UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2024

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____to_____

Commission File Number: 001-09518

THE PROGRESSIVE CORPORATION

(Exact name of registrant as specified in its charter)

Ohio	**34-0963169**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
300 North Commons Blvd., Mayfield Village, Ohio	**44143**
(Address of principal executive offices)	**(Zip Code)**

(440) 461-5000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, $1.00 Par Value	PGR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Shares, $1.00 par value: 585,811,503 outstanding at October 3, 2024

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

The Progressive Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months		Nine Months	
Periods Ended September 30,	**2024**	**2023**	**2024**	**2023**
(millions — except per share amounts)				
Revenues				
Net premiums earned	$ 18,296.7	$ 14,894.3	$ 51,654.8	$ 42,891.8
Investment income	739.5	510.2	2,042.1	1,384.3
Net realized gains (losses) on securities:				
Net realized gains (losses) on security sales	68.0	(66.2)	(304.9)	38.6
Net holding period gains (losses) on securities	219.4	(80.5)	621.6	17.9
Net impairment losses recognized in earnings	0	(2.3)	0	(6.8)
Total net realized gains (losses) on securities	287.4	(149.0)	316.7	49.7
Fees and other revenues	278.1	223.7	774.4	656.6
Service revenues	117.3	81.4	307.8	234.9
Total revenues	19,719.0	15,560.6	55,095.8	45,217.3
Expenses				
Losses and loss adjustment expenses	12,510.3	11,387.9	36,077.2	34,182.0
Policy acquisition costs	1,390.2	1,173.2	3,930.0	3,442.6
Other underwriting expenses	2,669.9	1,420.7	6,781.1	4,710.3
Investment expenses	7.2	7.2	20.2	18.8
Service expenses	126.7	91.7	333.1	264.6
Interest expense	69.9	69.7	209.1	198.7
Total expenses	16,774.2	14,150.4	47,350.7	42,817.0
Net Income				
Income before income taxes	2,944.8	1,410.2	7,745.1	2,400.3
Provision for income taxes	611.4	288.9	1,621.6	485.7
Net income	2,333.4	1,121.3	6,123.5	1,914.6
Other Comprehensive Income (Loss)				
Changes in:				
Total net unrealized gains (losses) on fixed-maturity securities	1,561.2	(388.6)	1,461.1	(241.0)
Net unrealized losses on forecasted transactions	0.1	0.2	0.3	0.4
Foreign currency translation adjustment	0.1	0	(0.1)	0.2
Other comprehensive income (loss)	1,561.4	(388.4)	1,461.3	(240.4)
Comprehensive income (loss)	$ 3,894.8	$ 732.9	$ 7,584.8	$ 1,674.2
Computation of Earnings Per Common Share				
Net income	$ 2,333.4	$ 1,121.3	$ 6,123.5	$ 1,914.6
Less: Preferred share dividends and other[1]	0	10.4	17.0	27.2
Net income available to common shareholders	$ 2,333.4	$ 1,110.9	$ 6,106.5	$ 1,887.4
Average common shares outstanding - Basic	585.6	584.8	585.5	584.9
Net effect of dilutive stock-based compensation	2.0	2.7	2.2	2.6
Total average equivalent common shares - Diluted	587.6	587.5	587.7	587.5
Basic: Earnings per common share	$ 3.98	$ 1.90	$ 10.43	$ 3.23
Diluted: Earnings per common share	$ 3.97	$ 1.89	$ 10.39	$ 3.21

[1] All of our outstanding Serial Preferred Shares, Series B, were redeemed in February 2024. See *Note 9 – Dividends* for further discussion.

See notes to consolidated financial statements.

The Progressive Corporation and Subsidiaries

Consolidated Balance Sheets

(unaudited)

(millions — except per share amounts)	September 30, 2024	September 30, 2023	December 31, 2023
Assets			
Available-for-sale securities, at fair value:			
Fixed maturities (amortized cost: $74,595.2, $60,490.6, and $62,441.9)	$ 74,411.2	$ 56,591.9	$ 60,378.2
Short-term investments (amortized cost: $756.5, $1,795.2, and $1,789.9)	756.5	1,795.2	1,789.9
Total available-for-sale securities	75,167.7	58,387.1	62,168.1
Equity securities, at fair value:			
Nonredeemable preferred stocks (cost: $759.7, $976.9, and $977.1)	735.0	868.9	902.1
Common equities (cost: $733.5, $662.6, and $706.0)	3,497.0	2,614.5	2,928.4
Total equity securities	4,232.0	3,483.4	3,830.5
Total investments	79,399.7	61,870.5	65,998.6
Cash and cash equivalents	136.1	123.5	84.9
Restricted cash and cash equivalents	10.9	14.9	14.7
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	147.0	138.4	99.6
Accrued investment income	560.3	378.1	438.0
Premiums receivable, net of allowance for credit losses of $388.0, $361.2, and $369.1	15,135.4	12,408.0	11,958.2
Reinsurance recoverables	4,881.5	5,331.2	5,093.9
Prepaid reinsurance premiums	224.0	235.0	249.8
Deferred acquisition costs	2,031.6	1,732.1	1,687.4
Property and equipment, net of accumulated depreciation of $1,589.7, $1,596.9, and $1,655.1	688.8	919.8	880.8
Net federal deferred income taxes	598.0	1,357.1	936.0
Other assets	1,536.2	1,282.4	1,348.5
Total assets	$ 105,202.5	$ 85,652.6	$ 88,690.8
Liabilities and Shareholders' Equity			
Unearned premiums	$ 24,772.5	$ 20,761.7	$ 20,133.7
Loss and loss adjustment expense reserves	38,061.5	33,577.3	34,389.2
Accounts payable, accrued expenses, and other liabilities	8,317.4	7,030.7	7,002.2
Debt[1]	6,891.8	6,887.6	6,888.6
Total liabilities	78,043.2	68,257.3	68,413.7
Serial Preferred Shares (authorized 20.0)			
Serial Preferred Shares, Series B, no par value (cumulative, liquidation preference $1,000 per share) (authorized, issued, and outstanding of 0, 0.5, and 0.5)	0	493.9	493.9
Common shares, $1.00 par value (authorized 900.0; issued 797.6, including treasury shares of 211.8, 212.6, and 212.3)	585.8	585.0	585.3
Paid-in capital	2,096.2	1,977.9	2,013.1
Retained earnings	24,631.7	17,380.9	18,800.5
Accumulated other comprehensive income (loss):			
Net unrealized gains (losses) on fixed-maturity securities	(139.7)	(3,027.3)	(1,600.8)
Net unrealized losses on forecasted transactions	(13.7)	(14.1)	(14.0)
Foreign currency translation adjustment	(1.0)	(1.0)	(0.9)
Total accumulated other comprehensive income (loss)	(154.4)	(3,042.4)	(1,615.7)
Total shareholders' equity	27,159.3	17,395.3	20,277.1
Total liabilities and shareholders' equity	$ 105,202.5	$ 85,652.6	$ 88,690.8

[1] Consists of 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,	**2024**	**2023**	**2024**	**2023**
(millions — except per share amounts)				
Serial Preferred Shares, No Par Value				
Balance, beginning of period	$ 0	$ 493.9	$ 493.9	$ 493.9
Redemption of Serial Preferred Shares, Series B[1]	0	0	(493.9)	0
Balance, end of period	0	493.9	0	493.9
Common Shares, $1.00 Par Value				
Balance, beginning of period	585.7	585.3	585.3	584.9
Treasury shares purchased	(0.4)	(0.3)	(0.7)	(0.6)
Net restricted equity awards issued/vested	0.5	0	1.2	0.7
Balance, end of period	585.8	585.0	585.8	585.0
Paid-In Capital				
Balance, beginning of period	2,060.5	1,935.7	2,013.1	1,893.0
Amortization of equity-based compensation	37.3	42.9	85.8	86.7
Treasury shares purchased	(1.3)	(1.1)	(2.3)	(2.1)
Net restricted equity awards issued/vested	(0.5)	0	(1.2)	(0.7)
Reinvested dividends on restricted stock units	0.2	0.4	0.8	1.0
Balance, end of period	2,096.2	1,977.9	2,096.2	1,977.9
Retained Earnings				
Balance, beginning of period	22,410.0	16,350.4	18,800.5	15,721.2
Net income	2,333.4	1,121.3	6,123.5	1,914.6
Treasury shares purchased	(84.1)	(38.3)	(130.8)	(77.1)
Cash dividends declared on common shares ($0.10, $0.10, $0.30, and $0.30 per share)[1]	(58.6)	(58.5)	(175.6)	(175.4)
Cash dividends declared on Serial Preferred Shares, Series B ($0, $20.67700, $15.688377, and $39.60163 per share)[1]	0	(10.3)	(7.8)	(19.8)
Reinvested dividends on restricted stock units	(0.2)	(0.4)	(0.8)	(1.0)
Other, net	31.2	16.7	22.7	18.4
Balance, end of period	24,631.7	17,380.9	24,631.7	17,380.9
Accumulated Other Comprehensive Income (Loss)				
Balance, beginning of period	(1,715.8)	(2,654.0)	(1,615.7)	(2,802.0)
Other comprehensive income (loss)	1,561.4	(388.4)	1,461.3	(240.4)
Balance, end of period	(154.4)	(3,042.4)	(154.4)	(3,042.4)
Total shareholders' equity	$ 27,159.3	$ 17,395.3	$ 27,159.3	$ 17,395.3

[1] See *Note 9 – Dividends* for further discussion.

There are 5.0 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,	2024	2023
(millions)		
Cash Flows From Operating Activities		
Net income	$ 6,123.5	$ 1,914.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	208.2	212.0
Net amortization (accretion) of fixed-income securities	(23.5)	(7.6)
Amortization of equity-based compensation	85.8	86.7
Net realized (gains) losses on securities	(316.7)	(49.7)
Net (gains) losses on disposition of property and equipment	(1.9)	23.0
Changes in:		
Premiums receivable	(3,177.2)	(1,991.1)
Reinsurance recoverables	212.4	500.9
Prepaid reinsurance premiums	25.8	60.5
Deferred acquisition costs	(344.2)	(187.7)
Income taxes	(366.8)	73.6
Unearned premiums	4,638.8	3,468.1
Loss and loss adjustment expense reserves	3,672.3	3,218.0
Accounts payable, accrued expenses, and other liabilities	1,600.3	1,089.1
Other, net	(225.1)	(204.4)
Net cash provided by operating activities	12,111.7	8,206.0
Cash Flows From Investing Activities		
Purchases:		
Fixed maturities	(35,835.5)	(18,956.2)
Equity securities	(110.6)	(23.2)
Sales:		
Fixed maturities	18,582.5	4,780.3
Equity securities	221.9	745.5
Maturities, paydowns, calls, and other:		
Fixed maturities	4,749.8	3,693.2
Equity securities	110.2	65.3
Net (purchases) sales of short-term investments	1,070.3	1,132.0
Net change in unsettled security transactions	514.1	201.7
Purchases of property and equipment	(174.8)	(169.9)
Sales of property and equipment	64.5	35.0
Net cash used in investing activities	(10,807.6)	(8,496.3)
Cash Flows From Financing Activities		
Redemption of Serial Preferred Shares, Series B	(500.0)	0
Dividends paid to common shareholders	(615.1)	(175.5)
Dividends paid to preferred shareholders	(7.8)	(33.2)
Acquisition of treasury shares for equity award tax liabilities	(120.7)	(52.3)
Acquisition of treasury shares acquired in open market	(13.1)	(27.5)
Net proceeds from debt issuances	0	496.3
Net cash provided by (used in) financing activities	(1,256.7)	207.8
Increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	47.4	(82.5)
Cash, cash equivalents, restricted cash, and restricted cash equivalents – January 1	99.6	220.9
Cash, cash equivalents, restricted cash, and restricted cash equivalents – September 30	$ 147.0	$ 138.4

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 (Progressive).

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, 2024, 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, 2023 (2023 Annual Report to Shareholders).

Premiums Receivable

We perform analyses to evaluate our premiums receivable for expected credit losses. See our 2023 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)	**2024**	**2023**	**2024**	**2023**
Allowance for credit losses, beginning of period	$ 327.9	$ 343.9	$ 369.1	$ 343.3
Increase in allowance[1]	167.6	157.5	402.4	399.7
Write-offs[2]	(107.5)	(140.2)	(383.5)	(381.8)
Allowance for credit losses, end of period	$ 388.0	$ 361.2	$ 388.0	$ 361.2

[1] Represents the incremental increase in other underwriting expenses.
[2] Represents the portion of allowance that is reversed when the premiums receivable is written off. Premiums receivable balances are written off once we have exhausted our collection efforts.

Property – Held for Sale

Included in other assets in our consolidated balance sheets are properties that are classified as held for sale (HFS). At September 30, 2024 and 2023, and December 31, 2023, we had HFS properties of $150.4 million, $81.6 million, and $77.2 million, respectively. When properties are determined to be HFS, the property is written down to its fair value less estimated costs to sell, as applicable. The increase in HFS properties since December 31, 2023, primarily reflects a decision in the first quarter 2024 to sell certain regional properties to optimize our real estate portfolio by consolidating employees into existing alternative properties.

Earnings Per Share

We redeemed all of our outstanding Serial Preferred Shares, Series B, in February 2024. See *Note 9 – Dividends* for further discussion. To determine net income available to common shareholders, which is used in the calculation of the per common share amounts, we reduced net income by preferred share dividends, and, for 2024,

- underwriting discounts and commissions on the preferred share issuance,
- initial issuance costs related to the preferred shares, and
- excise taxes related to the preferred share redemption.

Other Assets - Reclassification

Goodwill and intangible assets are included in other assets in our consolidated balance sheets and the amortization of intangible assets in other, net, in cash provided by operating activities in our consolidated statements of cash flows. The September 30, 2023 amounts, which were presented separately in the balance sheet and statement of cash flows in the prior year, were reclassified to conform to the current year presentation.

New Accounting Standards

Adopted – On January 1, 2024, we began amortizing the remaining original cost of tax equity investments to the provision for income taxes, since certain conditions were met, on the modified retrospective basis, pursuant to an Accounting Standards Update (ASU) issued by the Financial Accounting Standards Board. Previously, these investments were accounted for under the equity method of accounting and the amortization was recognized as a net impairment loss on the consolidated statements of income. The adoption of the ASU had no cumulative effect on retained earnings and did not have a material impact on our financial condition or results of operations. The amount of income tax credits and investment amortization recognized for the three and nine months ended September 30, 2024, and the carrying amount of the tax credit investments at September 30, 2024, were not material to our financial condition or results of operations and, therefore, no additional disclosure is provided.

2. INVESTMENTS

The following tables present the composition of our investment portfolio by major security type. Our securities are reported in our consolidated balance sheets at fair value. The changes in fair value for our fixed-maturity securities (other than hybrid securities) are reported as a component of accumulated other comprehensive income (loss), net of deferred income taxes, in our consolidated balance sheets. The net holding period gains (losses) reported below represent the inception-to-date changes in fair value for the hybrid and equity securities. The changes in the net holding period gains (losses) between periods are recorded as a component of net realized gains (losses) on securities in our consolidated statements of comprehensive income.

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
September 30, 2024						
Available-for-sale securities:						
Fixed maturities:						
U.S. government obligations	$ 44,231.3	$ 771.4	$ (574.2)	$ 0	$ 44,428.5	56.0 %
State and local government obligations	2,681.0	10.7	(90.3)	0	2,601.4	3.3
Foreign government obligations	16.9	0	(0.5)	0	16.4	0
Corporate and other debt securities	14,969.8	221.9	(155.3)	(0.9)	15,035.5	18.9
Residential mortgage-backed securities	1,403.5	24.8	(6.4)	2.0	1,423.9	1.8
Commercial mortgage-backed securities	4,664.4	4.1	(376.9)	0	4,291.6	5.4
Other asset-backed securities	6,628.3	39.4	(53.8)	0	6,613.9	8.3
Total fixed maturities	74,595.2	1,072.3	(1,257.4)	1.1	74,411.2	93.7
Short-term investments	756.5	0	0	0	756.5	1.0
Total available-for-sale securities	75,351.7	1,072.3	(1,257.4)	1.1	75,167.7	94.7
Equity securities:						
Nonredeemable preferred stocks	759.7	0	0	(24.7)	735.0	0.9
Common equities	733.5	0	0	2,763.5	3,497.0	4.4
Total equity securities	1,493.2	0	0	2,738.8	4,232.0	5.3
Total portfolio[1]	$ 76,844.9	$ 1,072.3	$ (1,257.4)	$ 2,739.9	$ 79,399.7	100.0 %

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
September 30, 2023						
Available-for-sale securities:						
Fixed maturities:						
U.S. government obligations	$ 36,392.2	$ 0	$ (2,098.4)	$ 0	$ 34,293.8	55.4 %
State and local government obligations	2,257.6	0	(203.3)	0	2,054.3	3.3
Foreign government obligations	16.9	0	(1.5)	0	15.4	0.1
Corporate and other debt securities	11,069.8	1.3	(596.1)	(53.7)	10,421.3	16.9
Residential mortgage-backed securities	530.4	0.2	(13.0)	(1.8)	515.8	0.8
Commercial mortgage-backed securities	4,699.5	2.1	(723.9)	0	3,977.7	6.4
Other asset-backed securities	5,524.2	0.1	(210.1)	(0.6)	5,313.6	8.6
Total fixed maturities	60,490.6	3.7	(3,846.3)	(56.1)	56,591.9	91.5
Short-term investments	1,795.2	0	0	0	1,795.2	2.9
Total available-for-sale securities	62,285.8	3.7	(3,846.3)	(56.1)	58,387.1	94.4
Equity securities:						
Nonredeemable preferred stocks	976.9	0	0	(108.0)	868.9	1.4
Common equities	662.6	0	0	1,951.9	2,614.5	4.2
Total equity securities	1,639.5	0	0	1,843.9	3,483.4	5.6
Total portfolio[1]	$ 63,925.3	$ 3.7	$ (3,846.3)	$ 1,787.8	$ 61,870.5	100.0 %

($ in millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Net Holding Period Gains (Losses)	Fair Value	% of Total Fair Value
December 31, 2023						
Available-for-sale securities:						
Fixed maturities:						
U.S. government obligations	$ 37,823.2	$ 204.1	$ (1,157.9)	$ 0	$ 36,869.4	55.9 %
State and local government obligations	2,338.4	2.8	(138.4)	0	2,202.8	3.3
Foreign government obligations	17.3	0	(1.0)	0	16.3	0.1
Corporate and other debt securities	11,633.7	87.2	(334.7)	(28.8)	11,357.4	17.2
Residential mortgage-backed securities	426.9	0.2	(10.0)	0.1	417.2	0.6
Commercial mortgage-backed securities	4,535.2	2.2	(597.7)	0	3,939.7	6.0
Other asset-backed securities	5,667.2	15.7	(107.1)	(0.4)	5,575.4	8.4
Total fixed maturities	62,441.9	312.2	(2,346.8)	(29.1)	60,378.2	91.5
Short-term investments	1,789.9	0	0	0	1,789.9	2.7
Total available-for-sale securities	64,231.8	312.2	(2,346.8)	(29.1)	62,168.1	94.2
Equity securities:						
Nonredeemable preferred stocks	977.1	0	0	(75.0)	902.1	1.4
Common equities	706.0	0	0	2,222.4	2,928.4	4.4
Total equity securities	1,683.1	0	0	2,147.4	3,830.5	5.8
Total portfolio[1]	$ 65,914.9	$ 312.2	$ (2,346.8)	$ 2,118.3	$ 65,998.6	100.0 %

[1] At September 30, 2024 and 2023, we had $468.5 million and $167.3 million, respectively, of net unsettled security purchase transactions included in other liabilities, compared to $45.6 million included in other assets at December 31, 2023.
The total fair value of the portfolio at both September 30, 2024 and 2023 included $4.1 billion of securities held in a consolidated, non-insurance subsidiary of the holding company, net of unsettled security transactions, compared to $4.2 billion at December 31, 2023.

Certain fixed-maturity securities previously categorized as redeemable preferred stocks in our footnote disclosures are currently classified as corporate and other debt securities to reflect the accurate categorization based on the underlying features of these securities. The September 30, 2023 and December 31, 2023 amounts, which were presented separately as redeemable preferred stocks in our *Note 2 - Investments* and *Note 3 - Fair Valu*e tables, were reclassified to conform to the current year presentation. The reclassification did not have an impact on our total fixed-maturity securities or our results of operations, financial condition, or cash flows.

At September 30, 2024, bonds and certificates of deposit in the principal amount of $712.0 million were on deposit to meet state insurance regulatory requirements. We did not hold any securities of any one issuer, excluding U.S. government obligations, with an aggregate cost or fair value exceeding 10% of total shareholders' equity at September 30, 2024 or 2023, or December 31, 2023. At September 30, 2024, we did not hold any debt securities that were non-income producing during the preceding 12 months.

Short-Term Investments Our short-term investments may include commercial paper and other investments that are expected to mature, or are redeemable, within one year.

Hybrid Securities Certain securities in our fixed-maturity portfolio are accounted for as hybrid securities because they contain embedded derivatives that are not deemed to be clearly and closely related to the host investments.

