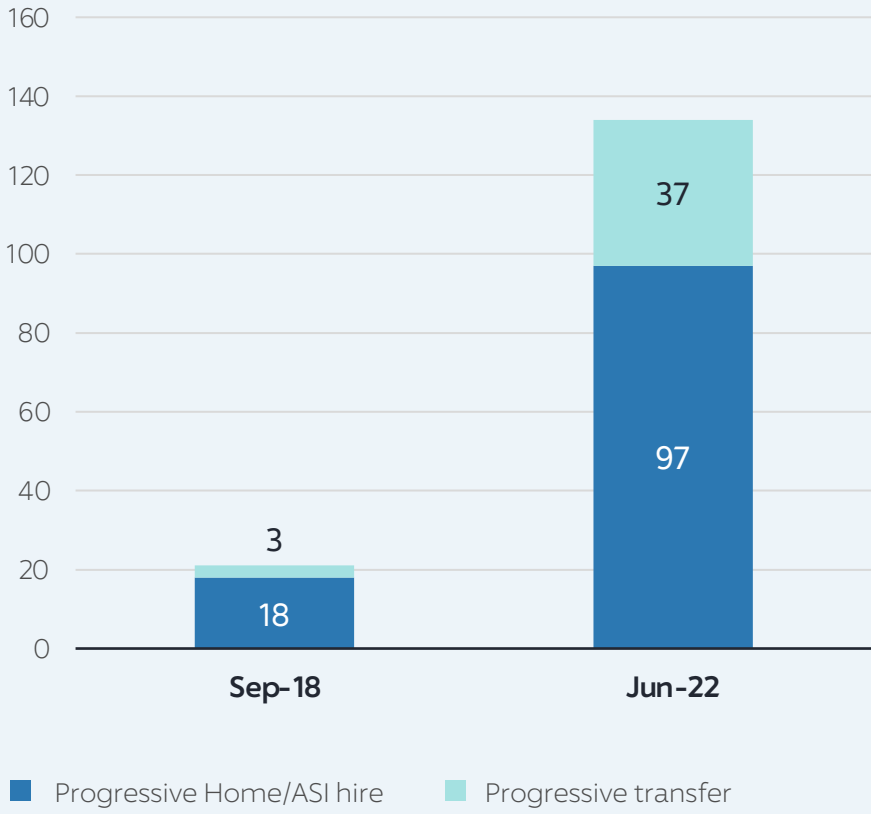
PROGRESSIVE HOME RESULTS AND PLANS

We’ve invested in organizational capability to build best-in-class Property products



Source: Internal data

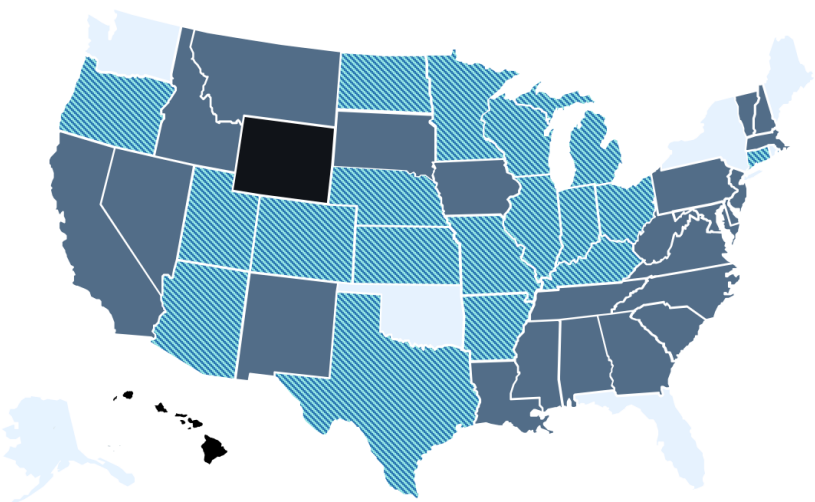
Property product management, R&D, pricing, and delivery organization



PROGRESSIVE HOME RESULTS AND PLANS

We have improved price segmentation, but we're not best in class ... yet

We currently have 4.0 in 23 states and 4.1 in 18 states. Combined, this represents 93% of HO3 premium excluding Florida.