These securities are reported at fair value:

(millions)	September 30, 2024	September 30, 2023	December 31, 2023
Fixed Maturities:			
Corporate and other debt securities	$ 637.3	$ 647.5	$ 672.5
Residential mortgage-backed securities	369.0	410.8	323.9
Other asset-backed securities	2.6	19.4	13.9
Total hybrid securities	$ 1,008.9	$ 1,077.7	$ 1,010.3

Since the 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) 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 composition of fixed maturities by maturity at September 30, 2024, was:

(millions)	Cost	Fair Value
Less than one year	$ 7,895.5	$ 7,852.8
One to five years	53,339.8	53,341.8
Five to ten years	13,103.1	12,954.6
Ten years or greater	256.8	262.0
Total	$ 74,595.2	$ 74,411.2

Asset-backed securities are classified in the maturity distribution table based upon their projected cash flows. All other securities that do not have a single maturity date are reported based upon expected average maturity. Contractual maturities may differ from expected maturities 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	Unrealized Losses	No. of Sec.	Fair Value	Unrealized Losses
September 30, 2024									
U.S. government obligations	86	$ 12,919.6	$ (574.2)	3	$ 2,069.3	$ (2.9)	83	$ 10,850.3	$ (571.3)
State and local government obligations	302	1,778.8	(90.3)	44	207.8	(0.2)	258	1,571.0	(90.1)
Foreign government obligations	1	16.4	(0.5)	0	0	0	1	16.4	(0.5)
Corporate and other debt securities	224	5,250.6	(155.3)	14	426.1	(1.9)	210	4,824.5	(153.4)
Residential mortgage-backed securities	33	244.2	(6.4)	4	185.0	(0.2)	29	59.2	(6.2)
Commercial mortgage-backed securities	177	3,749.9	(376.9)	5	169.8	(0.3)	172	3,580.1	(376.6)
Other asset-backed securities	80	1,530.5	(53.8)	16	352.5	(0.1)	64	1,178.0	(53.7)
Total fixed maturities	903	$ 25,490.0	$ (1,257.4)	86	$ 3,410.5	$ (5.6)	817	$ 22,079.5	$ (1,251.8)

				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	Unrealized Losses	No. of Sec.	Fair Value	Unrealized Losses
September 30, 2023									
U.S. government obligations	173	$ 34,293.8	$ (2,098.4)	37	$ 16,686.2	$ (557.6)	136	$ 17,607.6	$ (1,540.8)
State and local government obligations	356	2,033.9	(203.3)	46	359.6	(7.6)	310	1,674.3	(195.7)
Foreign government obligations	1	15.4	(1.5)	0	0	0	1	15.4	(1.5)
Corporate and other debt securities	470	9,520.6	(596.1)	164	3,380.4	(94.1)	306	6,140.2	(502.0)
Residential mortgage-backed securities	40	99.9	(13.0)	2	0.4	0	38	99.5	(13.0)
Commercial mortgage-backed securities	196	3,960.8	(723.9)	0	0	0	196	3,960.8	(723.9)
Other asset-backed securities	295	5,001.8	(210.1)	104	2,056.9	(8.8)	191	2,944.9	(201.3)
Total fixed maturities	1,531	$ 54,926.2	$ (3,846.3)	353	$ 22,483.5	$ (668.1)	1,178	$ 32,442.7	$ (3,178.2)

				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	Unrealized Losses	No. of Sec.	Fair Value	Unrealized Losses
December 31, 2023									
U.S. government obligations	147	$ 28,225.0	$ (1,157.9)	25	$ 11,890.0	$ (100.0)	122	$ 16,335.0	$ (1,057.9)
State and local government obligations	324	1,846.2	(138.4)	31	169.9	(0.9)	293	1,676.3	(137.5)
Foreign government obligations	1	16.3	(1.0)	0	0	0	1	16.3	(1.0)
Corporate and other debt securities	316	6,674.9	(334.7)	26	617.2	(14.7)	290	6,057.7	(320.0)
Residential mortgage-backed securities	39	88.4	(10.0)	2	0.4	0	37	88.0	(10.0)
Commercial mortgage-backed securities	189	3,912.2	(597.7)	1	30.7	(2.5)	188	3,881.5	(595.2)
Other asset-backed securities	207	3,299.1	(107.1)	41	639.4	(1.2)	166	2,659.7	(105.9)
Total fixed maturities	1,223	$ 44,062.1	$ (2,346.8)	126	$ 13,347.6	$ (119.3)	1,097	$ 30,714.5	$ (2,227.5)

A review of the securities in an unrealized loss position indicated that 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.

We had one security that had its credit ratings downgraded during the third quarter 2024, with a fair value of $39.3 million and an unrealized loss of $2.9 million as of September 30, 2024.

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 amounts deemed to be uncollectible during the first nine months of 2024 or 2023, and did not have a material credit loss allowance balance as of September 30, 2024 and 2023, or December 31, 2023. We considered several factors and inputs related to the individual securities as part of our analysis. The methodology and significant inputs used to measure the amount of credit losses in our portfolio included:

- current performance indicators on the business model or underlying assets (e.g., delinquency rates, foreclosure rates, and default rates);
- credit support (via current levels of subordination);
- historical credit ratings; and
- updated cash flow expectations based upon these performance indicators.

In order to determine the amount of credit loss, if any, we initially reviewed securities in a loss position to determine whether it was likely that we would be required, or intended, to sell any of the securities prior to the recovery of their respective cost bases (which could be maturity). If we were likely to, or intended to, sell prior to a potential recovery, we would write off the unrealized loss. For those securities that we determined we were not likely to, or did not intend to, sell prior to a potential recovery, we performed additional analysis to determine if the loss was credit related. For securities subject to credit related loss, we calculated the net present value (NPV) of the cash flows expected (i.e., expected recovery value) using the current book yield for each security. The NPV was then compared to the security's current amortized value to determine if a credit loss existed. In the event that the NPV was below the amortized value, and the amount was determined to be material on any specific security, or in the aggregate, a credit loss would be deemed to exist, and either an allowance for credit losses would be created, or if an allowance currently existed, either a recovery of the previous allowance, or an incremental loss, would be recorded to net realized gains (losses) on securities.

As of September 30, 2024 and 2023, and December 31, 2023, 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 to pay their principal and interest obligations.

In addition, we reviewed our accrued investment income outstanding on those securities in an unrealized loss position at September 30, 2024 and 2023, and December 31, 2023, 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, 2024 and 2023, or December 31, 2023.

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

	Three Months		Nine Months	
(millions)	**2024**	**2023**	**2024**	**2023**
Gross realized gains on security sales				
Available-for-sale securities:				
U.S. government obligations	$ 43.1	$ 0.2	$ 44.4	$ 4.2
State and local government obligations	0	0	0.3	0
Corporate and other debt securities	2.0	0.7	5.6	0.8
Residential mortgage-backed securities	0	0	1.1	0
Other asset-backed securities	0	0	0.1	0
Total available-for-sale securities	45.1	0.9	51.5	5.0
Equity securities:				
Nonredeemable preferred stocks	0	0	0	0.3
Common equities	14.1	0.3	25.3	354.2
Total equity securities	14.1	0.3	25.3	354.5
Subtotal gross realized gains on security sales	59.2	1.2	76.8	359.5
Gross realized losses on security sales				
Available-for-sale securities:				
U.S. government obligations	(1.4)	(14.6)	(328.6)	(27.2)
State and local government obligations	(1.3)	0	(1.4)	0
Corporate and other debt securities	(5.3)	(19.1)	(42.8)	(69.3)
Commercial mortgage-backed securities	0	(20.6)	(15.0)	(100.6)
Other asset-backed securities	0	(5.2)	(0.1)	(5.6)
Short-term investments	0	0	0	(0.4)
Total available-for-sale securities	(8.0)	(59.5)	(387.9)	(203.1)
Equity securities:				
Nonredeemable preferred stocks	(7.8)	(7.4)	(18.3)	(117.6)
Common equities	(11.7)	(8.9)	(11.8)	(21.8)
Total equity securities	(19.5)	(16.3)	(30.1)	(139.4)
Subtotal gross realized losses on security sales	(27.5)	(75.8)	(418.0)	(342.5)
Net realized gains (losses) on security sales				
Available-for-sale securities:				
U.S. government obligations	41.7	(14.4)	(284.2)	(23.0)
State and local government obligations	(1.3)	0	(1.1)	0
Corporate and other debt securities	(3.3)	(18.4)	(37.2)	(68.5)
Residential mortgage-backed securities	0	0	1.1	0
Commercial mortgage-backed securities	0	(20.6)	(15.0)	(100.6)
Other asset-backed securities	0	(5.2)	0	(5.6)
Short-term investments	0	0	0	(0.4)
Total available-for-sale securities	37.1	(58.6)	(336.4)	(198.1)
Equity securities:				
Nonredeemable preferred stocks	(7.8)	(7.4)	(18.3)	(117.3)
Common equities	2.4	(8.6)	13.5	332.4
Total equity securities	(5.4)	(16.0)	(4.8)	215.1
Subtotal net realized gains (losses) on security sales	31.7	(74.6)	(341.2)	17.0
Other assets				
Gain	36.3	8.4	36.3	21.6
Impairment	0	(2.3)	0	(6.8)
Subtotal net realized gains (losses) on other assets	36.3	6.1	36.3	14.8
Net holding period gains (losses)				
Hybrid securities	19.7	(0.3)	30.2	18.4
Equity securities	199.7	(80.2)	591.4	(0.5)
Subtotal net holding period gains (losses)	219.4	(80.5)	621.6	17.9
Total net realized gains (losses) on securities	$ 287.4	$ (149.0)	$ 316.7	$ 49.7

Realized gains (losses) on securities sold are computed using the first-in-first-out method. During the third quarter and first nine months of 2024, the majority of our security sales were U.S. Treasury Notes that were sold for duration management. During the third quarter and first nine months of both 2024 and 2023, we selectively sold securities that we viewed as having less attractive risk/reward profiles. During 2023, the gross gains in common equities reflected sales of securities, as part of our plan to incrementally reduce risk in the portfolio in response to our view of the potential of a more difficult economic environment. The gross loss incurred in our nonredeemable preferred stocks was primarily related to the sale of certain holdings in U.S. bank preferred stocks.

The other asset gain for all periods presented is related to proceeds received as a result of litigation in conjunction with three renewable energy investments we made from 2016 through 2018 (the original investments were previously written down in full).

The following table reflects our holding period realized gains (losses) recognized on equity securities held at the respective quarter ends:

	Three Months		Nine Months	
(millions)	**2024**	**2023**	**2024**	**2023**
Total net gains (losses) recognized during the period on equity securities	$ 194.3	$ (96.2)	$ 586.6	$ 214.6
Less: Net gains (losses) recognized on equity securities sold during the period	(5.4)	(16.0)	(4.8)	215.1
Net holding period gains (losses) recognized during the period on equity securities held at period end	$ 199.7	$ (80.2)	$ 591.4	$ (0.5)

Net Investment Income The components of net investment income for the three and nine months ended September 30, were:

	Three Months		Nine Months	
(millions)	**2024**	**2023**	**2024**	**2023**
Available-for-sale securities:				
Fixed maturities:				
U.S. government obligations	$ 396.0	$ 237.0	$ 1,064.2	$ 591.7
State and local government obligations	16.2	12.3	42.0	34.5
Foreign government obligations	0.1	0.1	0.2	0.2
Corporate and other debt securities	155.0	97.4	416.9	270.1
Residential mortgage-backed securities	13.8	7.6	27.2	22.6
Commercial mortgage-backed securities	48.7	48.7	141.2	147.9
Other asset-backed securities	83.1	62.9	242.6	173.0
Total fixed maturities	712.9	466.0	1,934.3	1,240.0
Short-term investments	9.2	21.6	45.3	71.1
Total available-for-sale securities	722.1	487.6	1,979.6	1,311.1
Equity securities:				
Nonredeemable preferred stocks	9.2	11.9	30.6	40.3
Common equities	8.2	10.7	31.9	32.9
Total equity securities	17.4	22.6	62.5	73.2
Investment income	739.5	510.2	2,042.1	1,384.3
Investment expenses	(7.2)	(7.2)	(20.2)	(18.8)
Net investment income	$ 732.3	$ 503.0	$ 2,021.9	$ 1,365.5

On a year-over-year basis, investment income (interest and dividends) increased 45% and 48% for the three and nine months ended September 30, 2024, respectively. Growth in invested assets and an increase in recurring investment book yield contributed to the increase in investment income. The book yield increase primarily reflected investing new cash from insurance operations, and proceeds from maturing bonds, in higher coupon rate securities.

3. FAIR VALUE

We have categorized our financial instruments, based on the degree of subjectivity inherent in the method by which they are valued, into a fair value hierarchy of three levels, as follows:

- *Level 1*: Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g., U.S. government obligations, which are continually priced on a daily basis, active exchange-traded equity securities, and certain short-term securities).
- *Level 2*: Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- *Level 3*: Inputs that are unobservable. Unobservable inputs reflect our subjective evaluation about the assumptions market participants would use in pricing the financial instrument (e.g., certain privately held investments).

Determining the fair value of the investment portfolio is the responsibility of management. As part of that responsibility, we evaluate whether a market is distressed or inactive in determining the fair value for our portfolio. We review certain market level inputs to evaluate whether sufficient activity, volume, and new issuances exist to create an active market. Based on this evaluation, we concluded that there was sufficient activity related to the sectors and securities for which we obtained valuations.

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, 2024					
Fixed maturities:					
U.S. government obligations	$ 44,428.5	$ 0	$ 0	$ 44,428.5	$ 44,231.3
State and local government obligations	0	2,601.4	0	2,601.4	2,681.0
Foreign government obligations	0	16.4	0	16.4	16.9
Corporate and other debt securities	0	15,032.5	3.0	15,035.5	14,969.8
Subtotal	44,428.5	17,650.3	3.0	62,081.8	61,899.0
Asset-backed securities:					
Residential mortgage-backed	0	1,423.9	0	1,423.9	1,403.5
Commercial mortgage-backed	0	4,291.6	0	4,291.6	4,664.4
Other asset-backed	0	6,613.9	0	6,613.9	6,628.3
Subtotal asset-backed securities	0	12,329.4	0	12,329.4	12,696.2
Total fixed maturities	44,428.5	29,979.7	3.0	74,411.2	74,595.2
Short-term investments	754.8	1.7	0	756.5	756.5
Total available-for-sale securities	45,183.3	29,981.4	3.0	75,167.7	75,351.7
Equity securities:					
Nonredeemable preferred stocks	0	683.1	51.9	735.0	759.7
Common equities:					
Common stocks	3,452.0	0	22.5	3,474.5	711.0
Other risk investments	0	0	22.5	22.5	22.5
Subtotal common equities	3,452.0	0	45.0	3,497.0	733.5
Total equity securities	3,452.0	683.1	96.9	4,232.0	1,493.2
Total portfolio	$ 48,635.3	$ 30,664.5	$ 99.9	$ 79,399.7	$ 76,844.9
Debt	$ 0	$ 6,498.3	$ 0	$ 6,498.3	$ 6,891.8

(millions)	Fair Value Level 1	Level 2	Level 3	Total	Cost
September 30, 2023					
Fixed maturities:					
U.S. government obligations	$ 34,293.8	$ 0	$ 0	$ 34,293.8	$ 36,392.2
State and local government obligations	0	2,054.3	0	2,054.3	2,257.6
Foreign government obligations	0	15.4	0	15.4	16.9
Corporate and other debt securities	0	10,421.3	0	10,421.3	11,069.8
Subtotal	34,293.8	12,491.0	0	46,784.8	49,736.5
Asset-backed securities:					
Residential mortgage-backed	0	515.8	0	515.8	530.4
Commercial mortgage-backed	0	3,977.7	0	3,977.7	4,699.5
Other asset-backed	0	5,313.6	0	5,313.6	5,524.2
Subtotal asset-backed securities	0	9,807.1	0	9,807.1	10,754.1
Total fixed maturities	34,293.8	22,298.1	0	56,591.9	60,490.6
Short-term investments	1,763.2	32.0	0	1,795.2	1,795.2
Total available-for-sale securities	36,057.0	22,330.1	0	58,387.1	62,285.8
Equity securities:					
Nonredeemable preferred stocks	0	805.2	63.7	868.9	976.9
Common equities:					
Common stocks	2,573.6	0	18.3	2,591.9	640.0
Other risk investments	0	0	22.6	22.6	22.6
Subtotal common equities	2,573.6	0	40.9	2,614.5	662.6
Total equity securities	2,573.6	805.2	104.6	3,483.4	1,639.5
Total portfolio	$ 38,630.6	$ 23,135.3	$ 104.6	$ 61,870.5	$ 63,925.3
Debt	$ 0	$ 5,932.1	$ 0	$ 5,932.1	$ 6,887.6

(millions)	Fair Value Level 1	Level 2	Level 3	Total	Cost
December 31, 2023					
Fixed maturities:					
U.S. government obligations	$ 36,869.4	$ 0	$ 0	$ 36,869.4	$ 37,823.2
State and local government obligations	0	2,202.8	0	2,202.8	2,338.4
Foreign government obligations	0	16.3	0	16.3	17.3
Corporate and other debt securities	0	11,354.4	3.0	11,357.4	11,633.7
Subtotal	36,869.4	13,573.5	3.0	50,445.9	51,812.6
Asset-backed securities:					
Residential mortgage-backed	0	417.2	0	417.2	426.9
Commercial mortgage-backed	0	3,939.7	0	3,939.7	4,535.2
Other asset-backed	0	5,575.4	0	5,575.4	5,667.2
Subtotal asset-backed securities	0	9,932.3	0	9,932.3	10,629.3
Total fixed maturities	36,869.4	23,505.8	3.0	60,378.2	62,441.9
Short-term investments	1,757.0	32.9	0	1,789.9	1,789.9
Total available-for-sale securities	38,626.4	23,538.7	3.0	62,168.1	64,231.8
Equity securities:					
Nonredeemable preferred stocks	0	838.1	64.0	902.1	977.1
Common equities:					
Common stocks	2,885.3	0	22.5	2,907.8	685.4
Other risk investments	0	0	20.6	20.6	20.6
Subtotal common equities	2,885.3	0	43.1	2,928.4	706.0
Total equity securities	2,885.3	838.1	107.1	3,830.5	1,683.1
Total portfolio	$ 41,511.7	$ 24,376.8	$ 110.1	$ 65,998.6	$ 65,914.9
Debt	$ 0	$ 6,431.3	$ 0	$ 6,431.3	$ 6,888.6

Our portfolio valuations, excluding short-term investments, 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.

Our short-term investments classified as Level 1 are highly liquid, actively marketed, and have a very short duration, primarily 90 days or less to redemption. These securities are held at their original cost, adjusted for any accretion of discount, since that value very closely approximates what an active market participant would be willing to pay for such securities. The remainder of our short-term investments are classified as Level 2 and are not priced externally since these securities continually trade at par value. These securities are classified as Level 2 since they are primarily longer-dated securities issued by municipalities that contain either liquidity facilities or mandatory put features within one year.

At September 30, 2024 and 2023, and December 31, 2023, vendor-quoted prices represented 93% of our Level 1 classifications (excluding short-term investments). The securities quoted by vendors in Level 1 primarily represent our holdings in U.S. Treasury Notes, 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 both September 30, 2024 and 2023, vendor-quoted prices comprised 99% of our Level 2 classifications (excluding short-term investments), compared to 100% at December 31, 2023. The remaining 1% at both September 30, 2024 and 2023 were dealer-quoted prices. 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 structured debt securities, including commercial, residential, 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 our structured debt securities into more finite sectors (e.g., planned amortization class, first pay, second pay, senior, and subordinated) and use duration, credit quality, and coupon 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 municipal securities (e.g., general obligations, revenue, and housing), 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 securities, we look at acquisition price relative to the coupon or yield. Since our short-term securities are typically 90 days or less to maturity, with the majority listed in Level 2 being 30 days or less to redemption, we believe that acquisition price is the best estimate of fair value.

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 internally generated portfolio results with those generated based on quotes we receive externally and research material valuation differences. 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 on a monthly basis our external sales transactions and compare the actual final market sales prices to previous market valuation prices. This review provides us further validation that our pricing sources are providing market level prices, since we are able to explain significant price changes (i.e., greater than 2%) as known events occur in the marketplace and affect a particular security's price at sale.

This analysis provides us with 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, 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 other risk investments include securities accounted for under the equity method of accounting and, therefore, are not subject to fair value reporting. Since these securities represent less than 0.1% of our total portfolio, we will continue to 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.

At both September 30, 2024 and December 31, 2023, we held one privately held fixed-maturity security that is classified as a Level 3 investment. At September 30, 2023, we did not have any securities in our fixed-maturity portfolio listed as Level 3.

During the first nine months of 2024 and for the full year of 2023, 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, 2024 and 2023:

	Level 3 Fair Value							
(millions)	Fair Value at June 30, 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, 2024
Fixed maturities:								
Corporate and other debt securities	$ 3.0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3.0
Equity securities:								
Nonredeemable preferred stocks	51.9	0	0	0	0	0	0	51.9
Common equities:								
Common stocks	22.5	0	0	0	0	0	0	22.5
Other risk investments	23.9	(1.4)	0	0	0	0	0	22.5
Total Level 3 securities	$ 101.3	$ (1.4)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 99.9

	Level 3 Fair Value							
(millions)	Fair Value at June 30, 2023	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, 2023
Equity securities:								
Nonredeemable preferred stocks	$ 71.8	$ (8.1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 63.7
Common equities:								
Common stocks	18.3	8.1	0	(10.0)	8.9	(7.0)	0	18.3
Other risk investments	21.9	0.7	0	0	0	0	0	22.6
Total Level 3 securities	$ 112.0	$ 0.7	$ 0	$ (10.0)	$ 8.9	$ (7.0)	$ 0	$ 104.6

	Level 3 Fair Value							
(millions)	Fair Value at December 31, 2023	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, 2024
Fixed maturities:								
Corporate and other debt securities	$ 3.0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3.0
Equity securities:								
Nonredeemable preferred stocks	64.0	0	0	0	0	(12.1)	0	51.9
Common equities:								
Common stocks	22.5	0	0	0	0	0	0	22.5
Other risk investments	20.6	1.9	0	0	0	0	0	22.5
Total Level 3 securities	$ 110.1	$ 1.9	$ 0	$ 0	$ 0	$ (12.1)	$ 0	$ 99.9

	Level 3 Fair Value							
(millions)	Fair Value at December 31, 2022	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, 2023
Equity securities:								
Nonredeemable preferred stocks	$ 83.8	$ (8.1)	$ 0	$ 0	$ 0	$ (12.0)	$ 0	$ 63.7
Common equities:								
Common stocks	18.3	8.1	0	(10.0)	8.9	(7.0)	0	18.3
Other risk investments	19.8	2.8	0	0	0	0	0	22.6
Total Level 3 securities	$ 121.9	$ 2.8	$ 0	$ (10.0)	$ 8.9	$ (19.0)	$ 0	$ 104.6

[1] For fixed maturities, amounts included are unrealized gains (losses) included 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, 2024 and 2023, and December 31, 2023:

		Quantitative Information about Level 3 Fair Value Measurements				
($ in millions)		**Fair Value at September 30, 2024**	**Valuation Technique**	**Unobservable Input**	**Range of Input Values Increase (Decrease)**	**Weighted Average Increase (Decrease)**
Fixed maturities:						
Corporate and other debt securities	$	3.0	Market comparables	Weighted average market capitalization price change %	(3.1)% to 10.9%	2.6 %
Equity securities:						
Nonredeemable preferred stocks		51.9	Market comparables	Weighted average market capitalization price change %	4.0% to 25.0%	18.1 %
Common stocks		22.5	Market comparables	Weighted average market capitalization price change %	(19.1)% to 69.6%	19.0 %
Subtotal Level 3 securities		77.4				
Pricing exemption securities		22.5				
Total Level 3 securities	$	99.9				

		Quantitative Information about Level 3 Fair Value Measurements				
($ in millions)		**Fair Value at September 30, 2023**	**Valuation Technique**	**Unobservable Input**	**Range of Input Values Increase (Decrease)**	**Weighted Average Increase (Decrease)**
Equity securities:						
Nonredeemable preferred stocks	$	63.7	Market comparables	Weighted average market capitalization price change %	(10.8)% to 4.5%	1.7 %
Common stocks		18.3	Market comparables	Weighted average market capitalization price change %	(37.4)% to 130.2%	(7.9)%
Subtotal Level 3 securities		82.0				
Pricing exemption securities		22.6				
Total Level 3 securities	$	104.6				

		Quantitative Information about Level 3 Fair Value Measurements				
($ in millions)		**Fair Value at December 31, 2023**	**Valuation Technique**	**Unobservable Input**	**Range of Input Values Increase (Decrease)**	**Weighted Average Increase (Decrease)**
Fixed maturities:						
Corporate and other debt securities	$	3.0	Market comparables	Weighted average market capitalization price change %	0.3% to 7.7%	2.6 %
Equity securities:						
Nonredeemable preferred stocks		64.0	Market comparables	Weighted average market capitalization price change %	17.2% to 39.7%	21.7 %
Common stocks		22.5	Market comparables	Weighted average market capitalization price change %	(45.8)% to 95.6%	39.7 %
Subtotal Level 3 securities		89.5				
Pricing exemption securities		20.6				
Total Level 3 securities	$	110.1				

4. DEBT

Debt at each of the balance sheet periods consisted of:

(millions)	September 30, 2024 Carrying Value	September 30, 2024 Fair Value	September 30, 2023 Carrying Value	September 30, 2023 Fair Value	December 31, 2023 Carrying Value	December 31, 2023 Fair Value
2.45% Senior Notes due 2027 (issued: $500.0, August 2016)	$ 498.9	$ 483.2	$ 498.5	$ 455.8	$ 498.6	$ 468.9
2.50% Senior Notes due 2027 (issued: $500.0, March 2022)	498.5	482.1	497.9	454.0	498.1	469.1
6 5/8% Senior Notes due 2029 (issued: $300.0, March 1999)	298.1	330.1	297.7	320.8	297.8	328.7
4.00% Senior Notes due 2029 (issued: $550.0, October 2018)	547.3	548.6	546.8	518.9	546.9	542.6
3.20% Senior Notes due 2030 (issued: $500.0, March 2020)	497.6	476.1	497.2	435.1	497.3	462.2
3.00% Senior Notes due 2032 (issued: $500.0, March 2022)	496.6	458.5	496.2	420.5	496.3	446.0
6.25% Senior Notes due 2032 (issued: $400.0, November 2002)	396.9	449.9	396.6	414.3	396.7	445.6
4.95% Senior Notes due 2033 (issued: $500.0, May 2023)	496.7	518.7	496.4	474.7	496.4	513.0
4.35% Senior Notes due 2044 (issued: $350.0, April 2014)	347.0	318.9	347.0	280.9	347.0	314.2
3.70% Senior Notes due 2045 (issued: $400.0, January 2015)	396.0	330.6	395.8	288.2	395.9	325.1
4.125% Senior Notes due 2047 (issued: $850.0, April 2017)	842.4	749.8	842.2	666.3	842.3	756.2
4.20% Senior Notes due 2048 (issued: $600.0, March 2018)	590.8	532.3	590.6	473.3	590.6	534.1
3.95% Senior Notes due 2050 (issued: $500.0, March 2020)	491.3	420.0	491.1	373.5	491.1	422.3
3.70% Senior Notes due 2052 (issued: $500.0, March 2022)	493.7	399.5	493.6	355.8	493.6	403.3
Total	$ 6,891.8	$ 6,498.3	$ 6,887.6	$ 5,932.1	$ 6,888.6	$ 6,431.3

There was no short-term debt outstanding as of the end of all periods presented.