■ NG 4.0 ■ NG 4.1 ■ Pre 4.0 ■ Not in production

Source: Internal data

Development and planned rollout of Property product models

4.0



4.1



5.0

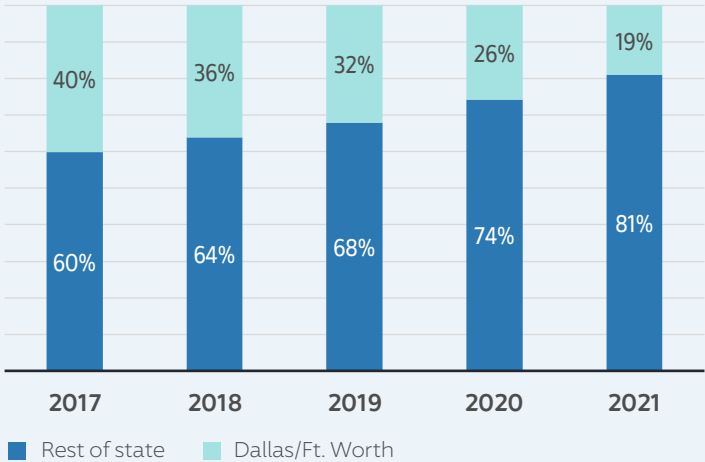


PROGRESSIVE HOME RESULTS AND PLANS

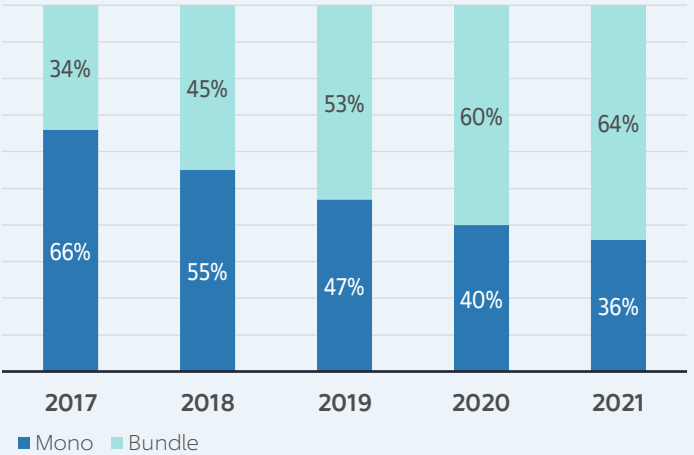
Texas case study:

Rate increases, improved price segmentation, and appropriate deductibles have improved our mix of business