During the second quarter 2024, The Progressive Corporation renewed its line of credit with PNC Bank, National Association (PNC), in the maximum principal amount of $300 million, which expires April 2025 and has the same terms as the previous line of credit with PNC. See the 2023 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, 2024, was 20.8% and 20.9%, respectively, compared to 20.5% and 20.2% for the same periods last year.

Deferred tax assets and liabilities are recorded based on the difference between the financial statement and tax bases of assets and liabilities at the enacted tax rates. We review our deferred tax assets regularly for recoverability. At September 30, 2024 and 2023, and December 31, 2023, we determined that we did not need a valuation allowance on our gross deferred tax assets. Although realization of the deferred tax assets is not assured, management believes that it is more likely than not 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. At September 30, 2024 and 2023, and December 31, 2023, the net deferred tax asset includes a gross deferred tax asset of $38.9 million, $807.0 million, and $427.3 million, respectively, related to unrealized losses on fixed-maturity securities. The decrease in the net deferred tax asset from year end 2023 and September 30, 2023, primarily reflected changes in these net unrealized losses. We believe this deferred tax asset will be realized based on the existence of current temporary differences related to unrealized gains in our equity portfolio and prior year capital gains.

We had net current income taxes recoverable of $4.6 million at September 30, 2024, which were reported in other assets, compared to net current income taxes payable of $246.1 million and $311.8 million at September 30, 2023 and December 31, 2023, respectively, which were reported in accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets. The balance may fluctuate between an asset and a liability from period to period due to normal timing differences.

At September 30, 2024 and 2023, and December 31, 2023, we had no reserves for uncertain tax positions.

6. LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

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

	September 30,	
(millions)	**2024**	**2023**
Balance at January 1	$ 34,389.2	$ 30,359.3
Less reinsurance recoverables on unpaid losses	4,789.0	5,559.2
Net balance at January 1	29,600.2	24,800.1
Incurred related to:		
Current year	36,276.6	33,035.0
Prior years	(199.4)	1,147.0
Total incurred	36,077.2	34,182.0
Paid related to:		
Current year	19,669.0	18,581.3
Prior years	12,492.9	11,764.7
Total paid	32,161.9	30,346.0
Net balance at September 30	33,515.5	28,636.1
Plus reinsurance recoverables on unpaid losses	4,546.0	4,941.2
Balance at September 30	$ 38,061.5	$ 33,577.3

We experienced favorable reserve development of $199.4 million during the first nine months of 2024, compared to unfavorable development of $1,147.0 million for the same period last year, which is reflected as “incurred related to prior years” in the table above.

Year-to-date September 30, 2024

- The favorable prior year reserve development included approximately $160 million attributable to accident year 2023, $5 million to accident year 2022, and the remainder to accident years 2021 and prior.
- Our personal auto products incurred about $375 million of favorable loss and loss adjustment expense (LAE) reserve development, with about 60% attributable to the Agency auto business and the balance in the Direct auto business. The favorable development was, in part, due to lower than anticipated severity and frequency in Florida and lower than anticipated property damage severity across the majority of states.
- Our Commercial Lines business experienced about $100 million of unfavorable development primarily driven by higher than anticipated severity in our commercial auto business for California, New York, and Texas.
- Our Property business experienced about $75 million of unfavorable development primarily due to higher LAE costs than anticipated.

Year-to-date September 30, 2023

- The unfavorable prior year reserve development included approximately $929 million attributable to accident year 2022, $108 million to accident year 2021, and the remainder to accident years 2020 and prior.
- Our personal auto products incurred about $866 million of unfavorable loss and LAE reserve development, with the Agency and Direct auto businesses each contributing about half. Over half of the unfavorable development was attributable to higher than anticipated severity in auto property and physical damage coverages, while the remaining unfavorable development was primarily due to increased loss costs in Florida injury and medical coverages and, to a lesser extent, higher than anticipated late reported injury claims; partially offset by lower than expected LAE.
- Our Commercial Lines business experienced about $277 million of unfavorable development, primarily driven by higher than anticipated severity and frequency of late reported injury claims, with about half of the unfavorable development attributable to our transportation network company business.

7. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include bank demand deposits and daily overnight reverse repurchase commitments of funds held in bank demand deposit accounts by certain subsidiaries. The amount of overnight reverse repurchase commitments, which are not considered part of the investment portfolio, held by these subsidiaries at September 30, 2024 and 2023, and December 31, 2023, were $89.4 million, $79.7 million, and $68.2 million, respectively. 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)	**2024**	**2023**
Common share dividends[1]	$ 58.6	$ 58.5
Operating lease liabilities[2]	73.6	45.6

[1] Declared but unpaid. See *Note 9 – 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)	**2024**	**2023**
Income taxes[1]	$ 1,985.3	$ 413.0
Interest	225.9	213.5
Operating lease liabilities	63.4	57.2

[1] The increase in income taxes paid was primarily driven by higher profitability during the first nine months of 2024, compared to the same period in the prior year.

8. SEGMENT INFORMATION

Our Personal Lines segment writes insurance for personal auto and special lines products (e.g., motorcycles, RVs, watercraft, and snowmobiles). Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and property insurance predominately for small businesses, and workers' compensation insurance primarily for the transportation industry. Our Property segment writes residential property insurance for homeowners, other property owners, and renters, and umbrella insurance. Our service businesses 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:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
(millions)	Revenues	Pretax Profit (Loss)	Revenues	Pretax Profit (Loss)	Revenues	Pretax Profit (Loss)	Revenues	Pretax Profit (Loss)
Personal Lines								
Agency	$ 6,627.8	$ 870.1	$ 5,414.0	$ 335.7	$ 18,698.9	$ 2,609.3	$ 15,481.4	$ 427.1
Direct	8,180.2	664.5	6,361.8	706.2	22,796.2	2,490.8	18,259.9	810.6
Total Personal Lines[1]	14,808.0	1,534.6	11,775.8	1,041.9	41,495.1	5,100.1	33,741.3	1,237.7
Commercial Lines	2,726.7	308.4	2,486.6	23.0	7,948.6	821.2	7,296.8	147.4
Property	761.8	163.7	631.8	74.6	2,210.5	(277.2)	1,852.8	(164.9)
Other indemnity[2]	0.2	(2.3)	0.1	(3.3)	0.6	(3.2)	0.9	(6.7)
Total underwriting operations	18,296.7	2,004.4	14,894.3	1,136.2	51,654.8	5,640.9	42,891.8	1,213.5
Fees and other revenues[3]	278.1	NA	223.7	NA	774.4	NA	656.6	NA
Service businesses	117.3	(9.4)	81.4	(10.3)	307.8	(25.3)	234.9	(29.7)
Investments[4]	1,026.9	1,019.7	361.2	354.0	2,358.8	2,338.6	1,434.0	1,415.2
Interest expense	NA	(69.9)	NA	(69.7)	NA	(209.1)	NA	(198.7)
Consolidated total	$ 19,719.0	$ 2,944.8	$ 15,560.6	$ 1,410.2	$ 55,095.8	$ 7,745.1	$ 45,217.3	$ 2,400.3

NA = Not applicable

[1] Personal auto insurance accounted for 95% of the total Personal Lines segment net premiums earned during the three and nine months ended September 30, 2024, and 94% for the same periods in 2023; insurance for our special lines products accounted for the balance of the Personal Lines net premiums earned.

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

[3] Pretax profit (loss) for fees and other revenues is allocated to operating segments based on revenue.

[4] Revenues represent recurring investment income and total net realized gains (losses) on securities; pretax profit (loss) is net of 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 (i.e., revenues from underwriting operations). 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; and (iii) other underwriting expenses. 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,			
	2024		2023		2024		2023	
	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio	Under-writing Margin	Combined Ratio
Personal Lines								
Agency	13.1 %	86.9	6.2 %	93.8	14.0 %	86.0	2.8 %	97.2
Direct	8.1	91.9	11.1	88.9	10.9	89.1	4.4	95.6
Total Personal Lines	10.4	89.6	8.8	91.2	12.3	87.7	3.7	96.3
Commercial Lines	11.3	88.7	0.9	99.1	10.3	89.7	2.0	98.0
Property	21.5	78.5	11.8	88.2	(12.5)	112.5	(8.9)	108.9
Total underwriting operations	11.0	89.0	7.6	92.4	10.9	89.1	2.8	97.2

9. DIVIDENDS

Following is a summary of our common and preferred share dividends that were declared and/or paid during the nine months ended September 30, 2024 and 2023:

(millions — except per share amounts)		Amount	
Declared	Payable	Per Share	Accrued/Paid[1]
Common – Annual-Variable Dividends:			
December 2023	January 2024	$ 0.75	$ 439.3
Common – Quarterly Dividends:			
August 2024	October 2024	0.10	58.6
May 2024	July 2024	0.10	58.6
March 2024	April 2024	0.10	58.6
December 2023	January 2024	0.10	58.6
August 2023	October 2023	0.10	58.5
May 2023	July 2023	0.10	58.5
March 2023	April 2023	0.10	58.5
December 2022	January 2023	0.10	58.5
Preferred Dividends:			
January 2024[2]	February 2024	15.688377	7.8
August 2023	September 2023	20.67700	10.3
May 2023	June 2023	18.92463	9.5
December 2022	March 2023	26.875	13.4

[1] The accrual is based on an estimate of shares outstanding as of the record date and recorded as a component of accounts payable, accrued expenses, and other liabilities on our consolidated balance sheets until paid.

[2] During the first quarter 2024, we redeemed all of the outstanding Serial Preferred Shares, Series B, at the stated amount of $1,000 per share, for an aggregate payout of $507.8 million, including accrued and unpaid dividends of $7.8 million to, but excluding, February 22, 2024, which was the redemption date.

See *Note 14 – Dividends* in our 2023 Annual Report to Shareholders for a discussion of the dividend policies related to our common shares and our preferred shares, prior to redemption.

10. 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, 2024	$ (2,179.6)	$ 463.8	$ (1,715.8)	$ (1,700.9)	$ (13.8)	$ (1.1)
Other comprehensive income (loss) before reclassifications:						
Investment securities	2,012.9	(422.7)	1,590.2	1,590.2	0	0
Foreign currency translation adjustment	0.1	0	0.1	0	0	0.1
Total other comprehensive income (loss) before reclassifications	2,013.0	(422.7)	1,590.3	1,590.2	0	0.1
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	36.7	(7.7)	29.0	29.0	0	0
Interest expense	(0.1)	0	(0.1)	0	(0.1)	0
Total reclassification adjustment for amounts realized in net income	36.6	(7.7)	28.9	29.0	(0.1)	0
Total other comprehensive income (loss)	1,976.4	(415.0)	1,561.4	1,561.2	0.1	0.1
Balance at September 30, 2024	$ (203.2)	$ 48.8	$ (154.4)	$ (139.7)	$ (13.7)	$ (1.0)

(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, 2023	$ (3,369.6)	$ 715.6	$ (2,654.0)	$ (2,638.7)	$ (14.3)	$ (1.0)
Other comprehensive income (loss) before reclassifications:						
Investment securities	(547.4)	114.9	(432.5)	(432.5)	0	0
Foreign currency translation adjustment	0	0	0	0	0	0
Total other comprehensive income (loss) before reclassifications	(547.4)	114.9	(432.5)	(432.5)	0	0
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(55.6)	11.7	(43.9)	(43.9)	0	0
Interest expense	(0.2)	0	(0.2)	0	(0.2)	0
Total reclassification adjustment for amounts realized in net income	(55.8)	11.7	(44.1)	(43.9)	(0.2)	0
Total other comprehensive income (loss)	(491.6)	103.2	(388.4)	(388.6)	0.2	0
Balance at September 30, 2023	$ (3,861.2)	$ 818.8	$ (3,042.4)	$ (3,027.3)	$ (14.1)	$ (1.0)

(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, 2023	$ (2,052.9)	$ 437.2	$ (1,615.7)	$ (1,600.8)	$ (14.0)	$ (0.9)
Other comprehensive income (loss) before reclassifications:						
Investment securities	1,514.2	(317.8)	1,196.4	1,196.4	0	0
Foreign currency translation adjustment	(0.2)	0.1	(0.1)	0	0	(0.1)
Total other comprehensive income (loss) before reclassifications	1,514.0	(317.7)	1,196.3	1,196.4	0	(0.1)
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(335.3)	70.6	(264.7)	(264.7)	0	0
Interest expense	(0.4)	0.1	(0.3)	0	(0.3)	0
Total reclassification adjustment for amounts realized in net income	(335.7)	70.7	(265.0)	(264.7)	(0.3)	0
Total other comprehensive income (loss)	1,849.7	(388.4)	1,461.3	1,461.1	0.3	(0.1)
Balance at September 30, 2024	$ (203.2)	$ 48.8	$ (154.4)	$ (139.7)	$ (13.7)	$ (1.0)

(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, 2022	$ (3,556.9)	$ 754.9	$ (2,802.0)	$ (2,786.3)	$ (14.5)	$ (1.2)
Other comprehensive income (loss) before reclassifications:						
Investment securities	(493.3)	103.5	(389.8)	(389.8)	0	0
Foreign currency translation adjustment	0.3	(0.1)	0.2	0	0	0.2
Total other comprehensive income (loss) before reclassifications	(493.0)	103.4	(389.6)	(389.8)	0	0.2
Less: Reclassification adjustment for amounts realized in net income by income statement line item:						
Net realized gains (losses) on securities	(188.3)	39.5	(148.8)	(148.8)	0	0
Interest expense	(0.4)	0	(0.4)	0	(0.4)	0
Total reclassification adjustment for amounts realized in net income	(188.7)	39.5	(149.2)	(148.8)	(0.4)	0
Total other comprehensive income (loss)	(304.3)	63.9	(240.4)	(241.0)	0.4	0.2
Balance at September 30, 2023	$ (3,861.2)	$ 818.8	$ (3,042.4)	$ (3,027.3)	$ (14.1)	$ (1.0)

In an effort to manage interest rate risk, we entered into forecasted transactions on certain of Progressive's debt issuances. We expect to reclassify $0.6 million (pretax) into interest expense during the next 12 months, related to net unrealized losses on these forecasted transactions (see *Note 4 – Debt* in our 2023 Annual Report to Shareholders for further discussion).

11. 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 2023 Annual Report to Shareholders.

As of September 30, 2024, lawsuits have been certified or conditionally certified as class/collective actions in cases alleging: we improperly value total loss claims in Alabama, Colorado, Georgia, Indiana, New York, Ohio, Pennsylvania, and South Carolina; we improperly fail to pay fees and taxes associated with total losses in Michigan; we improperly calculate basic economic loss as it relates to wage loss coverage in New York; we improperly fail to timely process and pay personal injury protection claims in Texas; we improperly reduce or deny first-party medical benefits in Arkansas; we failed, based on a vendor data security incident, to properly secure and safeguard personally identifiable information; and that certain of our compensation practices are improper. 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. Although outcomes of pending cases are uncertain until final disposition, we establish accruals for these lawsuits when it is probable that a loss has been or will be incurred and we can reasonably estimate potential loss exposure, which may include a range of loss. As to lawsuits for which the loss is considered neither probable nor estimable, or is considered probable but not estimable, we do not establish an accrual. Nevertheless, we continue to evaluate pending litigation to determine if any losses not deemed probable and estimable become so, at which point we would establish an accrual at either our best estimate of the loss or the lower end of the range of loss.

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, 2024, 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 eight 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 known at September 30, 2024, and except as to any settlements and accruals as described below, we determined that losses from these lawsuits are reasonably possible but neither probable nor reasonably estimable.

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, 2024 and 2023, or December 31, 2023, and there were no material settlements during 2023 or the first nine months of 2024. 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 2023 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 12 – Litigation* in our 2023 Annual Report to Shareholders.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

I. OVERVIEW

During the third quarter 2024, The Progressive Corporation's insurance subsidiaries recognized strong growth in both premiums and policies in force, compared to the same period last year, and generated an underwriting profit of 11.0 points, which was 3.4 points better than the third quarter last year and better than our 4% companywide calendar-year underwriting profit target.

Net premiums written and earned increased 25% and 23%, respectively, during the third quarter 2024, compared to the same period last year, on a companywide basis. For the quarter, we generated $19.5 billion of net premiums written, which was an increase of $3.9 billion, compared to the third quarter 2023. All operating segments grew on a quarter-over-prior-year quarter basis. The significant net premiums written growth of 29% in our Personal Lines business reflects new application growth generated from increased advertising spend and lifting the non-rate actions we put in place last year to slow growth to manage underwriting profitability, as discussed below, as well as rate increases taken during 2023.

On a companywide basis, we ended the third quarter 2024 with 33.9 million policies in force, which was 14% greater than the same period last year. Policies in force grew by 1.6 million during the third quarter 2024 and by nearly 4.2 million since year end 2023, with our personal auto products contributing about 80% of the increase for both periods. The policies in force growth reflected significant personal auto new business application growth, compared to the third quarter last year. During the third quarter 2024, we continued to increase our advertising spend, unwind non-rate restrictions, and work closely with our independent agents to leverage our agent compensation program to reward writing profitable business as we remained focused on driving growth. We also continued to focus on delivering competitive rates to consumers. During the third quarter 2024, we increased personal auto rates less than 1% in the aggregate and had nine personal auto states with small rate decreases during the third quarter.

We reported a companywide combined ratio of 89.0, which was 3.4 points better than the third quarter last year. All of our operating segments were profitable during the third quarter, with each reporting underwriting profitability of greater than 10%.

Several factors contributed to the significant year-over-year improvement in our underwriting profit. First, the average earned premium per policy was higher in our vehicle businesses than the prior year third quarter, primarily due to the rate increases we took during 2023 to meet our companywide profitability target.

In addition to rate increases, on a year-over-year basis for the third quarter, our incurred personal auto accident frequency decreased 5% and severity trends remained relatively stable, with a 1% increase over the prior year. Also contributing to the profitability improvement was favorable prior accident years reserve development of 0.7 points in the third quarter 2024, compared to unfavorable development in the third quarter last year of 0.2 points.

Our companywide catastrophe losses were 4.0 points, compared to 3.2 points for the third quarter last year. Hurricane Helene, which made landfall as a category 4 storm late in the third quarter 2024, accounted for 3.1 loss ratio points on a companywide basis. During the third quarter 2024, companywide profitability benefited from favorable development of 1.2 points on current year storms that occurred during the first half of 2024.

Subsequent to the end of the third quarter, on October 9, 2024, Hurricane Milton made landfall, as a category 3 hurricane, in Southwest Florida and continued its path through Central Florida, before exiting the state as a category 1 storm. As of October 31, 2024, we estimated that our Property business will incur losses and allocated loss adjustment expenses (ALAE), net of reinsurance, of about $140 million. For our vehicle business (including special lines), we estimate combined losses of about $600 million for Hurricanes Helene and Milton. We based these estimates on very early claims reporting information, our experience with severity and reporting patterns from many past storms, third-party models, and several assumptions, including mix of claims. Reporting patterns, mix, and other assumptions (including those related to salvage) will likely differ from our expectations.

To assist our customers impacted by Hurricanes Helene and Milton, we deployed over 2,300 claim representatives and independent adjusters. We have responded, and plan to continue to respond, promptly to catastrophic events when they occur in order to provide high-quality claims service to our customers.

Partially offsetting the impact the improved loss ratio had on profitability, was a 4.8 point increase in our expense ratio over the third quarter 2023, primarily driven by increased advertising expense. During the third quarter 2024, on a quarter-over-prior-year quarter basis, our advertising spend increased nearly 400%, bringing our year-to-date advertising costs to $2.8 billion. We will continue to advertise to maximize growth as long as the advertising spend is efficient and we remain on track to achieve our target profitability.

For the third quarter 2024, the year-over-year increase in underwriting profitability was the primary contributor to the $1.2 billion increase in net income. The remainder of the increase reflected an increase in recurring investment income and net realized gains during the third quarter 2024, compared to net realized losses in the same period last year. During the third quarter 2024, pretax recurring investment income increased 45%, primarily due to investing new cash from operations and proceeds from maturing bonds in higher coupon rate securities.

Comprehensive income increased $3.2 billion over the third quarter last year. In addition to the increase in net income, during the third quarter 2024, the net unrealized losses on our fixed-maturity securities decreased $1.6 billion, compared to an increase in net unrealized losses of $0.4 billion for the same period last year. The change in the unrealized losses we recognized during both periods were primarily driven by the then-current economic environment.

At September 30, 2024, total capital (debt plus shareholders' equity) was $34.1 billion, which was an increase of $6.9 billion from year-end 2023. During the first nine months of 2024, we earned $7.6 billion of comprehensive income, which was in part offset by the $0.5 billion redemption of all of our outstanding Serial Preferred Shares, Series B, during the first quarter, as discussed in further detail in *Financial Condition* below.

A. Insurance Operations

During the third quarter 2024, our Personal Lines, Commercial Lines, and Property businesses generated an underwriting profit margin of 10.4%, 11.3%, and 21.5%, respectively. During the third quarter 2024, we recognized 4.0 points of catastrophe losses on a companywide basis, with 3.1 points due to losses from Hurricane Helene. Our Property business incurred 21.2 points of catastrophe losses due to Helene. However, during the third quarter, we recognized 29.7 points of favorable development on current-year storms that occurred prior to the third quarter 2024, which substantially offset the catastrophe losses in our Property business during the quarter. Just over 75% of this favorable development related to May 2024 storms.

Personal Lines is comprised of both our personal auto and special lines products, with the latter typically having higher losses during the warmer weather months, due to the seasonal nature of these products (e.g., motorcycles, boats, and RVs). Our special lines products experienced an underwriting loss during the third quarter 2024, primarily due to catastrophe losses impacting these products along with standard seasonality. In total, the special lines products contributed nearly 2 points of an unfavorable impact to our total Personal Lines combined ratio during the third quarter 2024.

During the quarter, our vehicle businesses' profitability benefited from higher average earned premium per policy, lower incurred loss frequency trends, and favorable prior accident years reserve development. As a result of the rate actions we took during 2023 to help achieve our target profit margin, we currently believe that, in most states, we are adequately priced in our personal auto and core commercial auto (which exclude our transportation network company (TNC) business, business owners' policy (BOP), and Progressive Fleet & Specialty (previously referred to as Protective Insurance)) products. As a result of the rate increases previously taken, during the third quarter 2024, we continued to experience underwriting profitability in our TNC business. In our Property business, during the third quarter 2024, we increased rates about 6% countrywide, in the aggregate, which brings our year-to-date rate increases to about 16% and an aggregate increase of about 20% on a trailing 12-month basis.

We will continue to monitor the factors that could impact our loss costs for both our vehicle and Property businesses, which may include new and used car prices, miles driven, driving patterns, loss severity, weather events, building materials, construction costs, inflation, and other components, on a state-by-state basis. Aggregate vehicle rate changes year to date have been modest, relative to the prior two years, and we expect rates to stay stable in the fourth quarter 2024.

Throughout the third quarter 2024, we continued to lift the temporary non-rate actions implemented last year in our vehicle businesses, as our focus shifted from achieving our target profit margin to driving growth, delivering competitive rates to consumers, and providing an exceptional customer experience to our policyholders.

For the third quarter 2024, all segments generated strong net premiums written growth. Personal Lines premiums written grew 29%, with the Agency and Direct distribution channels growing 26% and 31%, respectively. Commercial Lines net premiums written grew 7%. In our Property business, net premiums written grew 9%. Changes in net premiums written are a function of new business applications (i.e., policies sold), business mix, premium per policy, and retention.

In the third quarter 2024, we experienced a significant increase in Personal Lines new business applications, primarily reflecting increased advertising spend, the reversal of the non-rate restrictions, and our efforts to get back into the independent agents' quote flows. New personal auto applications increased 110% for the third quarter 2024, compared to a decrease of 20% in the third quarter last year.

New applications in our core commercial auto business increased 11% during the third quarter 2024, compared to the same period last year, primarily due to an increase in quote volume in our business auto and contractor business market targets (BMT) and improved conversion in all of our BMTs, other than for-hire transportation, as discussed below. Excluding the impact of the for-hire transportation BMT, which had a year-over-year decrease in new

applications, our core commercial auto new application growth would have been 17% during the third quarter 2024. The for-hire transportation BMT continues to be adversely impacted by challenging freight market conditions that have caused a decline in the active number of motor carriers in this BMT.

New applications in the Property business were up 42% over the third quarter last year, driven by significant growth in our renters policies. In addition, we continued to focus on growing new business in less volatile weather states, home and auto bundles, and lower-risk properties, such as new construction or homes with newer roofs, in regions where our appetite to write new business is limited. Compared to the end of the third quarter last year, policies in force grew about 19% in the less volatile weather states and decreased about 9% in the coastal and hail-prone states.

During the third quarter 2024, on a year-over-year basis, average written premium per policy grew 5% in personal auto and 2% in core commercial auto, and was down 9% in Property. The growth in personal auto and commercial auto primarily reflected rate increases taken throughout 2023. The rate increases taken in commercial auto were, in part, offset by a shift in the mix of business, primarily driven by decreased demand in our for-hire transportation BMT. The decrease in Property average written premium per policy reflected a shift in the mix of business as we continued to focus on growing in less volatile weather states. We are also seeing a mix shift towards more renters policies, which have lower average written premiums. These mix shifts in our Property business were partially offset by rate increases taken over the last 12 months and higher premium coverages reflecting increased property values. Given that our commercial auto and Property policies are predominately written for 12-month terms, rate actions take longer to earn in for these products.

We believe a key element in improving the accuracy of our rating is Snapshot®, our usage-based insurance offering for our personal auto product. During the third quarter 2024, compared to the same period last year, the adoption rates for consumers enrolling in the program increased slightly in Agency auto, following significant decreases in the first and second quarters of 2024, and increased 10% in Direct auto. The increase in the Agency auto adoption rate reflected a shift in the mix of agencies through which we wrote new business, as we continued to relax restrictions on new business and get back into the independent agents' quote flows. The increase in the Direct auto adoption rate primarily reflected enhancements in the Direct quoting process, in addition to the continued rollout of our newest Snapshot model. Snapshot is available in all states, other than California, and our latest segmentation model was available in states that represented about 70% of our countrywide personal auto premium at September 30, 2024. We continue to invest in our mobile application, with mobile devices being chosen for Snapshot monitoring for the majority of new enrollments.

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. Our efforts to increase our share of Progressive auto and home bundled households (i.e., Robinsons) remains a key initiative and we plan to continue to make investments to improve the customer experience in order to support that goal. Policy life expectancy, which is our actuarial estimate of the average length of time that a policy will remain in force before cancellation or lapse in coverage, is our primary measure of customer retention in our Personal Lines, Commercial Lines, and Property businesses.

We evaluate total personal auto 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, this measure is more responsive to current experience and may be an indicator for the future trend of our 12-month measure. As of the end of the third quarter 2024, our trailing 12-month total personal auto policy life expectancy was flat, compared to last year. The Agency channel trailing 12-month measure was up 8%, while the Direct channel was down 6%. Our total personal auto trailing 3-month policy life expectancy was down 6% at the end of the third quarter 2024, due to rate and non-rate actions put in place throughout 2023, compared to the 35% increase experienced in the same period last year, which we believe reflected competitor rate increases in the prior year.

At the end of the third quarter 2024, our trailing 12-month policy life expectancy increased 1% in special lines and decreased 20% in Commercial Lines and 6% in Property, compared to the same period last year. The decrease in Commercial Lines policy life expectancy was in all BMTs, and reflected rate and non-rate actions taken in 2023 to achieve our target profitability, as well as the continued decrease in demand in the for-hire transportation BMT.

B. Investments

The fair value of our investment portfolio was $79.4 billion at September 30, 2024, compared to $66.0 billion at December 31, 2023. The increase from year-end 2023 primarily reflected cash flows from insurance operations and positive investment returns, partially offset by the redemption of all of our outstanding Serial Preferred Shares, Series B, and the payment of our annual variable common share dividend.

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 (the securities allocated to Group I and II are defined below under *Results of Operations – Investments*). At September 30, 2024 and December 31, 2023, 6% and 7%,

respectively, of our portfolio was allocated to Group I securities with the remainder to Group II securities.

Our recurring investment income generated a pretax book yield of 4.0% for the third quarter 2024, compared to 3.3% for the same period in 2023. The increase from prior year primarily reflected investing new cash from operations, and proceeds from maturing bonds, in higher coupon rate securities. Our investment portfolio produced a fully taxable equivalent (FTE) total return of 4.0% and (0.2)% for the third quarter 2024 and 2023, respectively. Our fixed-income and common stock portfolios had FTE total returns of 3.9% and 5.8%, respectively, for the third quarter 2024, compared to (0.1)% and (3.1)%, respectively, last year. The increase in the fixed-income portfolio FTE total return, compared to last year, primarily reflected movements in Treasury yields year-over-year. The increase in the common stock portfolio total return reflected general market conditions in the respective periods.

II. FINANCIAL CONDITION

A. Liquidity and Capital Resources

Progressive's insurance operations create liquidity by collecting and investing premiums from new and renewal business in advance of paying claims. As primarily an auto insurer, our claims liabilities generally have a short-term duration.

Operations generated positive cash flows of $12.1 billion and $8.2 billion for the nine months ended September 30, 2024 and 2023, respectively. The increase in operating cash flow for the first nine months of 2024, compared to 2023, was primarily driven by the growth in profit from our underwriting operations. We believe cash flows will remain positive in the reasonably foreseeable future and do not expect we will need to raise capital to support our operations in that timeframe, although changes in market or regulatory conditions affecting the insurance industry, or other unforeseen events, may necessitate otherwise.

As of September 30, 2024, we held $45.2 billion in short-term investments and U.S. Treasury securities, which represented nearly 60% of our total portfolio. Based on our portfolio allocation and investment strategies, we believe that we have sufficient readily available marketable securities to cover our claims payments and short-term obligations in the event our cash flows from operations were to be negative. See *Item 1A, Risk Factors* in our Form 10-K filed with the U.S. Securities and Exchange Commission for the year ended December 31, 2023, for a discussion of certain matters that may affect our portfolio and capital position.

Our total capital (debt plus shareholders' equity) was $34.1 billion, based on book value, at September 30, 2024, compared to $24.3 billion at September 30, 2023, and $27.2 billion at December 31, 2023. The increase from year end 2023, primarily reflected the comprehensive income recognized during the first nine months of 2024,

At September 30, 2024 and 2023, and December 31, 2023, the fixed-income portfolio had a weighted average credit quality of AA-. At September 30, 2024, the fixed-income portfolio duration was 3.3 years, compared to 2.9 years at September 30, 2023, and 3.0 years at December 31, 2023. During 2024, our duration was increased to take advantage of higher yields in the market.

At September 30, 2024, we continued to maintain a relatively conservative investment portfolio with a greater allocation to cash and treasuries. We believe that this portfolio allocation, coupled with a lack of maturities of our outstanding debt until 2027, positions us well to benefit from the current interest rate environment. We also believe that we are in a very strong position to face the current dynamic investment marketplace as we move into the fourth quarter of 2024.

partially offset by the redemption of all of the outstanding Serial Preferred Shares, Series B. During the first quarter 2024, we redeemed all of the outstanding Serial Preferred Shares, Series B, at the stated amount of $1,000 per share, for an aggregate payout of $507.8 million, including accrued and unpaid dividends to, but excluding, February 22, 2024, which was the redemption date. Our debt-to-total capital ratio was 20.2% at September 30, 2024, 28.4% at September 30, 2023, and 25.4% at December 31, 2023.

Our financial policies include a goal of maintaining debt below 30% of total capital at book value. While we are well below that target at September 30, 2024, we recognize that various factors, including rising interest rates, widening credit spreads, declines in the equity markets, or erosion in operating results, may result in that ratio exceeding 30% at times. In such a situation, we may choose to remain above 30% for some time, dependent upon market conditions and the capital needs of our operating businesses. We will continue to monitor this ratio, market conditions, and our capital needs going forward.

None of the covenants on our outstanding debt securities include rating or credit triggers that would require an adjustment of interest rates or an acceleration of principal payments in the event that our debt securities are downgraded by a rating agency. During the second quarter 2024, we renewed the unsecured discretionary line of credit (the Line of Credit) with PNC Bank, National Association, in the maximum principal amount of $300 million. We did not engage in short-term borrowings, including any borrowings under our Line of Credit, to fund our operations or for liquidity purposes during the reported periods.

During the first nine months of 2024, 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 2024. These dividends, which were each $58.6 million in the aggregate, were paid in April 2024, July 2024, and October 2024. In January 2024, we also paid a common share dividend declared in the fourth quarter 2023, in the aggregate amount of $497.9 million, or $0.85 per share (see *Note 9 – Dividends* for further discussion).

Consistent with our financial policies, we repurchase common shares to neutralize dilution from equity-based compensation granted during the year and opportunistically when we believe our shares are trading below our determination of long-term fair value. During the first nine months of 2024, we repurchased 0.7 million common shares, at a total cost of $133.8 million, including 0.4 million shares in the third quarter 2024, both in the open market and to satisfy tax withholding obligations in connection with the vesting of equity awards under our 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 potential capital needs of our business.

At September 30, 2024, we had $4.1 billion in a consolidated, non-insurance subsidiary of the holding company that can be used to fund corporate obligations and provide additional capital to the insurance subsidiaries to fund potential future growth and other opportunities. As of September 30, 2024, our estimated consolidated statutory surplus was $27.2 billion.

During the first nine months of 2024, our contractual obligations and critical accounting policies have not changed materially from those discussed in our 2023 Annual Report to Shareholders. During the second quarter 2024, we increased our noncancellable purchase obligation commitments for reinsurance, primarily related to the renewal of our catastrophe excess of loss per occurrence reinsurance program. At September 30, 2024, our total commitments related to reinsurance contracts were $203.8 million, which is net of payments made during the third quarter. There have not been any other material changes in off-balance-sheet leverage, which includes purchase obligations, from those discussed in our 2023 Annual Report to Shareholders.

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, catastrophic and other insured losses, natural disasters, and other significant business interruptions, to estimate our potential capital needs.

Based upon 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, our contractual obligations, and other expected capital requirements for the foreseeable future.

Nevertheless, we may decide to raise additional capital to take advantage of attractive terms in the market and 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 from the offering of any securities covered by the shelf registration as well as any combination thereof, subject to market conditions.

III. RESULTS OF OPERATIONS – UNDERWRITING

A. Segment Overview

We report our underwriting operations in three segments: Personal Lines, Commercial Lines, and Property. As a component of our Personal Lines segment, we report our Agency and Direct business results to provide further understanding of our products by distribution channel.

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,	
	2024	2023	2024	2023
Personal Lines				
Agency	37 %	36 %	36 %	36 %
Direct	47	45	45	42
Total Personal Lines[1]	84	81	81	78
Commercial Lines	12	14	15	17
Property	4	5	4	5
Total underwriting operations	100 %	100 %	100 %	100 %

[1] Personal auto products accounted for 95% and 94% of the total Personal Lines segment net premiums written during the three and nine months ended September 30, 2024, and 94% during the three and nine months ended September 30, 2023; our special lines products accounted for the balance.

Our Personal Lines business writes insurance for personal autos and special lines products (e.g., motorcycles, RVs, watercraft, and snowmobiles). Within Personal Lines, we often refer to our 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 auto policies in our Platinum agencies to promote bundled auto and home growth. At September 30, 2024 and 2023, 13% and 14%, respectively, of our Agency auto policies in force were 12-month policies. To the extent our Agency application mix of annual policies changes, the shift in policy term could impact our written premium mix in the Agency channel as 12-month policies have about twice the amount of net premiums written compared to 6-month policies. Our special lines products are written for 12-month terms.

Our Commercial Lines business writes auto-related liability and physical damage insurance, business-related general liability and property insurance predominately for small businesses, and workers' compensation insurance primarily for the transportation industry. Within our Commercial Lines business, our core commercial auto business operates in the following five traditional business market targets (BMT):

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

In addition to the core commercial auto business, Commercial Lines writes coverage for TNC businesses and large fleet motor carriers.

At September 30, 2024, about 90% 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. To serve our direct channel customers, we continue to expand our product offerings, including adding states where we can offer our BOP product, as well as adding these product offerings to our digital platform that allows direct small business consumers to obtain quotes for our products and products offered from a select group of unaffiliated carriers (BusinessQuote Explorer®). Our core commercial auto business written through the direct channel represented 11% and 10% of our total core commercial auto premiums written for the nine months ended September 30, 2024 and 2023, respectively.

Our Property business writes residential property insurance for homeowners, other property owners, and renters, and umbrella insurance. About three-fourths of our Property business premiums written for the nine months ended September 30, 2024 and 2023, was generated through the independent agency channel, with the balance in the direct channel. All of our Property policies have 12-month terms.

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, and other underwriting expenses. 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,			
	2024		2023		2024		2023	
	Underwriting Profit (Loss)		Underwriting Profit (Loss)		Underwriting Profit (Loss)		Underwriting Profit (Loss)	
($ in millions)	$	Margin	$	Margin	$	Margin	$	Margin
Personal Lines								
Agency	$ 870.1	13.1 %	$ 335.7	6.2 %	$ 2,609.3	14.0 %	$ 427.1	2.8 %
Direct	664.5	8.1	706.2	11.1	2,490.8	10.9	810.6	4.4
Total Personal Lines	1,534.6	10.4	1,041.9	8.8	5,100.1	12.3	1,237.7	3.7
Commercial Lines	308.4	11.3	23.0	0.9	821.2	10.3	147.4	2.0
Property	163.7	21.5	74.6	11.8	(277.2)	(12.5)	(164.9)	(8.9)
Other indemnity[1]	(2.3)	NM	(3.3)	NM	(3.2)	NM	(6.7)	NM
Total underwriting operations	$ 2,004.4	11.0 %	$ 1,136.2	7.6 %	$ 5,640.9	10.9 %	$ 1,213.5	2.8 %

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

Several factors contributed to the significant increase in underwriting profit for the three and nine months ended September 30, 2024, compared to the same periods in 2023. As a result of the rate increases we took throughout 2023, our personal and core commercial auto average written premium per policy were up 5% and 2%, respectively, for the third quarter 2024, and up 10% and 7% for the first nine months of 2024. Despite taking a countrywide aggregate rate increase of about 20% on a trailing 12-month basis in our Property business, average written premium per policy decreased 9% and 4%, for the third quarter and first nine months of 2024, respectively. The decreases in our Property average written premium were primarily attributable to the decline in homeowner policies in force in volatile states, which have higher average premiums, and a shift in the mix to more renters policies, which have lower average premiums.

On a year-over-year basis for the third quarter and first nine months of 2024, our incurred personal auto accident frequency was down 5% and 7%, respectively, compared to the same periods last year. Severity was relatively flat for the third quarter and first nine months of 2024, compared to the prior year periods when personal auto incurred severity was up 5% and 9%, respectively. With personal auto severity trends stabilizing, our loss costs have been less volatile during 2024.

In addition, we experienced favorable prior accident year reserve development year to date in 2024, compared to unfavorable prior year development for the same period last year. During the third quarter and first nine months of 2024, we recognized 0.7 points and 0.4 points, respectively, of favorable prior accident years development, compared to unfavorable development of 0.2 points and 2.7 points during the same periods last year.

In our Property business, during the third quarter 2024, we had catastrophe losses of 7.5 points, compared to 17.5 points in the same period last year. During the quarter, our Property business incurred 21.2 loss ratio points from Hurricane Helene, which was more than offset by favorable development of 29.7 loss ratio points on current year catastrophe losses that occurred prior to the third quarter, with just over three-fourths related to development on storms occurring in May 2024.

During the third quarter 2024, our companywide expense ratio increased 4.8 points, compared to the same period last year, primarily due to a nearly 400% increase in advertising spend during the quarter, bringing our year-to-date advertising spend to $2.8 billion. We increased our media spend to maximize growth and will continue to do so as long as we remain on track to achieve our target profitability and can acquire customers at or below our target acquisition cost.

See the *Losses and Loss Adjustment Expenses (LAE)* section below for further discussion of our frequency and severity trends, reserve development, and catastrophe losses incurred during the periods.

Further underwriting results for our Personal Lines business, including results by distribution channel, the Commercial Lines business, the Property business, and our underwriting operations in total, were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
Underwriting Performance[1]	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Personal Lines – Agency						
Loss & loss adjustment expense ratio	67.9	75.8	(7.9)	67.6	79.0	(11.4)
Underwriting expense ratio	19.0	18.0	1.0	18.4	18.2	0.2
Combined ratio	86.9	93.8	(6.9)	86.0	97.2	(11.2)
Personal Lines – Direct						
Loss & loss adjustment expense ratio	69.9	77.0	(7.1)	69.7	80.5	(10.8)
Underwriting expense ratio	22.0	11.9	10.1	19.4	15.1	4.3
Combined ratio	91.9	88.9	3.0	89.1	95.6	(6.5)
Total Personal Lines						
Loss & loss adjustment expense ratio	68.9	76.5	(7.6)	68.8	79.8	(11.0)
Underwriting expense ratio	20.7	14.7	6.0	18.9	16.5	2.4
Combined ratio	89.6	91.2	(1.6)	87.7	96.3	(8.6)
Commercial Lines						
Loss & loss adjustment expense ratio	69.3	79.7	(10.4)	70.4	77.8	(7.4)
Underwriting expense ratio	19.4	19.4	0	19.3	20.2	(0.9)
Combined ratio	88.7	99.1	(10.4)	89.7	98.0	(8.3)
Property						
Loss & loss adjustment expense ratio	48.6	58.8	(10.2)	83.3	79.9	3.4
Underwriting expense ratio	29.9	29.4	0.5	29.2	29.0	0.2
Combined ratio	78.5	88.2	(9.7)	112.5	108.9	3.6
Total Underwriting Operations						
Loss & loss adjustment expense ratio	68.1	76.3	(8.2)	69.7	79.5	(9.8)
Underwriting expense ratio	20.9	16.1	4.8	19.4	17.7	1.7
Combined ratio	89.0	92.4	(3.4)	89.1	97.2	(8.1)
Accident year – Loss & loss adjustment expense ratio[2]	68.8	76.1	(7.3)	70.1	76.8	(6.7)

[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] 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)

(millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Change in net loss and LAE reserves	$ 1,425.3	$ 947.2	$ 3,915.3	$ 3,836.0
Paid losses and LAE	11,085.0	10,440.7	32,161.9	30,346.0
Total incurred losses and LAE	$ 12,510.3	$ 11,387.9	$ 36,077.2	$ 34,182.0

Claims costs, our most significant expense, represent payments made and estimated future payments to be made, to or on behalf of our policyholders, including expenses needed to adjust or settle claims. Claims costs are a function of loss severity and frequency and, for our vehicle businesses, are influenced by inflation and driving patterns, among other factors, some of which are discussed below. In our Property business, severity is primarily a function of construction costs and the age and complexity of the structure, among other factors. Accordingly, anticipated changes in these factors are taken into account when we establish premium rates and loss reserves. Loss reserves are estimates of future costs and our reserves are adjusted as underlying assumptions change and information develops.