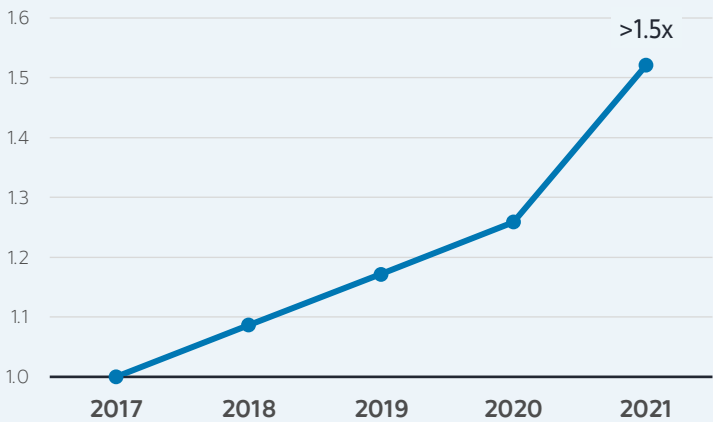
Territory mix better matches market mix



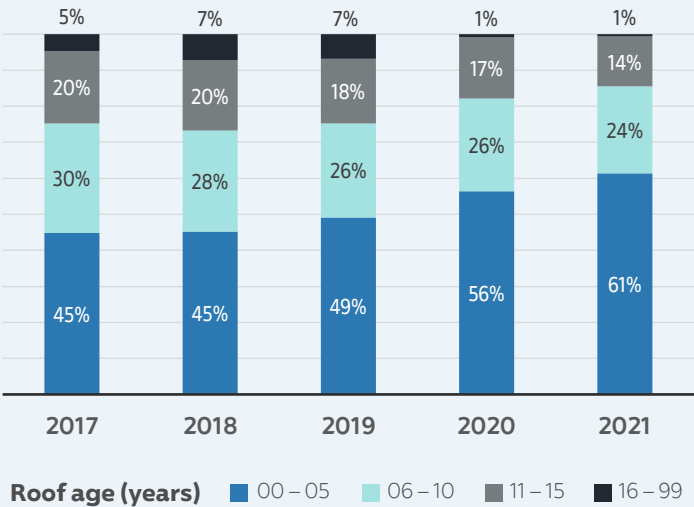
More bundles



Higher average wind/hail deductible per policy



Fewer roofs nearing end of useful life



Source: Internal data based on H03 policies in force

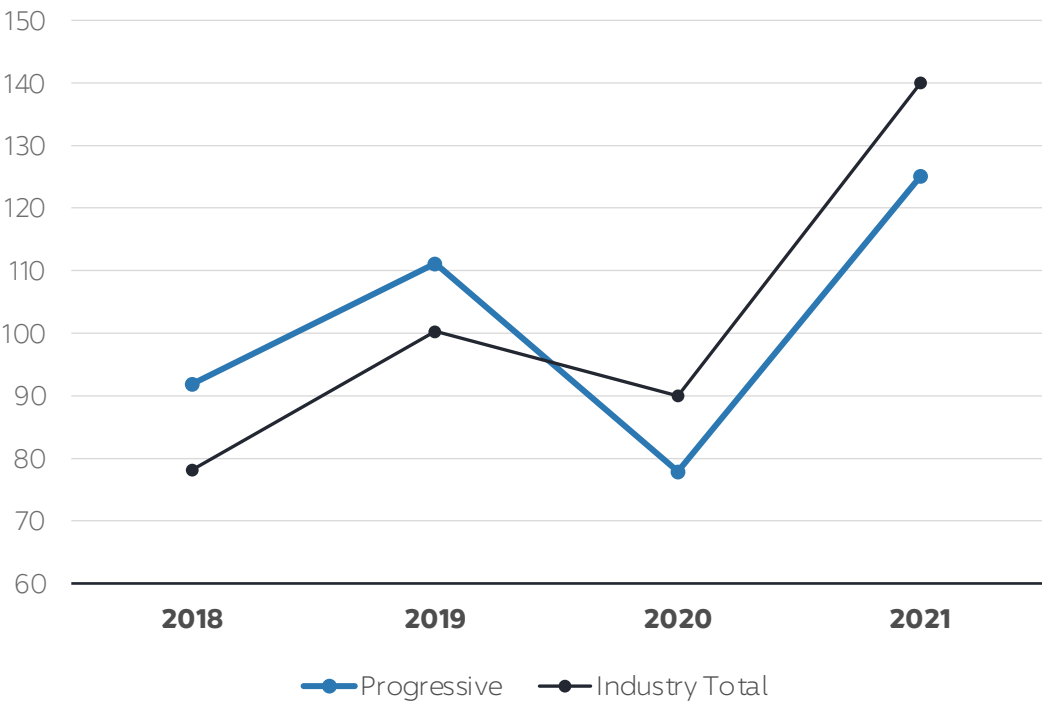
PROGRESSIVE HOME RESULTS AND PLANS

Texas case study: Improved relative results

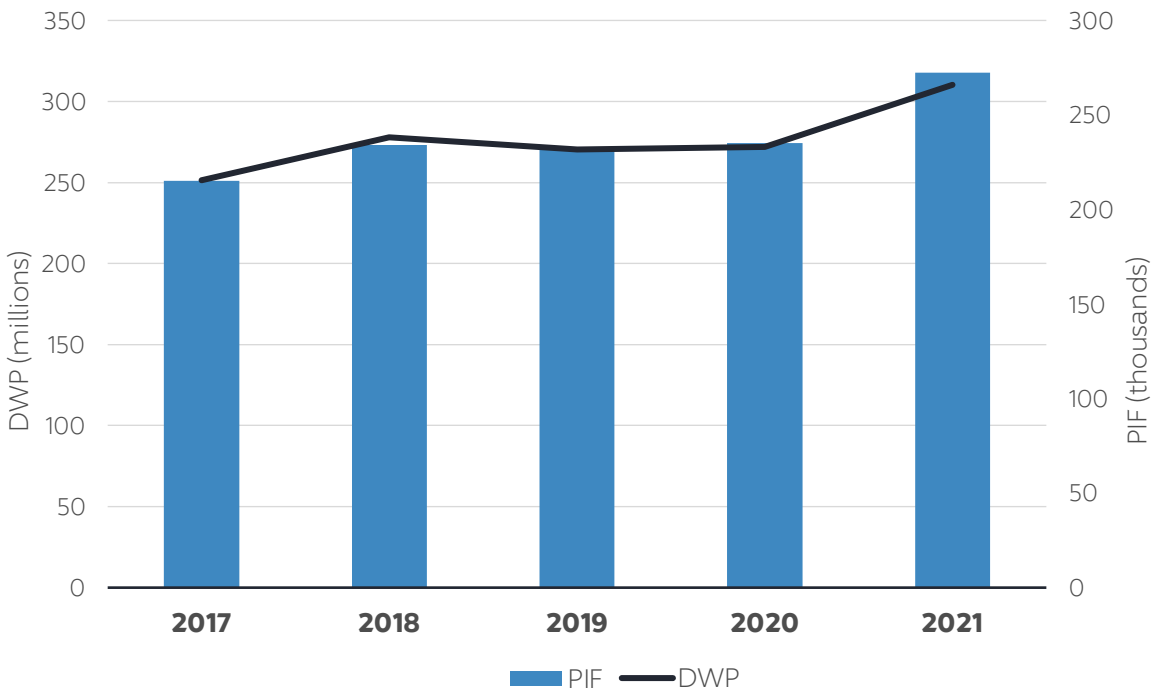
We now expect to achieve target margins in Texas, over time

Texas Property is very volatile, so annual results will vary

Texas homeowners direct combined ratio



All Property products



Source: S&P Global Market Intelligence/SNL and internal data

PROGRESSIVE HOME RESULTS AND PLANS

Updated replacement cost estimates adjust for inflation, ensure adequate coverage and appropriate rate

	HO3 aggregate rate change
2020	14.3%
2021	7.9%
2022 YTD	8.1%

Source: Internal data

Countrywide HO3 (YOY)