Our total loss and LAE ratio decreased 8.2 points for the third quarter 2024, compared to the same period last year, and 9.8 points on a year-to-date basis, primarily due to a decrease in loss frequency, relatively flat personal auto severity, higher vehicle premium per policy, and favorable prior accident years reserve development in 2024, compared to unfavorable development for the same periods last year. On an accident year basis, our loss and LAE ratio was 7.3 points and 6.7 points lower for the three and nine months ended September 30, 2024, 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:

($ in millions)	Three Months Ended September 30, 2024 $	Three Months Ended September 30, 2024 Point[1]	Three Months Ended September 30, 2023 $	Three Months Ended September 30, 2023 Point[1]	Nine Months Ended September 30, 2024 $	Nine Months Ended September 30, 2024 Point[1]	Nine Months Ended September 30, 2023 $	Nine Months Ended September 30, 2023 Point[1]
Personal Lines	$ 641.4	4.3	$ 347.5	3.0	$ 1,528.4	3.7	$ 1,030.3	3.1
Commercial Lines	33.8	1.2	12.5	0.5	68.6	0.9	34.9	0.5
Property	57.0	7.5	110.8	17.5	751.0	34.0	671.1	36.2
Total net catastrophe losses incurred	$ 732.2	4.0	$ 470.8	3.2	$ 2,348.0	4.5	$ 1,736.3	4.0

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

In the third quarter 2024, we incurred $563 million of catastrophe losses, or 3.1 loss ratio points, on a companywide basis, as a result of Hurricane Helene, which primarily impacted the Southeastern United States. About half of the losses from Helene were in our auto businesses, with the remaining losses split almost equally between our Property business and our special lines products. In our boat product, which accounted for about 60% of the special lines losses, we continue to mitigate our hurricane/coastal exposure with underwriting restrictions limiting the insured value and length of boats compared to non-hurricane exposed areas, and increased deductibles for named storms.

No amounts were ceded related to Hurricane Helene, as our incurred Property losses and allocated loss adjustment expenses (ALAE) did not exceed our retention threshold under either the Florida Hurricane Catastrophe Fund or our occurrence excess of loss reinsurance program.

During the third quarter 2024, our Property business recognized $226.5 million, or 29.7 points on our Property loss ratio, of favorable loss development on current-year storms that occurred prior to the third quarter, with just over 75% of this favorable development related to May 2024 catastrophic weather events.

On October 9, 2024, Hurricane Milton made landfall, as a category 3 hurricane, in Southwest Florida and continued its path through Central Florida, before exiting the state as a category 1 storm. As of October 31, 2024, we estimated that our Property business will incur losses and ALAE of about $140 million, net of Florida Hurricane Catastrophe Fund reinsurance. On a gross basis, prior to giving effect to reinsurance, we estimate our Property catastrophe losses and ALAE from Hurricane Milton will be about $200 million.

Since Hurricanes Helene and Milton happened within two weeks of each other and damaged many of the same vehicles (including our special lines products), we decided to report our estimate of losses in total for both storms. As of October 31, 2024, we estimated that our vehicle businesses will incur combined losses of approximately $600 million from Hurricanes Helene and Milton, which includes the $401 million incurred in the third quarter 2024.

Changes in our estimate of our ultimate losses on catastrophes currently reserved, along with potential future catastrophes, could have a material impact on 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 Lines or commercial auto businesses, but we reinsure portions of our Property business. The Property business reinsurance programs include catastrophe per occurrence excess of loss contracts and aggregate excess of loss contracts. We also purchase excess of loss reinsurance on our workers' compensation insurance and our higher-limit commercial auto liability product offered by our Progressive Fleet & Specialty business.

We evaluate our reinsurance programs during the renewal process, if not more frequently, to ensure our programs continue to effectively address the company's risk tolerance. During the second quarter 2024, we entered into new reinsurance contracts under our per occurrence excess of loss program for our Property business. The reinsurance program has a retention threshold for losses and ALAE from a single catastrophic event of $200 million. In general, our program includes coverage for $2.0 billion in losses and ALAE with additional substantial coverage for a second or third hurricane. When including the Florida Hurricane Catastrophe Fund that is specific to Florida, this coverage reaches an estimated $2.3 billion.

For 2024, we also entered into a new catastrophe aggregate excess of loss reinsurance contract that has multiple layers of coverage, with the first retention layer threshold ranging from $450 million to $475 million, excluding named tropical storms and hurricanes, and the second retention layer threshold of $525 million, including named tropical storms and hurricanes. The first and second layers provide coverage up to $85 million and $100 million, respectively.

As of the end of the third quarter 2024, we estimate that, based on the particular contract, we were about $100 million to $145 million below the annual retention thresholds under the first coverage layer of our 2024 catastrophe aggregate excess of loss program. Once the retention thresholds are exceeded, we have reinsurance coverage up to $85 million for non-named storm property catastrophe losses, under our first layer of coverage, with $100 million of additional coverage available under a second layer that also covers named storms to a certain extent.

While the total coverage limit and per-event retention will evolve to fit the growth of our business, we expect to remain a consistent purchaser of reinsurance coverage. While the availability of reinsurance is subject to many forces outside of our control, the types of reinsurance that we elected to purchase during 2024 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 2023 Form 10-K filed with the U.S. Securities and Exchange Commission, for the year ended December 31, 2023, for a discussion of certain risks related to catastrophe events and the potential impact of climate change. See *Item 1, Business – Reinsurance* on Form 10-K for a discussion of our various reinsurance programs.

The following discussion of our 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 products, the reported frequency and severity trends include comprehensive coverage. Comprehensive coverage insures against damage to a customer's vehicle due to 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:

	Quarter	Year-to-date
Coverage Type	**2024**	**2024**
Bodily injury	7 %	5 %
Collision	(2)	(2)
Personal injury protection	(3)	(1)
Property damage	(3)	(1)
Total	1	1

To address inherent seasonality trends and lessen the effects of month-to-month variability in the commercial auto products, we use a trailing 12-month period in assessing severity. Through the third quarter 2024, our core commercial auto products' incurred severity increased 7%, compared to the same period last year. Since the loss patterns in the non-core commercial auto businesses are not indicative of our other commercial auto products, disclosing severity and frequency trends excluding those businesses is more representative of our overall experience for the majority of our commercial products.

It is a challenge to estimate future severity, but we continue to monitor changes in the underlying costs, such as general inflation, used car prices, vehicle repair costs, medical costs, health care reform, court decisions, and jury verdicts, along with 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:

	Quarter	Year-to-date
Coverage Type	**2024**	**2024**
Bodily injury	(1)%	(5)%
Collision	(7)	(10)
Personal injury protection	(4)	(7)
Property damage	(4)	(6)
Total	(5)	(7)

The year-over-year decrease in frequency, in part, reflects a shift in the mix of business to a more preferred tier of customers, in part driven by the underwriting actions taken to reduce new business during 2023.

On a trailing 12-month basis, our core commercial auto products' incurred frequency decreased 7% during the third quarter 2024, compared to the same period last year.

We closely monitor changes in frequency, but the degree or direction of near-term frequency change is not something that we are able to predict with any certainty. We will continue to analyze trends to distinguish changes in our experience from other external factors, such as changes in the number of vehicles per household, miles driven, vehicle usage, gasoline prices, advances in vehicle safety, and unemployment rates, versus those resulting from shifts in the mix of our business or changes in driving patterns, to allow us to react quickly to price for these trends and to reserve more accurately for our loss exposures.

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)	**2024**	**2023**	**2024**	**2023**
Actuarial Adjustments				
Reserve decrease (increase)				
Prior accident years	$ (112.9)	$ (133.0)	$ (231.4)	$ (339.6)
Current accident year	399.6	3.6	415.5	(420.7)
Calendar-year actuarial adjustments	$ 286.7	$ (129.4)	$ 184.1	$ (760.3)
Prior Accident Years Development				
Favorable (unfavorable)				
Actuarial adjustments	$ (112.9)	$ (133.0)	$ (231.4)	$ (339.6)
All other development	249.8	96.5	430.8	(807.4)
Total development	$ 136.9	$ (36.5)	$ 199.4	$ (1,147.0)
(Increase) decrease to calendar-year combined ratio	0.7 pts.	(0.2) pts.	0.4 pts.	(2.7) pts.

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

For our Property business, 100% of catastrophe losses are reviewed monthly, and any development on catastrophe reserves are included as part of the actuarial adjustments. For the Personal Lines and Commercial Lines businesses, development for catastrophe losses in the vehicle businesses would be reflected in "all other development," discussed below, to the extent they relate to prior year reserves. We report these actuarial adjustments separately for the current and prior accident years to reflect these adjustments as part of the 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. Although we believe the development from both the actuarial adjustments and "all other development" generally results from the same factors, we are unable to quantify the portion of the reserve development that might be applicable to any one or more of those underlying factors.

Our objective is to establish case and IBNR reserves that are adequate to cover all loss costs, while incurring minimal variation from the date the reserves are initially established until losses are fully developed. Our ability to meet this objective is impacted by many factors, such as changes in case law and storms occurring close to quarter end.

As reflected in the table above, we experienced slightly favorable prior accident years development during the first nine months of 2024, compared to unfavorable prior accident years development for the same period last year. The favorable development during the first nine months of 2024 was, in part, due to lower than anticipated personal auto frequency and severity in Florida and lower than anticipated property damage severity across the majority of states. This was partially offset by higher than anticipated severity in core commercial auto for California, New York, and Texas. As included in the catastrophe discussion above, during the third quarter 2024, our Property business recognized $226.5 million of favorable loss development on current-year catastrophe events, which is reflected as part of the current accident year actuarial adjustments in the table above.

About 75% of the $1.1 billion of unfavorable development for the first nine months of 2023 was in our personal auto products, primarily driven by higher than anticipated severity on auto property and physical damage coverages, and anticipated increased loss costs related to the impact of the legislation enacted in March 2023 in Florida that resulted in a significant number of lawsuits being filed prior to its effective date.

See *Note 6 – Loss and Loss Adjustment Expense Reserve*s, for a more detailed discussion of our prior accident years reserve development and *Critical Accounting Policies* in our 2023 Annual Report to Shareholders for discussion of the application of estimates and assumptions in the establishment of our loss reserves.

Underwriting Expenses

Underwriting expenses include policy acquisition costs and other underwriting expenses. The underwriting expense ratio is our underwriting expenses, net of certain fees and other revenues, expressed as a percentage of net premiums earned. For the third quarter 2024, our underwriting expense ratio was up 4.8 points, compared to the same period last year, and up 1.7 points on a year-to-date basis. Both increases were primarily driven by increases in our advertising spend, partially offset by growth in net premiums earned. In total, our companywide advertising spend increased 394%, or 5.0 points, in the third quarter 2024, and 109%, or 2.3 points, for the first nine months of 2024, compared to the same periods last year.

For the first nine months of 2024, our total companywide advertising costs were $2.8 billion, which exceeded the amount of advertising spend for any previous full annual period. As previously discussed, we increased our media spend to maximize growth and will continue to do so as long as the advertising spend is efficient and we remain on track to achieve our target profitability.

To analyze underwriting expenses, we also review our non-acquisition expense ratio (NAER), which excludes costs related to policy acquisition (e.g., advertising and agency commissions) from our underwriting expense ratio. By excluding acquisition costs from our underwriting expense ratio, we are able to understand costs other than those necessary to acquire new policies and grow the business.

During the third quarter 2024, our NAER decreased 0.3 points in both Personal Lines and Commercial Lines, and increased 1.1 points in Property, compared to the same period last year. The increase in our Property NAER, in part, reflected additional investments we made during the quarter in underwriting and pricing functions as we continue to focus on rebalancing our Property product offerings. On a year-to-date basis, our NAER decreased 0.4 points and 0.6 points in our Personal Lines and Commercial Lines businesses, respectively, and increased 0.6 points in our Property business, compared to the same period last year. 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 the premiums from policies written during the period, less any premiums ceded to reinsurers. Net premiums earned, which are a function of the premiums written in 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 the variability due to rate changes or 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)	**2024**	**2023**	**% Growth**	**2024**	**2023**	**% Growth**
Net Premiums Written						
Personal Lines						
Agency	$ 7,104.6	$ 5,656.3	26 %	$ 20,237.3	$ 16,604.4	22 %
Direct	9,185.0	6,997.3	31	25,095.2	19,762.5	27
Total Personal Lines	16,289.6	12,653.6	29	45,332.5	36,366.9	25
Commercial Lines	2,378.3	2,214.9	7	8,634.5	7,948.2	9
Property	787.6	725.2	9	2,351.9	2,104.9	12
Other indemnity[1]	0.1	0.1	0	0.5	0.4	25
Total underwriting operations	$ 19,455.6	$ 15,593.8	25 %	$ 56,319.4	$ 46,420.4	21 %
Net Premiums Earned						
Personal Lines						
Agency	$ 6,627.8	$ 5,414.0	22 %	$ 18,698.9	$ 15,481.4	21 %
Direct	8,180.2	6,361.8	29	22,796.2	18,259.9	25
Total Personal Lines	14,808.0	11,775.8	26	41,495.1	33,741.3	23
Commercial Lines	2,726.7	2,486.6	10	7,948.6	7,296.8	9
Property	761.8	631.8	21	2,210.5	1,852.8	19
Other indemnity[1]	0.2	0.1	100	0.6	0.9	(33)
Total underwriting operations	$ 18,296.7	$ 14,894.3	23 %	$ 51,654.8	$ 42,891.8	20 %

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

	September 30,		
(thousands)	**2024**	**2023**	**% Growth**
Policies in Force			
Personal Lines			
Agency auto	9,415.6	8,363.3	13 %
Direct auto	13,387.9	11,154.3	20
Total auto	22,803.5	19,517.6	17
Special lines[1]	6,475.0	5,956.2	9
Personal Lines – total	29,278.5	25,473.8	15
Commercial Lines	1,130.5	1,110.3	2
Property	3,459.6	3,025.2	14
Companywide total	33,868.6	29,609.3	14 %

[1] Includes insurance for motorcycles, RVs, watercraft, snowmobiles, and similar items.

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 our current customers as a critical component of our continued growth.

D. Personal Lines

The following table shows our year-over-year changes for our Personal Lines business:

	Growth Over Prior Year			
	Quarter		Year-to-date	
	2024	2023	2024	2023
Applications				
New	90 %	(15)%	30 %	25 %
Renewal	9	15	9	8
Total	22	8	14	11
Written premium per policy - Auto	5	12	10	9
Policy life expectancy - Auto				
Trailing 3 months	(6)	35		
Trailing 12 months	0	19		

In our Personal Lines business, we experienced significant year-over-year new application growth in the third quarter 2024. The increase in new applications during the third quarter and first nine months of 2024, was driven by both our personal auto and special lines products, with increases in each of our four consumer segments. We believe the increase in new applications was driven by the continued lifting of non-rate underwriting restrictions that were put in place to slow new business growth in 2023 to achieve our calendar-year underwriting profitability goal, price competitiveness in the marketplace, a significant increase in our media spend in the Direct business, and working closely with our independent agents to leverage our agent compensation program to reward growing profitable business.

Personal auto policies in force across all consumer segments grew in the third quarter 2024 between 12% and 20%, compared to the same period last year.

During the first nine months of 2024, on a countrywide basis, we had aggregate personal auto rate increases of 3%, following the 19% rate increases taken during 2023. We continue to see the 2023 rate increases contribute to our growth in written premium per policy for the third quarter and nine months ended September 30, 2024. Aggregate vehicle rate changes year to date have been modest, relative to the prior two years, and we expect rates to stay stable in the fourth quarter 2024. We will continue to adjust rates as we deem necessary.

We will continue to manage growth and profitability in accordance with our long-standing goal of growing as fast as we can, at or below a companywide 96 combined ratio on a calendar-year basis, as long as we can provide high-quality customer service. Given the solid underwriting profitability we generated during the first nine months of 2024, we plan to continue to take measures that we believe will position us to achieve profitable growth during the remainder of the year, including increasing our media spend.

We report our Agency and Direct business results separately as components of our Personal Lines segment to provide further understanding of our products by distribution channel. The channel discussions below are focused on personal auto insurance since this product accounted for 95% and 94% of the Personal Lines segment net premiums written during the third quarter and first nine months of 2024, respectively.

The Agency Business

	Growth Over Prior Year			
	Quarter		Year-to-date	
	2024	2023	2024	2023
Applications - Auto				
New	98 %	(18)%	22 %	31 %
Renewal	7	10	8	3
Total	20	5	11	8
Written premium per policy - Auto	5	13	11	10
Policy life expectancy - Auto				
Trailing 3 months	0	41		
Trailing 12 months	8	20		

The 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 2024, we generated new auto application growth in 49 states, including nine of our top 10 largest Agency states.

Compared to the same period in the prior year, new application and policy in force growth varied by consumer segment:

- Sams experienced a low single digit increase in policies in force, with a significant increase in new application growth during the third quarter 2024 and a low single digit increase for the first nine months;
- Dianes experienced moderate policies in force growth, with significant growth in new applications during the third quarter and first nine months of 2024; and
- Wrights and Robinsons had strong policies in force growth and experienced significant new application growth during the third quarter and first nine months of 2024.

During the third quarter and first nine months of 2024, on a year-over-year basis, we experienced an increase in Agency auto quote volume of 40% and 12%, respectively, with a rate of conversion (i.e., converting a quote to a sale) increase of 43% and 9%, compared to the same periods last year. Compared to the same period in the prior year:

- Sams experienced an increase in quote volume and conversion for the third quarter, while experiencing an increase in quote volume and a decrease in conversion during the first nine months of 2024;

- Dianes and Wrights experienced an increase in both quote volume and conversion for the third quarter and first nine months of 2024; and
- Robinsons experienced an increase in both quote volume and conversion during the third quarter 2024, and flat quote volume, with an increase in conversion, during the first nine months of 2024.

Written premium per policy for new and renewal Agency auto business increased 10% and 6%, respectively, compared to the third quarter 2023, and 6% and 12%, respectively, for the first nine months of 2024 on a year-over-year basis, primarily attributable to the rate increases previously discussed.

At the end of the third quarter 2024, on a year-over-year basis, we experienced a lengthening in our trailing 12-month policy life expectancy. We believe this increase was driven by competitor rate increases in 2023, as well as a shift in the mix of business. During 2023, as part of our efforts to slow growth to achieve our target profitability, we focused our efforts to attract a more preferred tier of customers, including more Robinsons, who tend to stay with us longer. The trailing 3-month measure is flat primarily due to the competitiveness in the marketplace.

The Direct Business

	Growth Over Prior Year			
	Quarter		Year-to-date	
	2024	2023	2024	2023
Applications - Auto				
New	117 %	(22)%	41 %	27 %
Renewal	10	20	10	11
Total	27	11	17	15
Written premium per policy - Auto	5	12	9	8
Policy life expectancy - Auto				
Trailing 3 months	(9)	29		
Trailing 12 months	(6)	17		

The Direct business includes business written directly by Progressive online, through our Progressive mobile app, or by phone. As we increased advertising spend and continued to lift certain non-rate restrictions during the third quarter 2024, we saw significant Direct auto new application growth. During the third quarter 2024, we generated new auto application growth in all states and the District of Columbia. During the third quarter and first nine months of 2024, each of our consumer segments experienced a significant increase in new applications year over year. Policies in force grew between 15% and 22% in each consumer segment, compared to the same period last year.

During the third quarter and first nine months of 2024, Direct auto quote volume increased 138% and 57%, respectively, compared to the same periods last year, primarily driven by increased advertising spend. Conversion decreased 9% and 10%, respectively, which we believe is primarily due to a greater number of casual shoppers obtaining quotes, who are less committed to purchasing a new insurance policy. All consumer segments saw an increase in quotes and a decrease in the rate of conversion during the third quarter and first nine months of 2024.

Written premium per policy for new and renewal Direct auto business increased 13% and 5%, respectively, in the third quarter 2024, compared to the third quarter last year, and 11% and 10%, respectively, for the first nine months of 2024 on a year-over-year basis, primarily attributable to the rate increases previously discussed.

Our trailing 12-month policy life expectancy in the Direct auto business experienced a decrease in retention at the end of the third quarter 2024, on a year-over-year basis. We believe the drivers of the change were due to the competitiveness in the marketplace and increased shopping. We believe the decrease in the trailing 3-month policy life expectancy at the end of the third quarter 2024 was primarily driven by the previously discussed rate increases taken during 2023.

E. Commercial Lines

The following table and discussion focuses on our core commercial auto products. Year-over-year changes in our core commercial auto products were as follows:

	Growth Over Prior Year			
	Quarter		Year-to-date	
	2024	2023	2024	2023
Applications				
New	11 %	3 %	6 %	4 %
Renewal	2	2	1	5
Total	5	3	3	5
Written premium per policy	2	4	7	2
Policy life expectancy				
Trailing 12 months	(20)	(9)		

The increases in net premiums written in our Commercial Lines business for the third quarter 2024 reflected growth in all of our BMTs, except our for-hire transportation and, to a lesser extent, for-hire specialty BMTs, which continued to be adversely impacted by challenging freight market conditions that have continued to cause a decline in the active number of motor carriers in the for-hire transportation BMT. The most significant growth was in our contractor and business auto BMTs, primarily driven by the aggregate core commercial auto rate increases of 17% taken during 2023.

During the third quarter and first nine months of 2024, core commercial auto new application growth was positive in each of our BMTs, except for the for-hire transportation and for-hire specialty BMTs. During the third quarter and first nine months of 2024, quote volume increased about 5% and 6%, respectively, while conversion increased 5% for the quarter and was flat on a year-to-date basis, compared to the same periods last year.

During the third quarter 2024, we increased rates, in aggregate, about 2% in our core commercial auto products. While we currently do not anticipate significant rate changes for these products for the remainder of 2024, we still have about 3 points of rate to earn in during the rest of 2024, primarily from rate revisions taken during 2023. We will continue to evaluate our rate need and adjust rates as we deem necessary. Written premium per policy for new and renewal core commercial auto business decreased 3% and increased 5%, respectively, for the third quarter 2024, and increased 1% and 11%, respectively, for the first nine months of 2024, compared to the same periods last year, primarily reflecting the previously discussed rate increases.

Our policy life expectancy decreased in all BMTs, which we believe is due to rate and non-rate actions.

F. Property

The following table shows our year-over-year changes for our Property business:

	Growth Over Prior Year			
	Quarter		Year-to-date	
	2024	2023	2024	2023
Applications				
New	42 %	9 %	36 %	11 %
Renewal	3	4	5	5
Total	15	6	15	7
Written premium per policy	(9)	12	(4)	12
Policy life expectancy Trailing 12 months	(6)	14		

Our Property business writes residential property insurance for homeowners, other property owners, and renters, and umbrella insurance in the agency and direct channels.

Improving profitability and reducing our concentration and catastrophe exposure continued to be the top priority for our Property business during the third quarter 2024. We continued to concentrate our growth in markets that are less susceptible to catastrophes and lower our exposure to coastal and hail-prone states for our homeowners products, which we define as our total Property business excluding renters and umbrella products. Homeowners policies in force in the growth-oriented states increased about 19% as of the end of the period, compared to the same period last year.

In regions where our appetite to write new business is limited, we are continuing to prioritize Progressive auto bundles, as well as lower-risk properties, such as new construction or homes with newer roofs. Homeowners policies in force were down about 9% in the volatile weather states at the end of the period, compared to the same period last year.

In addition, as part of our focus to rebalance our business, late in 2023 we began a non-renewal effort of up to 115,000 Property policies in Florida. Following the required filings and notices, the first of these non-renewals went into effect in the second quarter of 2024 and was expected to continue over the following 12 months. We believe the moratoriums put in place in response to Hurricanes Helene and Milton, which temporarily limit an insurer's ability to non-renew policies, will slow this progress; however, we intend to resume the planned non-renewals when the moratoriums expire. To try to ease this disruption to our customers and agents, we reached an agreement with an unaffiliated Florida insurer to offer replacement policies to these policyholders, subject to the insurer’s underwriting and financial guidelines and agent appointments where applicable.

The decrease in our written premium per policy, during the third quarter and first nine months of 2024, compared to the same periods last year, was primarily attributable to a decline in homeowners policies in force in volatile states, which have higher average premiums, and a shift in the mix to more renters policies which have lower average premiums. This was partially offset by rate increases taken over the last 12 months and higher premium coverages reflecting increased property values. During the third quarter 2024, we increased rates, in aggregate, about 6% in our Property segment, bringing the year-to-date aggregate rate increase to 16%. We intend to continue to make targeted rate increases in states where we believe it is necessary to achieve our profitability targets.

The policy life expectancy in our Property business shortened during the first nine months of 2024, compared to the prior year, which we believe is primarily driven by a shift in the mix of business to more renters policies, our previously discussed rate increases, and the non-renewals for certain Florida policies.

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	
	2024	2023	2024	2023
Pretax recurring investment book yield (annualized)	4.0 %	3.3 %	3.8 %	3.1 %
FTE total return:				
Fixed-income securities	3.9	(0.1)	5.1	1.6
Common stocks	5.8	(3.1)	20.3	13.3
Total portfolio	4.0	(0.2)	5.7	2.1

The increase in the book yield for both periods, compared to last year, primarily reflected investing new cash from insurance operations, and proceeds from maturing bonds, in higher coupon rate securities. The increase in the fixed-income portfolio FTE total return for both periods, compared to last year, primarily reflected movement in Treasury yields year-over-year. The common stock return reflected general market conditions.

A further break-down of our FTE total returns for our fixed-income portfolio for the periods ended September 30, follows:

	Three Months		Nine Months	
	2024	2023	2024	2023
Fixed-income securities:				
U.S. Treasury Notes	4.2 %	(0.6)%	4.5 %	0.7 %
Municipal bonds	3.5	(0.4)	4.4	1.9
Corporate and other debt securities	3.7	0.1	5.4	2.7
Residential mortgage-backed securities	3.6	2.0	7.9	6.3
Commercial mortgage-backed securities	4.1	0.6	9.2	2.4
Other asset-backed securities	2.4	1.6	5.3	4.6
Nonredeemable preferred stocks	3.5	1.1	8.0	(3.5)
Short-term investments	1.5	1.3	4.3	3.6

B. Portfolio Allocation

The composition of the investment portfolio was:

($ in millions)		Fair Value	% of Total Portfolio	Duration (years)	Average Rating[1]
September 30, 2024					
U.S. government obligations	$	44,428.5	56.0 %	4.0	AA+
State and local government obligations		2,601.4	3.3	2.7	AA+
Foreign government obligations		16.4	0	1.9	AAA
Corporate and other debt securities		15,035.5	18.9	2.7	BBB+
Residential mortgage-backed securities		1,423.9	1.8	2.9	AA+
Commercial mortgage-backed securities		4,291.6	5.4	1.9	A+
Other asset-backed securities		6,613.9	8.3	1.2	AA+
Nonredeemable preferred stocks		735.0	0.9	1.7	BBB-
Short-term investments		756.5	1.0	<0.1	AA-
Total fixed-income securities		75,902.7	95.6	3.3	AA-
Common equities		3,497.0	4.4	na	na
Total portfolio[2]	$	79,399.7	100.0 %	3.3	AA-
September 30, 2023					
U.S. government obligations	$	34,293.8	55.4 %	3.4	AA+
State and local government obligations		2,054.3	3.3	3.1	AA+
Foreign government obligations		15.4	0.1	2.8	AAA
Corporate and other debt securities		10,421.3	16.9	2.8	BBB
Residential mortgage-backed securities		515.8	0.8	0.4	A
Commercial mortgage-backed securities		3,977.7	6.4	2.3	A+
Other asset-backed securities		5,313.6	8.6	1.1	AA+
Nonredeemable preferred stocks		868.9	1.4	2.1	BBB-
Short-term investments		1,795.2	2.9	<0.1	A+
Total fixed-income securities		59,256.0	95.8	2.9	AA-
Common equities		2,614.5	4.2	na	na
Total portfolio[2]	$	61,870.5	100.0 %	2.9	AA-
December 31, 2023					
U.S. government obligations	$	36,869.4	55.9 %	3.6	AA+
State and local government obligations		2,202.8	3.3	3.0	AA+
Foreign government obligations		16.3	0.1	2.6	AAA
Corporate and other debt securities		11,357.4	17.2	2.7	BBB
Residential mortgage-backed securities		417.2	0.6	0.5	A+
Commercial mortgage-backed securities		3,939.7	6.0	2.3	A
Other asset-backed securities		5,575.4	8.4	1.2	AA+
Nonredeemable preferred stocks		902.1	1.4	2.1	BBB-
Short-term investments		1,789.9	2.7	<0.1	AA-
Total fixed-income securities		63,070.2	95.6	3.0	AA-
Common equities		2,928.4	4.4	na	na
Total portfolio[2]	$	65,998.6	100.0 %	3.0	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, 2024 and 2023, we had $468.5 million and $167.3 million, respectively, of net unsettled security purchase transactions included in other liabilities, compared to $45.6 million included in other assets at December 31, 2023.

The total fair value of the portfolio at both September 30, 2024 and 2023 included $4.1 billion of securities held in a consolidated, non-insurance subsidiary of the holding company, net of unsettled security transactions, compared to $4.2 billion at December 31, 2023.

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.

We define Group I securities to 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 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.

The following table shows the composition of our Group I and Group II securities:

	September 30, 2024		September 30, 2023		December 31, 2023	
($ in millions)	**Fair Value**	**% of Total Portfolio**	**Fair Value**	**% of Total Portfolio**	**Fair Value**	**% of Total Portfolio**
Group I securities:						
Non-investment-grade fixed maturities	$ 499.2	0.6 %	$ 651.8	1.1 %	$ 532.6	0.8 %
Nonredeemable preferred stocks	735.0	0.9	868.9	1.4	902.1	1.4
Common equities	3,497.0	4.4	2,614.5	4.2	2,928.4	4.4
Total Group I securities	4,731.2	5.9	4,135.2	6.7	4,363.1	6.6
Group II securities:						
Other fixed maturities	73,912.0	93.1	55,940.1	90.4	59,845.6	90.7
Short-term investments	756.5	1.0	1,795.2	2.9	1,789.9	2.7
Total Group II securities	74,668.5	94.1	57,735.3	93.3	61,635.5	93.4
Total portfolio	$ 79,399.7	100.0 %	$ 61,870.5	100.0 %	$ 65,998.6	100.0 %

To determine the allocation between Group I and Group II, we use the credit ratings from models provided by the National Association of Insurance Commissioners (NAIC) to classify our residential and commercial mortgage-backed securities, excluding interest-only (IO) securities, and the credit ratings from nationally recognized statistical rating organizations (NRSROs) to classify all other debt securities. NAIC ratings are based on a model that considers the book price of our securities when assessing the probability of future losses in assigning a credit rating. As a result, NAIC ratings can vary from credit ratings issued by NRSROs. Management believes NAIC ratings more accurately reflect our risk profile when determining the asset allocation between Group I and Group II securities.

Unrealized Gains (Losses)

As of September 30, 2024, our fixed-maturity portfolio had total after-tax net unrealized losses, which are recorded as part of accumulated other comprehensive income (loss) on our consolidated balance sheets, of $0.1 billion, compared to $3.0 billion and $1.6 billion at September 30, 2023 and December 31, 2023, respectively. The decrease in net unrealized losses from September 30, 2023 and December 31, 2023, was primarily due to higher valuations across all fixed-maturity sectors, most prominently in our U.S. Treasury, corporate and other debt, and commercial mortgage-backed portfolios as lower interest rates and tighter credit spreads drove improved performance.

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

Holding Period Gains (Losses)

The following table provides the balance and activity for both the gross and net holding period gains (losses) for the nine months ended September 30, 2024:

(millions)	Gross Holding Period Gains	Gross Holding Period Losses	Net Holding Period Gains (Losses)
Balance at December 31, 2023			
Hybrid fixed-maturity securities	$ 5.3	$ (34.4)	$ (29.1)
Equity securities[1]	2,233.9	(86.5)	2,147.4
Total holding period securities	2,239.2	(120.9)	2,118.3
Current year change in holding period securities			
Hybrid fixed-maturity securities	6.9	23.3	30.2
Equity securities[1]	547.8	43.6	591.4
Total changes in holding period securities	554.7	66.9	621.6
Balance at September 30, 2024			
Hybrid fixed-maturity securities	12.2	(11.1)	1.1
Equity securities[1]	2,781.7	(42.9)	2,738.8
Total holding period securities	$ 2,793.9	$ (54.0)	$ 2,739.9

[1]Equity securities include common equities and nonredeemable preferred stocks.

Changes in holding period gains (losses), similar to unrealized gains (losses) in our fixed-maturity portfolio, are the result of changes in market conditions as well as sales of securities based on various portfolio management decisions.

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 3.3 years at September 30, 2024, 2.9 years at September 30, 2023, and 3.0 years at December 31, 2023 fell within our acceptable range of 1.5 to 5 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 (excluding short-term securities)	September 30, 2024	September 30, 2023	December 31, 2023
1 year	10.9 %	20.7 %	18.1 %
2 years	9.9	13.0	12.0
3 years	30.2	23.5	25.7
5 years	38.8	27.6	27.4
7 years	9.0	12.4	14.6
10 years	1.2	2.8	2.2
Total fixed-income portfolio	100.0 %	100.0 %	100.0 %

Credit Risk This exposure is managed by maintaining an A+ minimum average portfolio credit quality rating, as defined by NRSROs. At September 30, 2024 and 2023, and December 31, 2023, our credit quality rating was AA- . The credit quality distribution of the fixed-income portfolio was:

Average Rating[1]	September 30, 2024	September 30, 2023	December 31, 2023
AAA	12.4 %	10.8 %	10.7 %
AA	62.7	64.5	65.1
A	7.3	7.4	7.0
BBB	16.4	15.8	15.7
Non-investment grade/non-rated			
BB	0.9	1.2	1.2
B	0.2	0.2	0.2
Non-rated	0.1	0.1	0.1
Total fixed-income portfolio	100.0 %	100.0 %	100.0 %

[1] The ratings in the table above 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 thresholds during the third quarter 2024.

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 2024.

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 remainder of 2024 and all of 2025, we expect approximately $9.1 billion, or 30%, of principal repayment from our fixed-income portfolio, excluding U.S. Treasury Notes and short-term investments. Cash from interest and dividend payments and our short-term portfolio provide additional sources of recurring liquidity.

The duration of our U.S. government obligations, which are included in the fixed-income portfolio, was comprised of the following at September 30, 2024:

($ in millions)	Fair Value	Duration (years)
U.S. Treasury Notes		
Less than one year	$ 241.1	0.4
One to two years	897.9	1.7
Two to three years	4,820.1	2.6
Three to five years	31,008.1	4.0
Five to seven years	7,425.9	5.7
Seven to ten years	35.4	7.3
Total U.S. Treasury Notes	$ 44,428.5	4.0

ASSET-BACKED SECURITIES

Included in our fixed-income portfolio are asset-backed securities, which were comprised of the following at the balance sheet dates listed:

($ in millions)	Fair Value	Net Unrealized Gains (Losses)	% of Asset-Backed Securities	Duration (years)	Average Rating (at period end)[1]
September 30, 2024					
Residential mortgage-backed securities	$ 1,423.9	$ 18.4	11.6 %	2.9	AA+
Commercial mortgage-backed securities	4,291.6	(372.8)	34.8	1.9	A+
Other asset-backed securities	6,613.9	(14.4)	53.6	1.2	AA+
Total asset-backed securities	$ 12,329.4	$ (368.8)	100.0 %	1.6	AA
September 30, 2023					
Residential mortgage-backed securities	$ 515.8	$ (12.8)	5.2 %	0.4	A
Commercial mortgage-backed securities	3,977.7	(721.8)	40.6	2.3	A+
Other asset-backed securities	5,313.6	(210.0)	54.2	1.1	AA+
Total asset-backed securities	$ 9,807.1	$ (944.6)	100.0 %	1.6	AA-
December 31, 2023					
Residential mortgage-backed securities	$ 417.2	$ (9.8)	4.2 %	0.5	A+
Commercial mortgage-backed securities	3,939.7	(595.5)	39.7	2.3	A
Other asset-backed securities	5,575.4	(91.4)	56.1	1.2	AA+
Total asset-backed securities	$ 9,932.3	$ (696.7)	100.0 %	1.6	AA-

[1] The credit quality ratings in the table above are assigned by NRSROs.

Residential Mortgage-Backed Securities (RMBS) The following table details the credit quality rating and fair value of our RMBS, along with the loan classification and a comparison of the fair value at September 30, 2024, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Residential Mortgage-Backed Securities (at September 30, 2024)

($ in millions) Average Rating[1]	Non-Agency	Government/GSE[2]	Total	% of Total
AAA	$ 1,031.9	$ 0.2	$ 1,032.1	72.5 %
AA	23.9	1.0	24.9	1.7
A	216.4	0	216.4	15.2
BBB	147.4	0	147.4	10.4
Non-investment grade/non-rated:				
BB	0.3	0	0.3	0
CCC and lower	1.0	0	1.0	0.1
Non-rated	1.8	0	1.8	0.1
Total fair value	$ 1,422.7	$ 1.2	$ 1,423.9	100.0 %
Increase (decrease) in value	1.5 %	(0.9)%	1.5 %	

[1] The credit quality ratings are assigned by NRSROs; when we assigned the NAIC ratings for our RMBS, 100% of our non-investment-grade securities were rated investment grade and reported as Group II securities.
[2] The securities in this category are insured by a Government Sponsored Entity (GSE) and/or collateralized by mortgage loans insured by the Federal Housing Administration (FHA) or the U.S. Department of Veteran Affairs (VA).

Our RMBS portfolio consists of deals that are backed by high-credit quality borrowers and/or those that have strong structural protections through underlying loan collateralization. During the third quarter of 2024, we continued to increase our exposure in this portfolio. Our additions were primarily concentrated in investment-grade securities with most purchases in qualified mortgage securitizations.

Commercial Mortgage-Backed Securities (CMBS) The following table details the credit quality rating and fair value of our CMBS, along with a comparison of the fair value at September 30, 2024, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Commercial Mortgage-Backed Securities (at September 30, 2024)

($ in millions) Average Rating[1]	Multi-Borrower	Single-Borrower	Total	% of Total
AAA	$ 153.5	$ 1,557.6	$ 1,711.1	39.9 %
AA	0	821.0	821.0	19.1
A	0	548.2	548.2	12.8
BBB	0	802.2	802.2	18.7
Non-investment grade/non-rated:				
BB	0	397.4	397.4	9.2
B	0	11.7	11.7	0.3
Total fair value	$ 153.5	$ 4,138.1	$ 4,291.6	100.0 %
Increase (decrease) in value	(3.2)%	(8.2)%	(8.0)%	

[1] The credit quality ratings are assigned by NRSROs; when we assigned the NAIC ratings for our CMBS, 67% of our non-investment-grade securities were rated investment grade and reported as Group II securities, with the remainder classified as Group I.

The CMBS portfolio maintained strong performance in the third quarter 2024. New issuance activity remained elevated, and spreads tightened due to lower interest rates and increased financing opportunities for borrowers. We added several AAA securities to the portfolio in the multi-family and industrial sectors. One security matured during the third quarter 2024, and it paid off in full and on time. As of September 30, 2024, our CMBS portfolio had no delinquencies.

The following table shows the composition of our CMBS portfolio by maturity year and sector:

Commercial Mortgage-Backed Securities Sector Details (at September 30, 2024)

($ in millions) Maturity[1]	Office	Lab Office	Multi-family	Multi-family IO	Retail	Industrial	Self- Storage	Casino	Total	Average Original LTV	Average Current DSCR
2024	$ 91.5	$ 0	$ 22.4	$ 10.0	$ 39.1	$ 0	$ 0	$ 0	$ 163.0	61.6 %	2.2
2025	0	42.3	0	38.3	67.3	44.9	0	0	192.8	65.7	1.7
2026	434.2	66.8	268.3	34.7	0	92.7	61.4	113.0	1,071.1	60.9	1.8
2027	396.9	0	39.6	31.4	0	95.6	256.2	0	819.7	60.6	1.7
2028	271.7	0	0	23.8	0	0	0	0	295.5	51.9	3.4
2029	399.7	104.6	264.2	11.4	0	247.1	73.9	70.6	1,171.5	61.3	2.6
2030	82.2	61.3	0	3.9	0	0	0	97.1	244.5	55.5	3.4
2031	238.5	95.0	0	0	0	0	0	0	333.5	66.5	2.0
Total fair value	$ 1,914.7	$ 370.0	$ 594.5	$ 153.5	$ 106.4	$ 480.3	$ 391.5	$ 280.7	$ 4,291.6		

LTV= loan to value

DSCR= debt service coverage ratio

[1] The floating-rate securities were extended to their full maturity and fixed-rate securities are shown to their anticipated repayment date (if applicable) or their maturity date.

We show the average loan to value (LTV) of each maturity year when the loans were originated. The LTV ratio that management uses, which is commonly expressed as a percentage, compares the size of the entire mortgage loan to the appraised value of the underlying property collateralizing the loan at issuance. A LTV ratio less than 100% indicates excess collateral value over the loan amount. LTV ratios greater than 100% indicate that the loan amount exceeds the collateral value. We believe this ratio provides a conservative view of our actual risk of loss, as this number displays the entire mortgage LTV, while our ownership is only a portion of the structure of the mortgage loan-backed security. For many of the mortgage loans in our portfolio, our exposure is in a more senior part of the structure, which means that the LTV on our actual exposure is even lower than the ratios presented.

In addition to the LTV ratio, we also examine the credit of our CMBS portfolio by reviewing the debt service coverage ratio (DSCR) of the securities. The DSCR compares the underlying property's annual net operating income to its annual debt service payments. A DSCR less than 1.0 times indicates that property operations do not generate enough income over the debt service payments, while a DSCR greater than 1.0 times indicates that there is an excess of operating income over the debt service payments. A number above 1.0 generally indicates that there would not be an incentive for the borrower to default in light of the borrower's excess income. The DSCR reported in the table is calculated based on the most currently available net operating income and mortgage payments for the borrower, which, for many securities, is data as of December 31, 2023.

Other Asset-Backed Securities (OABS) The following table details the credit quality rating and fair value of our OABS, along with a comparison of the fair value at September 30, 2024, to our original investment value (adjusted for returns of principal, amortization, and write-downs):

Other Asset-Backed Securities (at September 30, 2024)

($ in millions) Average Rating	Automobile	Collateralized Loan Obligations	Student Loan	Whole Business Securitizations	Equipment	Other	Total	% of Total
AAA	$ 2,893.5	$ 628.7	$ 37.0	$ 0	$ 1,108.1	$ 265.5	$ 4,932.8	74.6 %
AA	2.7	186.1	2.3	0	39.4	0	230.5	3.5
A	7.7	0	0	0	195.8	124.6	328.1	5.0
BBB	0	0	0	1,049.1	0	38.8	1,087.9	16.4
Non-investment grade/non-rated:								
BB	0	0	0	0	0	34.6	34.6	0.5
Total fair value	$ 2,903.9	$ 814.8	$ 39.3	$ 1,049.1	$ 1,343.3	$ 463.5	$ 6,613.9	100.0 %
Increase (decrease) in value	0.8 %	(0.2)%	(6.8)%	(2.7)%	0.6 %	(2.4)%	(0.2)%	

During the third quarter 2024, we selectively added securities to the OABS portfolio that we viewed as having attractive spreads and potential returns. Investments were predominately made in whole business securitization assets, in both new issue and secondary markets. Additionally, we increased our holdings in the automobile and equipment categories in highly-rated, senior, and short-tenor debt tranches in the new issue markets. The investments were partially offset by a decrease in our collateralized loan obligation assets due to elevated call redemptions.

STATE AND LOCAL GOVERNMENT OBLIGATIONS

The following table details the credit quality rating of our state and local government obligations (municipal securities) at September 30, 2024, without the benefit of credit or bond insurance:

Municipal Securities (at September 30, 2024)

(millions) Average Rating	General Obligations	Revenue Bonds	Total
AAA	$ 665.1	$ 502.1	$ 1,167.2
AA	548.7	799.4	1,348.1
A	0	55.8	55.8
BBB	0	30.1	30.1
Non-rated	0	0.2	0.2
Total	$ 1,213.8	$ 1,387.6	$ 2,601.4

Included in revenue bonds were $589.8 million of single-family housing revenue bonds issued by state housing finance agencies, of which $289.6 million were supported by individual mortgages held by the state housing finance agencies and $300.2 million were supported by mortgage-backed securities.