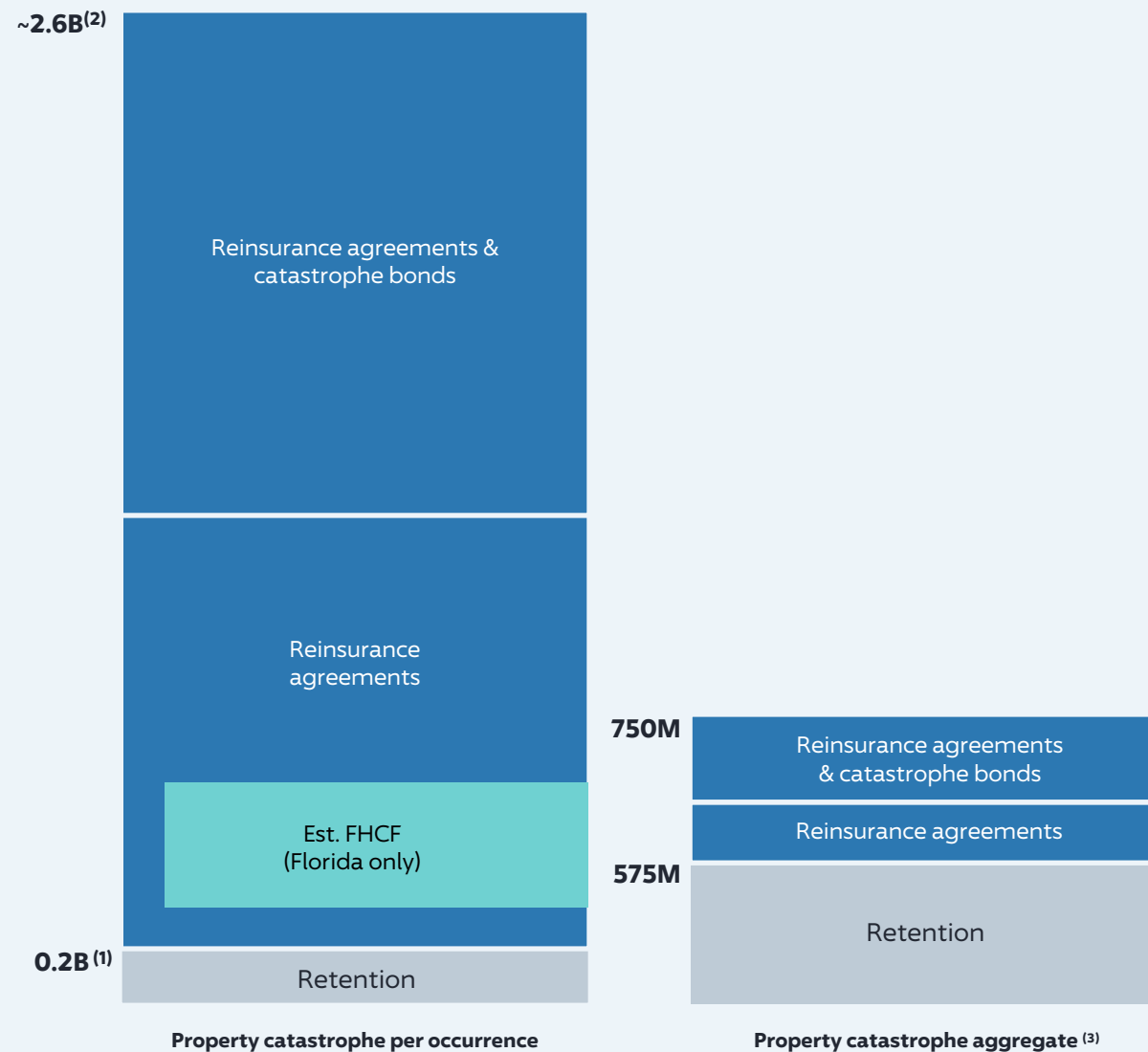


PROGRESSIVE HOME RESULTS AND PLANS

2022 Property Catastrophe Reinsurance Program

Reinsurance Program

- Fully placed all layers of the occurrence and aggregate reinsurance programs
- Capacity has been placed in single- and multiyear agreements
- Occurrence program includes coverage for reinstatement premiums for layers with reinstatements
- Cost of reinsurance reflected in our insurance rates, where allowable





Summary

Competitive Property insurance is required for Progressive to attract and retain bundled customers, which represent a huge growth opportunity.

Our multicarrier Property agency and market-leading quote volume are driving success in the direct channel.

We're investing to improve profitability in our Property business to support continued Robinsons growth in the independent agency channel.

- Rate increases, coverage limitations, and underwriting eligibility restrictions have improved results relative to competitors
- Best-in-class product design will support growth in less volatile states
- Reduction in Florida exposure and growth limits in other volatile states will reduce volatility of Property results
- Reinsurance protects Progressive's capital from extreme events

Thank you

INVESTOR RELATIONS Q2

PROGRESSIVE