Of the revenue bonds supported by individual mortgages held by the state housing finance agencies, the overall credit quality rating was AA+. Most of these mortgages were supported by the Federal Housing Administration, the U.S. Department of Veterans Affairs, or private mortgage insurance providers. Of the revenue bonds supported by mortgage-backed securities, 79% were collateralized by Ginnie Mae mortgages, which are fully guaranteed by the U.S. government; the remaining 21% were collateralized by Fannie Mae and Freddie Mac mortgages.

Although credit spreads of municipal bonds continued to widen during the third quarter of 2024, we still view most of the market as relatively unattractive. However, we selectively added to this portfolio, with a focus on high-quality securities with shorter maturities, which we viewed as having more favorable risk/reward profiles.

CORPORATE AND OTHER DEBT SECURITIES

The following table details the credit quality rating of our corporate and other debt securities at September 30, 2024:

Corporate and Other Debt Securities (at September 30, 2024)

(millions) Average Rating	Consumer	Industrial	Communication	Financial Services	Technology	Basic Materials	Energy	Total
AAA	$ 0	$ 0	$ 0	$ 133.1	$ 0	$ 0	$ 46.7	$ 179.8
AA	93.4	0	0	403.2	0	0	46.7	543.3
A	783.0	425.6	228.5	2,343.6	62.1	105.8	485.8	4,434.4
BBB	3,555.9	1,594.2	416.3	1,630.8	931.3	70.2	1,350.4	9,549.1
Non-investment grade/non-rated:								
BB	82.1	47.9	56.3	0	11.3	0	6.3	203.9
B	108.3	0	0	0	0	13.7	0	122.0
Non-rated	0	0	0	0	3.0	0	0	3.0
Total fair value	$ 4,622.7	$ 2,067.7	$ 701.1	$ 4,510.7	$ 1,007.7	$ 189.7	$ 1,935.9	$ 15,035.5

The size of our corporate and other debt portfolio increased during the third quarter to $15.0 billion at September 30, 2024, from $13.2 billion at June 30, 2024. We selectively increased exposure to investment-grade securities but continued to predominately focus on shorter maturities, which we viewed as having more favorable risk/reward profiles. At September 30, 2024 and June 30, 2024, corporate and other debt securities made up approximately 20% and 19%, respectively, of our fixed-income securities portfolio. The duration of the corporate and other debt portfolio increased to 2.7 years at September 30, 2024 from 2.6 years at June 30, 2024.

NONREDEEMABLE PREFERRED STOCKS

The table below shows the exposure break-down by sector and rating at September 30, 2024:

Nonredeemable Preferred Stocks (at September 30, 2024)

	Financial Services						
(millions) Average Rating	**U.S. Banks**	**Foreign Banks**	**Insurance**	**Other Financial**	**Industrials**	**Utilities**	**Total**
BBB	$ 464.8	$ 14.1	$ 62.9	$ 31.3	$ 0	$ 38.4	$ 611.5
Non-investment grade/non-rated:							
BB	66.9	4.7	0	0	0	0	71.6
Non-rated	0	0	22.8	13.8	15.3	0	51.9
Total fair value	$ 531.7	$ 18.8	$ 85.7	$ 45.1	$ 15.3	$ 38.4	$ 735.0

The majority of these securities have fixed-rate dividends until a call date and then, if not called, generally convert to floating-rate dividends. The interest rate duration is calculated to reflect the call, floor, and floating-rate features. Although a nonredeemable preferred stock will remain outstanding if not called, its interest rate duration will reflect the variable nature of the dividend. As of September 30, 2024, our non-investment-grade nonredeemable preferred stocks were all with issuers that maintain investment-grade senior debt ratings.

We also face the risk that dividend payments could be deferred for one or more periods or skipped entirely. As of September 30, 2024, we expect all of these securities to pay their dividends in full and on time. Approximately 97% of our nonredeemable preferred stocks pay dividends that have tax preferential characteristics, while the balance pay dividends that are fully taxable.

At September 30, 2024, the nonredeemable preferred stock portfolio fair value was $0.7 billion, which is a slight decrease from $0.8 billion at June 30, 2024. This decline was primarily due to nonredeemable preferred stocks that were called or sold because they had less attractive risk/reward profiles.

Common Equities

Common equities, as reported on the balance sheets, were comprised of the following:

($ in millions)	**September 30, 2024**		**September 30, 2023**		**December 31, 2023**	
Common stocks	$ 3,474.5	99.4 %	$ 2,591.9	99.1 %	$ 2,907.8	99.3 %
Other risk investments[1]	22.5	0.6	22.6	0.9	20.6	0.7
Total common equities	$ 3,497.0	100.0 %	$ 2,614.5	100.0 %	$ 2,928.4	100.0 %

[1] The other risk investments consist of limited partnership interests.

The majority of our common stock portfolio consists of individual holdings selected based on their contribution to the correlation with the Russell 1000 Index. We held 786 out of 1,009, or 78%, of the common stocks comprising the index at September 30, 2024, which made up 95% of the total market capitalization of the index. At September 30, 2024 the year-to-date GAAP income total return did not meet our targeted tracking error of +/- 50 basis points. We expect to be within our targeted tracking error over the longer term. At September 30, 2023 and December 31, 2023, the year-to-date GAAP income total return was within our targeted tracking error.

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;*
- *our ability to attract, develop, and retain talent and maintain appropriate staffing levels;*
- *the impact of misconduct or fraudulent acts by employees, agents, and third parties to our business and/or exposure to regulatory assessments;*
- *the highly competitive nature of property-casualty insurance markets;*
- *whether we adjust claims accurately;*
- *compliance with complex and changing laws and regulations;*
- *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 environmental, social, governance 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 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, 2023.*

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.

Item 3. 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 3.3 years at September 30, 2024, 2.9 years at September 30, 2023, and 3.0 years at December 31, 2023. The weighted average beta of the equity portfolio was 1.1 at September 30, 2024 and 1.0 at both September 30, 2023 and December 31, 2023. 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, 2023.

Item 4. 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.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

For discussion of legal proceedings, see *Note 11 – Litigation* to the consolidated financial statements, which is incorporated herein by reference.

Item 1A. Risk Factors.

There have been no material changes in the risk factors from those discussed in *Item 1A, Risk Factors* included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Share Repurchases

ISSUER PURCHASES OF EQUITY SECURITIES

2024 Calendar Month	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
July	386,910	$ 220.61	421,543	24,578,457
August	2,116	214.24	423,659	24,576,341
September	77	252.96	423,736	24,576,264
Total	389,103	$ 220.59		

Progressive's financial policies state that we will repurchase shares to neutralize dilution from equity-based compensation in the year of issuance and as an option to effectively use under-leveraged capital.

In May 2024, the Board of Directors approved an authorization for the company to repurchase up to 25 million of its common shares. This authorization does not have an expiration date. Share repurchases under this authorization may be accomplished through open market purchases, including trading plans entered into with one or more brokerage firms in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, through privately negotiated transactions, pursuant to our equity incentive awards, or otherwise. During the third quarter 2024, all repurchases were accomplished in conjunction with our equity incentive awards or through the open market at the then-current market prices.

Item 5. Other Information.

(c) Insider Trading Arrangements

During the third quarter 2024, certain executive officers and a director entered into Rule 10b5-1 trading arrangements that are intended to satisfy the affirmative defense of Rule 10b5-1(c). The executive officers' plans provide for: i) the sale of all of the shares upon vesting pursuant to certain outstanding equity awards previously granted to the applicable executive officer, excluding any shares withheld by the company to satisfy tax withholding obligations (see the 2024 Proxy Statement for a description of the company's equity compensation plans) and, ii) for one executive, the sale of a certain amount of additional shares (see "Additional or Specified Shares" below) held by the applicable executive, that are not sold in connection with the vesting of an outstanding equity award (as described in i) above), some of which may have been the result of a prior vesting event for the executive. The director's plan provides for the sale of a specified amount of shares held by the director, some of which may have been the result of a prior vesting event.

Below are the details of each applicable Rule 10b5-1 trading arrangement:

Name	Title	Date Entered	Date Expires[1]	Additional or Specified Shares
Officers				
Karen B. Bailo	Commercial Lines President	September 24, 2024	December 31, 2025	0
Mariann Wojtkun Marshall	Vice President and Chief Accounting Officer	August 19, 2024	August 13, 2025	0
John P. Sauerland	Vice President and Chief Financial Officer	August 22, 2024	August 29, 2025	80,000
Directors				
Jeffrey D. Kelly	Director	September 24, 2024	June 30, 2025	10,000

[1] Subject to the plan's earlier expiration or completion in accordance with its terms.

Additional Information

President and CEO Susan Patricia Griffith's quarterly letter to shareholders is included as Exhibit 99 to this Quarterly Report on Form 10-Q and in our online shareholders' report located on our investor relations website at: investors.progressive.com/financials.

Item 6. Exhibits.

See exhibit index contained herein beginning on page 56, which is incorporated by reference from information with respect to this item.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE PROGRESSIVE CORPORATION

(Registrant)

Date: November 4, 2024

By: /s/ John P. Sauerland

John P. Sauerland

Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No. Under Reg. S-K, Item 601	Form 10-Q Exhibit Number	Description of Exhibit	If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC
3(ii)	3.1	Code of Regulations of The Progressive Corporation (as amended October 11, 2024)	Filed herewith
31	31.1	Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer, Susan Patricia Griffith	Filed herewith
31	31.2	Rule 13a-14(a)/15d-14(a) Certification of the Principal Financial Officer, John P. Sauerland	Filed herewith
32	32.1	Section 1350 Certification of the Principal Executive Officer, Susan Patricia Griffith	Furnished herewith
32	32.2	Section 1350 Certification of the Principal Financial Officer, John P. Sauerland	Furnished herewith
99	99	Letter to Shareholders from Susan Patricia Griffith, President and Chief Executive Officer (Regulation FD Disclosure)	Furnished herewith
101	101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	Filed herewith
101	101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	104	Cover Page Interactive Data File (the cover page tags are embedded within the Inline XBRL document)	Filed herewith

CODE OF REGULATIONS

OF

THE PROGRESSIVE CORPORATION

(as amended on October 11, 2024)

ARTICLE I

Meetings of Shareholders

Section 1. Annual Meetings. The annual meeting of shareholders shall be held at such time and on such date on or before June 30th of each year as may be fixed by the board of directors and stated in the notice of the meeting, for the election of directors, the consideration of reports to be laid before such meeting and the transaction of such other business as may properly come before the meeting.

Section 2. Special Meetings. Special meetings of the shareholders shall be called upon the written request of the president, the directors by action at a meeting, a majority of the directors acting without a meeting, or of the holders of shares entitling them to exercise twenty-five percent (25%) of the voting power of the corporation entitled to vote thereat. Calls for such meetings shall specify the purposes thereof. No business other than that specified in the call shall be considered at any special meeting. Special meetings so called shall be held on such date and at such time as may be fixed by the board of directors and stated in the notice of the meeting; provided, however, that in the case of a special meeting called by shareholders in accordance herewith, the date of such special meeting shall not be more than ninety (90) days after the date the president or secretary of the corporation receives the call for such meeting.

Section 3. Notices of Meetings. Unless waived, written notice of each annual or special meeting stating the time, place, and the purposes thereof, and the means, if any, by which shareholders can be present and vote at the meeting through the use of communications equipment, shall be given by the president or the secretary of the corporation, by personal delivery, by mail, by overnight delivery service or by any other means of communication authorized by the shareholder to whom the notice is given, to each shareholder of record entitled to vote at or entitled to notice of the meeting, not more than sixty (60) days nor less than seven (7) days before any such meeting. If mailed or sent by overnight delivery service, such notice shall be directed to the shareholder at his address as the same appears upon the records of the corporation. If sent by any other means of communication authorized by the shareholder, the notice shall be sent to the address furnished by the shareholder for those transmissions. Any shareholder, either before or after any meeting, may waive any notice required to be given by law or under these Regulations.

Section 4. Place of Meetings. Meetings of shareholders shall be held at the principal office of the corporation unless the board of directors determines that a meeting shall be held at some other place within or without the State of Ohio and causes the notice thereof to so state. Notwithstanding the foregoing, the board of directors may determine that a meeting of shareholders shall not be held at any physical place, but instead may be held solely by means of communications equipment as authorized in the following paragraph.

If authorized by the board of directors, the shareholders and proxyholders who are not physically present at a meeting of shareholders may attend a meeting of shareholders by use of communications equipment that enables the shareholder or proxyholder an opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting and to speak or otherwise participate in the proceedings contemporaneously with those physically present. Any shareholder using communications equipment will be deemed present in person at the meeting, whether the meeting is to be held at a designated place or solely by means of communications equipment. The directors may adopt guidelines and procedures for the use of communications equipment in connection with a meeting of shareholders to permit the corporation to verify that a person is a shareholder or proxyholder and to maintain a record of any vote or other action.

Section 5. Quorum. The holders of shares entitling them to exercise a majority of the voting power of the corporation entitled to vote at any meeting, present in person or by proxy, shall constitute a quorum for the transaction of business to be considered at such meeting; provided, however, that no action required by law or by the Articles of Incorporation or these Regulations to be authorized or taken by the holders of a designated proportion of the shares of any particular class or of each class may be authorized or taken by a lesser proportion. The holders of a majority of the voting shares represented at a meeting, whether or not a quorum is present, may adjourn such meeting from time to time, until a quorum shall be present.

Section 6. Record Date. The board of directors may fix a record date for any lawful purpose, including, without limiting the generality of the foregoing, the determination of shareholders entitled to (i) receive notice of or to vote at any meeting, (ii) receive payment of any dividend or distribution, (iii) receive or exercise rights of purchase of or subscription for, or exchange or conversion of, shares or other securities, subject to any contract right with respect thereto, or (iv) participate in the execution of written consents, waivers or releases. Said record date, which shall not be a date earlier than the date on which the record date is fixed, shall not be more than sixty (60) days preceding the date of such meeting, the date fixed for the payment of any dividend or distribution or the date fixed for the receipt or the exercise of rights, as the case may be.

If a record date shall not be fixed, the record date for the determination of shareholders who are entitled to notice of, or who are entitled to vote at, a meeting of shareholders, shall be the close of business on the date next preceding the day on which notice is given, or the close of business on the date next preceding the day on which the meeting is held, as the case may be.

Section 7. Proxies. A person who is entitled to attend a shareholders' meeting, to vote thereat, or to execute consents, waivers or releases, may be represented at such meeting or vote thereat, and execute consents, waivers and releases, and exercise any of his other rights, by proxy or proxies appointed by a writing signed by such person or appointed by a verifiable communication authorized by the person.

Section 8. Procedures for Shareholder Proposals. A shareholder (or a legal representative of the shareholder) must be present at the meeting of shareholders in order to make a proposal at such meeting and must also comply with the appropriate section of these Regulations related to such proposal (or Rule 14a-8 under the Securities Exchange Act of 1934). This Section 8 sets forth certain procedures required for shareholders to make proposals at the corporation's meetings of shareholders (other than nominations for the election of directors, the means for which are set forth in Sections 13 and 14 of Article II), including, without limitation, the exclusive means by which a shareholder may make a proposal for business to be considered at an annual meeting of shareholders, if the proposal is not made pursuant to Rule 14a-8 under the Securities Exchange Act of 1934.

A shareholder may submit a proposal for consideration at an annual meeting of shareholders only if: (i) the shareholder is a Record Shareholder or Beneficial Owner (as those terms are defined below) (x) at the time of giving of the notice as described in this Section 8, (y) as of the record date for such meeting of shareholders, and (z) as of the date of such meeting; (ii) the business is a proper matter for shareholder action; (iii) written notice of such shareholder's intent to propose such business complying with the requirements of this Section 8 has been given, either by personal delivery, overnight courier, or United States mail, postage prepaid, to the secretary of the corporation, and has been received by the secretary of the corporation, not less than ninety (90) days, nor more than one hundred twenty (120) days, in advance of the first anniversary of the immediately preceding year's annual meeting of shareholders (provided, however, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the shareholder to be timely must be so given and received, not later than the ninetieth (90^{th}) day prior to the current year's annual meeting or, if later, the tenth (10^{th}) day following the day on which public disclosure of the date of the current year's annual meeting is first given to shareholders); and (iv) updates and supplements by such shareholder as required in this Section 8 have been delivered to the secretary of the corporation in the forms and within the time frames set forth in this Section. For purposes of this Section 8, public disclosure of a meeting date shall be deemed to be first given to shareholders when disclosure of the applicable meeting date is first made in a press release reported by the Dow Jones News Services, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

Each such notice shall set forth the following information, together with a representation as to the accuracy of the information, as to (i) each shareholder making the proposal that holds of record shares of the corporation (a "Record Shareholder") ,and (ii) each shareholder making the proposal that holds shares of the corporation through a bank, brokerage or other financial

institution (a "Beneficial Owner") (Record Shareholders and Beneficial Owners are hereinafter referred to as "Holders"):

(a) the name (as it appears on the corporation's stock records, if applicable) and current address of each Record Shareholder and each Beneficial Owner that is making the proposal;

(b) a representation that each proposing shareholder is a holder of record of shares of the corporation, or holds shares of the corporation through a bank, brokerage or other financial institution, and is entitled to vote at such meeting, and that such proposing shareholder intends to (i) appear in person or by proxy at the meeting, and (ii) submit the proposal specified in the notice at the meeting in person or through a representative;

(c) a description of all types of each such Holder's economic and voting interests in the corporation, including a description of:

(i) the class or series and number of shares of the corporation that, directly or indirectly, are owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) by such Holder, together with, in the case of any shares that are not owned of record, proof of such Holder's beneficial ownership of such shares in one of the ways permitted by Rule 14a-8(b)(2)(i) or (ii) under the Securities Exchange Act of 1934; and, in addition thereto, the number of shares (if any) of any class or series of the corporation as to which such Holder has a right, at that time or at any time in the future, to own or acquire record or beneficial ownership;

(ii) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such Holder, the purpose or effect of which is to give such Holder, at that time or at any time in the future, economic risk corresponding or similar to ownership of, or voting power with respect to, any class or series of shares of the corporation, and any other security with a value derived from or related to the value of any class or series of shares of the corporation;

(iii) any proxy, agreement, arrangement, understanding or relationship pursuant to which such Holder has or shares a right to vote any shares of any class or series of the corporation;

(iv) any agreement, arrangement, understanding or relationship, including without limitation any repurchase or similar so-called "stock borrowing" agreement or arrangement, engaged in, directly or indirectly, by such Holder, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of shares of any class or series of the corporation to, manage the risk of share price changes for, or increase or decrease the voting power of, such Holder with respect to the shares of any class or series of the corporation, or which provides, directly or indirectly, the opportunity to profit

from any decrease in the price or value of the shares of any class or series of the corporation;

(v) any rights to dividends on the shares of any class or series of the corporation owned beneficially by such Holder that are separated or separable from the underlying shares of the corporation;

(vi) any performance-related fees (other than an asset-based fee) to which such Holder, or any such Holder's immediate family member or affiliate, is or would be entitled, based on any increase or decrease in the price or value of shares of any class or series of the corporation or any interest described in subsections (ii) and (iv) of this Section 8(c); and

(vii) the aggregate number of voting shares of the corporation held or beneficially owned by all Holders that are subject to or referred to in this Section 8;

(d) a description of all arrangements or understandings between each Holder and any other person(s) or entity(ies) (naming each such person or entity) pursuant to which the proposal or proposals are to be made or pursuant to which any shares of the corporation are to be voted on such proposal or proposals;

(e) any proportionate interest in shares of the corporation or any interest described in subsection (ii) of Section 8(c) that is held, directly or indirectly, by a general or limited partnership, limited liability company or other entity in, or with respect to, which any Holder: is a general or limited partner; beneficially owns, directly or indirectly, an interest in a general or any limited partner of such general or limited partnership; or is a member or manager of, or beneficially owns, directly or indirectly, an interest in a member or manager of, such limited liability company or other entity;

(f) any shares of the corporation, and any arrangements, rights or other interests described in Sections 8(c) through 8(e), held by each Holder's immediate family members or affiliates;

(g) a representation regarding whether each Holder intends or is part of a group that intends to deliver a proxy statement and/or form of proxy to one or more other holders of the corporation's outstanding capital stock, and/or to solicit proxies from other shareholders, in support of such proposal;

(h) any other information relating to each Holder that would be required to be disclosed by such Holder in a proxy statement or other filings required to be made in connection with solicitations by such Holder of proxies for such proposal pursuant to Section 14 of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;

(i) any other information reasonably requested by the corporation; and

(j) a reasonably brief statement of the course of action proposed for the corporation, its management or its board of directors to follow, stated as clearly and specifically as possible; the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Articles of Incorporation or Code of Regulations of the corporation, the language of the proposed amendment); the reasons for making such proposal; and any material interest in such business of each Holder (including any anticipated benefit to each Holder, or any of such Holder's affiliates or immediate family members, therefrom);

provided, however, that no information with respect to the ordinary course business activities of a Holder need be given under paragraphs (c)(ii) through (c)(vii), (d), (e) or (f) with respect to any Record Shareholder that is a broker, dealer, commercial bank, trust company or other nominee holding shares on behalf of a Beneficial Owner submitting a proposal under this Section 8.

The foregoing information shall be provided initially as of the date of the notice and, thereafter, shall be updated and supplemented by the shareholder making the proposal (i) as of the record date for the meeting and (ii) as of each date that is ten (10) business days prior to the date of the meeting or any adjournment or postponement thereof. Each such update and supplement shall be given, either by personal delivery, overnight courier, or United States mail, postage prepaid, to the secretary of the corporation, and shall be received by the secretary of the corporation, as follows: as to the update and supplement required as of the record date for the meeting, not later than five (5) business days after such record date; and as to each update or supplement required as of ten (10) business days prior to the date of the meeting or any adjournment or postponement thereof, not later than five (5) business days prior to the date of the meeting and, if applicable and if practicable, any adjournment or postponement thereof (and if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed).

The presiding officer at the meeting may refuse to acknowledge the submission of any proposal not made in accordance with the provisions hereof and may declare at such meeting that any such proposal was not properly brought before the meeting and shall not be considered.

This Section 8 shall constitute an "advance notice provision" for annual meetings of shareholders for the purposes of Rule 14a-4(c)(1) under the Securities Exchange Act of 1934.

If any shareholder includes, or a group of shareholders include, a shareholder proposal in the call for a special meeting given pursuant to Section 2 of this Article I, the corporation shall have the right to request that such shareholder(s) provide to the corporation some or all of the information set forth in this Section 8. In such event, each such shareholder shall provide the requested information by the date specified by the corporation in such request and, if so requested by the corporation, shall provide updated information in advance of the special meeting on or before a date specified by the corporation in such request.

For the purpose of this Section 8, “immediate family members” shall include a person’s spouse, parents, stepparents, children, stepchildren, grandchildren, siblings, stepsiblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, anyone (other than domestic employees) who shares such person’s home, and shall include adoptive relationships; and “affiliates” shall include any corporation or organization of which such person is an officer, director, partner, manager or member or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities or other equity interest, any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and any other entity that controls, is controlled by, or is under common control with, the Holder or any of the Holder’s immediate family members. For the purposes hereof, “control” shall mean the right or power, alone or with others, to direct the management or policies of such other entity.

ARTICLE II

Directors

Section 1. Number of Directors. The number of directors of the corporation, none of whom need to be a shareholder or resident of the State of Ohio, shall be eleven. All of the directors shall comprise a single class, although the terms of individual directors may vary on an interim basis as provided at Section 3 hereof. The shareholders, acting by the affirmative vote of the holders of record of shares representing a majority of the voting power of the corporation on such proposal, or a majority of the board of directors, may, from time to time, increase or decrease the number of directors, but in no case shall the number of directors be fewer than five or more than thirteen, nor shall any decrease in the number of directors shorten the term of any director then in office.

Section 2. Election of Directors. Directors shall be elected at the annual meeting of shareholders, but when the annual meeting is not held or directors are not elected thereat, they may be elected at a special meeting called and held for that purpose. Such election shall be by ballot whenever requested by any shareholder entitled to vote at such election; but, unless such request is made, the election may be conducted in any manner approved at such meeting.

Article TENTH of the corporation's Amended Articles of Incorporation, as amended, sets forth voting standards applicable in the election of directors at each meeting of shareholders to elect directors.

Section 3. Term of Office. Subject to the following sentences, the term of office for each director elected or re-elected at or any time after the corporation's 2013 Annual Meeting of Shareholders shall be one year. Directors elected for multi-year terms prior to the corporation's 2013 Annual Meeting of Shareholders shall serve for the terms for which they were previously elected. Any director elected to fill a vacancy pursuant to Section 5 of this Article shall serve for the term specified therein. Each director shall hold office until the date of the annual meeting of shareholders coinciding with the termination of the term for which he or she was elected, or until the termination of the period specified in Section 5 of this Article (if applicable), ("End-of-Term Date") and until his or her successor shall be elected or until his or her earlier resignation, removal from office or death; provided that:

(a) a director that has not been nominated by the board of directors for re-election in an election of directors at an annual meeting of shareholders coinciding with his or her End-of-Term Date ("End-of-Term Election") shall hold office only until such End-of-Term Date; and

(b) a director that has been nominated for re-election by the board of directors in an End-of-Term Election in which a majority vote is required for his or her re-election by the Amended Articles of Incorporation, as amended, but such director fails to achieve a majority of votes cast with respect to his or her nomination and fails to tender his or her resignation to the board of directors or an appropriate committee thereof, in accordance with applicable procedures adopted by the board of directors or a committee thereof, within 10 days after the results of the

vote have been certified, shall hold office only until the earlier of (i) the date that his or her successor shall be elected or (ii) the expiration of such 10 day period.

Section 4. Removal. All directors, or any individual director, may be removed from office, without assigning any cause, by the affirmative vote of the holders of record of shares representing a majority of the voting power of the corporation with respect to the election of directors, provided that unless all the directors are removed, no individual director shall be removed if the votes of a sufficient number of shares are cast against his or her removal which, if cumulatively voted at an election of all the directors would be sufficient to elect at least one director. In case of any such removal, a new director may be elected at the same meeting for the unexpired term of each director removed.

Section 5. Vacancies. Vacancies in the board of directors may be filled by a majority vote of the remaining directors. Any director so elected by the remaining directors to fill a vacancy shall have a term of office ending on the earlier of the next annual meeting of shareholders or the next special meeting of shareholders held to elect directors. At the expiration of such term, each such director shall then be subject to election by shareholders in accordance with this Article.

Section 6. Quorum and Transaction of Business. A majority of the whole authorized number of directors shall constitute a quorum for the transaction of business, except that a majority of the directors in office shall constitute a quorum for filling a vacancy on the board. Whenever less than a quorum is present at the time and place appointed for any meeting of the board, a majority of those present may adjourn the meeting from time to time, until a quorum shall be present. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the board.

Section 7. Annual Meeting. Annual meetings of the board of directors shall be held immediately following annual meetings of the shareholders, or as soon thereafter as is practicable. If no annual meeting of the shareholders is held, or if directors are not elected thereat, then the annual meeting of the board of directors shall be held immediately following any special meeting of the shareholders at which directors are elected, or as soon thereafter as is practicable. If such annual meeting of directors is held immediately following a meeting of the shareholders, it shall be held at the same place at which such meeting of shareholders was held.

Section 8. Regular Meetings. Regular meetings of the board of directors shall be held at such times and places, within or without the State of Ohio, as the board of directors may, by resolution or by-law, from time to time, determine. The secretary shall give notice of each such resolution or bylaw to any director who was not present at the time the same was adopted, but no further notice of such regular meeting need be given.

Section 9. Special Meetings. Special meetings of the board of directors may be called by the chairman of the board, the lead independent director (if one is designated by the independent directors), or the president to be held at such times and places within or without the State of Ohio as the person calling such meeting shall specify. In addition, any two members of the board of

directors may call special meetings of the board of directors to be held at the principal office of the corporation at such times as they may specify.

Section 10. Notice of Annual or Special Meetings. Notice of the time and place of each annual or special meeting of the board of directors shall be given to each director by the secretary or by the person or persons calling such meeting. Such notice need not specify the purpose or purposes of the meeting and may be given in any manner or method and at such time so that the director receiving it may have reasonable opportunity to attend the meeting. Such notice shall, in all events, be deemed to have been properly and duly given to a director (i) if delivered personally or by phone, or if sent by fax, e-mail or other electronic communication to the contact number or other address of such director as then shown upon the secretary's records, at least twenty-four (24) hours prior to the meeting, or (ii) if sent by U.S. mail or overnight courier to the address of such director as shown upon the secretary's records, at least forty-eight (48) hours prior to the meeting. The giving of notice shall be deemed to have been waived by any director who shall attend and participate in such meeting and may be waived, in a writing or by electronic communication, by any director either before or after such meeting.

Section 11. Compensation. The directors, as such, shall be entitled to receive such reasonable compensation for their services as may be fixed from time to time by resolution of the board, and expenses of attendance, if any, may be allowed for attendance of each annual, regular or special meeting of the board. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of the executive committee or of any standing or special committee may by resolution of the board be allowed such compensation for their services as the board may deem reasonable, and additional compensation may be allowed to directors for special services rendered.

Section 12. By-laws. For the government of its actions, the board of directors may adopt by-laws consistent with the Articles of Incorporation and these Regulations.

Section 13. Procedures for Shareholder Nominations. Subject to the rights of the holders of any class or series of stock of the corporation having a preference over the Common Shares as to dividends or upon liquidation to elect directors under specified circumstances, nominations for the election of directors may be made only by the board of directors or a committee of the board of directors or, subject to this Section 13 and Section 14, by any shareholder entitled to vote in the election of directors generally. A shareholder (or a legal representative of the shareholder) must be present at the meeting of shareholders in order to nominate an individual for election at a meeting of shareholders and must also comply with the appropriate section of these Regulations related to such nomination. This Section 13 sets forth certain procedures required for shareholders to nominate directors if the shareholder does not wish the nomination to be included in the corporation's proxy statement for the annual meeting of shareholders. Section 14 sets forth certain procedures required for shareholders to nominate directors and to have the nomination included in the corporation's proxy statement for the annual meeting of shareholders.

A shareholder may nominate one or more persons for election as directors at a meeting of shareholders only if: (i) the shareholder is a Record Shareholder or Beneficial Owner (x) at the

time of giving of the notice as described in this Section 13, (y) as of the record date for such meeting of shareholders, and (z) as of the date of such meeting; (ii) if the nomination relates to a special meeting of shareholders called in accordance with Section 2 of Article I hereof, the election of directors is a matter specified in such call and in the corporation's notice of such meeting; (iii) written notice of such shareholder's intent to make such nomination(s) has been given, either by personal delivery, overnight courier, or United States mail, postage prepaid, to the secretary of the corporation and has been received by the secretary of the corporation as follows: (A) with respect to an election to be held at an annual meeting of shareholders, the notice required by this Section 13 shall be received not less than ninety (90) days, nor more than one hundred twenty (120) days, in advance of the first anniversary of the immediately preceding year's annual meeting (provided, however, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the shareholder to be timely must be so given and received not later than the ninetieth (90^{th}) day prior to the current year's annual meeting or, if later, the tenth (10^{th}) day following the day on which public disclosure of the date of the current year's annual meeting is first given to shareholders), or (B) with respect to a special meeting as to which the election of directors is included in the corporation's notice of such meeting, the notice required by this Section 13 shall be received on or before the tenth (10^{th}) day following the date on which public disclosure of the date of such meeting is first given to shareholders; and (iv) updates and supplements by such shareholder as required in this Section 13 have been delivered to the secretary of the corporation in the forms and within the time frames set forth in this Section. For purposes of this Section 13, public disclosure of a meeting date shall be deemed to be first given to shareholders when disclosure of the applicable meeting date is first made in a press release reported by the Dow Jones News Services, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended.

Each such notice shall set forth the following information, together with a representation as to the accuracy of the information, as to each Holder who is making the nomination(s):

(a) the name (as it appears on the corporation's stock records, if applicable) and current address of each Record Shareholder and each Beneficial Owner that is making the nomination(s);

(b) a representation that each proposing shareholder is a holder of record of shares of the corporation, or holds shares of the corporation through a bank, brokerage or other financial institution, and is entitled to vote at such meeting, and that such proposing shareholder intends to (i) appear in person or by proxy at the meeting, and (ii) submit the nomination(s) specified in the notice at the meeting in person or through a representative;

(c) the name, address and principal occupation or employment of each person to be so nominated;

(d) a description of all arrangements or understandings between the nominating shareholder and each nominee and any other person(s) or entity(ies) (naming each such person or

entity) pursuant to which the nomination(s) are to be made by the shareholder or pursuant to which any shares of the corporation are to be voted on such nomination(s);

(e) such other information regarding each nominee proposed by such nominating shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, as then in effect, had the nominee been nominated, or intended to be nominated, by the board of directors;

(f) a description of all types of each such Holder's economic and voting interests in the corporation, including a description of:

(i) the class or series and number of shares of the corporation that, directly or indirectly, are owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) by such Holder, together with, in the case of any shares that are not owned of record, proof of such Holder's beneficial ownership of such shares in one of the ways permitted by Rule 14a-8(b)(2)(i) or (ii) under the Securities Exchange Act of 1934; and, in addition thereto, the number of shares (if any) of any class or series of the corporation as to which such Holder has a right, at that time or at any time in the future, to own or acquire record or beneficial ownership;

(ii) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such Holder, the purpose or effect of which is to give such Holder, at that time or at any time in the future, economic risk corresponding or similar to ownership of, or voting power with respect to, any class or series of shares of the corporation, and any other security with a value derived from or related to the value of any class or series of shares of the corporation;

(iii) any proxy, agreement, arrangement, understanding or relationship pursuant to which such Holder has or shares a right to vote any shares of any class or series of the corporation;

(iv) any agreement, arrangement, understanding or relationship, including without limitation any repurchase or similar so-called "stock borrowing" agreement or arrangement, engaged in, directly or indirectly, by such Holder, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of shares of any class or series of the corporation to, manage the risk of share price changes for, or increase or decrease the voting power of, such Holder with respect to the shares of any class or series of the corporation, or which provides, directly or indirectly, the opportunity to profit from any decrease in the price or value of the shares of any class or series of the corporation;

(v) any rights to dividends on the shares of any class or series of the corporation owned beneficially by such Holder that are separated or separable from the underlying shares of the corporation;

(vi) any performance-related fees (other than an asset-based fee) to which such Holder, or any such Holder's immediate family member or affiliate, is or would be entitled, based on any increase or decrease in the price or value of shares of any class or series of the corporation or any interest described in subsections (ii) and (iv) of this Section 13(f);

(vii) the aggregate number of voting shares of the corporation held or beneficially owned by all Holders that are subject to or referred to in this Section 13;

(viii) any proportionate interest in shares of the corporation or any interest described in subsection (ii) of this Section 13(f) that is held, directly or indirectly, by a general or limited partnership, limited liability company or other entity in, or with respect to, which any Holder: is a general or limited partner; beneficially owns, directly or indirectly, an interest in a general or any limited partner of such general or limited partnership; or is a member or manager of, or beneficially owns, directly or indirectly, an interest in a member or manager of, such limited liability company or other entity; and

(ix) any shares of the corporation, and any arrangements, rights or other interests described in Sections 13(f)(i) through 13(f)(viii) held by each Holder's immediate family members or affiliates;

(g) a representation regarding whether each Holder intends or is part of a group that intends to deliver a proxy statement and/or form of proxy to one or more other holders of the corporation's outstanding capital stock, and/or to solicit proxies from other shareholders, in support of such nomination(s);

(h) any other information relating to each Holder that would be required to be disclosed by such Holder in a proxy statement or other filings required to be made in connection with solicitations by such Holder of proxies for such nomination(s) pursuant to Section 14 of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder; and

(i) any other information reasonably requested by the corporation;

provided, however, that no information with respect to the ordinary course business activities of a Holder need be given under paragraphs (c)(ii) through (c)(vii), (d), (e) or (f) with respect to any Record Shareholder that is a broker, dealer, commercial bank, trust company or other nominee holding shares on behalf of a Beneficial Owner submitting a proposal under this Section 13.

The foregoing information shall be provided initially as of the date of the notice and, thereafter, shall be updated and supplemented by each shareholder making the nomination(s) (i) as of the record date for the meeting and (ii) as of each date that is ten (10) business days prior to the date of the meeting or any adjournment or postponement thereof. Each such update and supplement shall be given, either by personal delivery, overnight courier, or United States mail, postage prepaid, to the secretary of the corporation, and shall be received by the secretary of the corporation, as follows: as to the update and supplement required as of the record date for the meeting, not later than five (5) business days after such record date; and as to each update or supplement required as of ten (10) business days prior to the date of the meeting or any adjournment or postponement thereof, not later than five (5) business days prior to the date of the meeting and, if applicable and if practicable, any adjournment or postponement thereof (and if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed).

For the purpose of this Section 13, the terms "immediate family members," "affiliates" and "control" shall be the same as set forth in Section 8 of Article I hereof.

To be effective, each notice of intent to make a nomination given hereunder must be accompanied by the written consent of each such nominee to serve as a director of the corporation if elected.

The presiding officer at the meeting may refuse to acknowledge the nomination of any person or persons not made in compliance with the provisions hereof and may declare at such meeting that any such nomination was not properly brought before the meeting and shall not be considered.

This Section 13 shall constitute an "advance notice provision" for annual meetings of shareholders for the purposes of Rule 14a-4(c)(1) under the Securities Exchange Act of 1934.

Section 14. Inclusion of Shareholder Director Nominations in the Corporation's Proxy Materials.

(A) Subject to the terms and conditions set forth in this Section 14, the corporation shall include in its proxy statement for an annual meeting of shareholders the name, together with the Required Information (defined below), of any person nominated for election (the "Shareholder Nominee") to the board of directors by one or more Holders that satisfy the requirements of this Section 14 (such person or group, the "Eligible Shareholder"), and that expressly elects at the time of providing the written notice required by this Section 14 (a "Proxy Access Notice") to have its Shareholder Nominee included in the corporation's proxy materials pursuant to this Section 14. For the purposes of this Section 14:

(1) "Voting Shares" shall mean outstanding shares of capital stock of the corporation entitled to vote generally for the election of directors;

(2) The terms affiliates" and "control" shall be the same as set forth in Section 8 of Article I hereof and

(3) a Record Shareholder or Beneficial Owner shall be deemed to "own" only those outstanding shares of Voting Shares of the Corporation as to which the Holder (or any shareholder, fund comprising a Qualifying Fund (as defined below) or beneficial owner whose share ownership is counted for the purposes of qualifying as being an Eligible Shareholder (in Section 14(E)) and possesses both (a) the full voting and investment rights pertaining to the shares and (b) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (a) and (b) shall not include any shares (x) sold by such Holder or any of its affiliates in any transaction that has not been settled or closed, including any short sale, (y) borrowed by such Holder or any of its affiliates for any purposes or purchased by such Holder or any of its affiliates pursuant to an agreement to resell, or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such Holder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding capital stock of the corporation, in any such case which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of (i) reducing in any manner, to any extent or at any time in the future, such Holder's or affiliates' full right to vote or direct the voting of any such shares, and/or (ii) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such Holder or affiliate, other than any such arrangements solely involving a national or multi-national multi-industry market index. A Holder shall "own" shares held in the name of a nominee or other intermediary so long as the Holder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A Holder's ownership of shares shall be deemed to continue during any period in which the Holder has loaned such shares or delegated any voting power over such shares by means of a proxy, power of attorney or other instrument or arrangement which in either case is revocable at any time by the Shareholder; provided, however, in the event of a loan, such shares are actually recalled prior to the end of the period in question. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings.

(B) For purposes of this Section 14, the "Required Information" that the corporation will include in its proxy statement is (1) the information concerning the Shareholder Nominee and the Eligible Shareholder that the corporation determines is required to be disclosed in the corporation's proxy statement by the regulations promulgated under the Securities Exchange Act of 1934; and (2) if the Eligible Shareholder so elects, a Statement (defined below). Nothing in these Regulations shall limit the corporation's ability to solicit against and include in the proxy statement its own statement relating to any Shareholder Nominee.

(C) To be timely, a Shareholder's Proxy Access Notice must be delivered to or mailed and received at the principal executive offices of the corporation not less than 120

calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting; provided, however, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice must be given and received not later than the 120th day prior to the current year's annual meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of the current year's annual meeting is first given to shareholders. In no event shall any adjournment or postponement of an annual meeting, the date of which has been announced by the corporation, commence a new time period for the giving of a Proxy Access Notice.

(D) The number of Shareholder Nominees (including Shareholder Nominees that were submitted by an Eligible Shareholder for inclusion in the corporation's proxy materials pursuant to this Section 14 but either are subsequently withdrawn or that the board of directors decides to nominate as board of director nominees) appearing in the corporation's proxy materials with respect to an annual meeting of shareholders shall be the greater of (x) one and (y) a number that does not exceed 20% of the number of directors in office as of the last day on which a Proxy Access Notice may be delivered in accordance with the procedures set forth in this Section 14, or if such amount is not a whole number, the closest whole number below 20% (such number that is the greater of that set forth in clause (x) or (y), the "Permitted Number"); provided, however, that the Permitted Number shall be reduced, but not below zero, by (1) the number of such director candidates for which the corporation shall have received one or more valid shareholder notices nominating director candidates pursuant to Section 13 of Article II of these Regulations, (2) the number of directors in office or director candidates that in either case will be included in the corporation's proxy materials with respect to such annual meeting as an unopposed (by the corporation) nominee pursuant to any agreement, arrangement or other understanding with any shareholder or group of shareholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of capital stock, by such shareholder or group of shareholders, from the corporation) and (3) the number of directors in office that will be included in the corporation's proxy materials with respect to such annual meeting for whom access to the corporation's proxy materials was previously provided pursuant to this Section 14, other than any such director referred to in clause (2) or this clause (3) who at the time of such annual meeting will have served as a director continuously, as a nominee of the board, for at least two annual terms; provided, further, that in the event that one or more vacancies for any reason occurs on the board of directors at any time before the date of the annual meeting and the board of directors resolves to reduce the size of the board of directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced. In the event that the number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Section 14 exceeds the Permitted Number, each Eligible Shareholder will select one Shareholder Nominee for inclusion in the Corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of common shares of the corporation each Eligible Shareholder disclosed as owned in its Proxy Access Notice submitted to the corporation. If the Permitted Number is not reached after each Eligible Shareholder has selected one Shareholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(E) An "Eligible Shareholder" is one or more Record Shareholders who owns and has owned, or is acting on behalf of one or more Beneficial Owners who own and have owned (in each case as defined above), continuously for at least three years as of both the date that the Proxy Access Notice is received by the Corporation pursuant to this Section 14, and the record date for determining shareholders eligible to vote at the annual meeting, capital stock of the Corporation representing at least 3% of the Voting Shares (the "Proxy Access Request Required Shares"), and who continue to own the Proxy Access Request Required Shares at all times between the date such Proxy Access Notice is received by the corporation and the date of the applicable annual meeting of shareholders, provided that the aggregate number of Record Shareholders, and, if and to the extent that a Record Shareholder is acting on behalf of one or more Beneficial Owners, of such Beneficial Owners, whose share ownership is counted for the purpose of satisfying the foregoing ownership requirement shall not exceed twenty. Two or more funds that are part of the same family of funds or sponsored by the same employer (a "Qualifying Fund") shall be treated as one Holder for the purpose of determining the aggregate number of Holders in this Section 14, provided that each fund comprising a Qualifying Fund otherwise meets the requirements set forth in this Section 14. No Holder may be a member of more than one group constituting an Eligible Shareholder under this Section 14 for purposes of any applicable annual meeting of shareholders. A Record Shareholder acting on behalf of a Beneficial Owner will be counted as a Holder only with respect to the shares owned by Beneficial Owners on whose behalf such Record Shareholder has been directed in writing to act, and, with respect to the shares covered by such directions, will be deemed to be the same shareholder as the Beneficial Owner for purposes of determining the number of shareholders whose holdings may be considered as part of an Eligible Shareholder's holdings.

(F) No later than the final date when a nomination pursuant to this Section 14 may be delivered to the Corporation, an Eligible Shareholder (including each Record Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose share ownership is counted for the purposes of qualifying as an Eligible Shareholder) must provide the following information in writing to the secretary of the corporation: (1) the name and address of, and number of shares of capital stock of the Corporation owned by such person; (2) one or more written statements from the Record Shareholder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven calendar days prior to the date the Proxy Access Notice is delivered to or mailed to and received by the Corporation, such person owns, and has owned continuously for the preceding three years, the Proxy Access Request Required Shares, and such person's agreement to provide, (a) within ten (10) days after the record date for the annual meeting, written statements from the Record Shareholder and intermediaries verifying such person's continuous ownership of the Proxy Access Request Required Shares through the record date, together with any additional information reasonably requested to verify such person's ownership of the Proxy Access Request Required Shares, and (b) immediate notice if the Eligible Shareholder ceases to own any of the Proxy Access Request Required Shares prior to the date of the applicable annual meeting of shareholders; (3) any information relating to such Eligible Shareholder (including any Record Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose Share ownership is counted for the purposes of qualifying as an Eligible Shareholder) and their respective affiliates or associates or others acting in concert therewith, and

any information relating to such Eligible Shareholder's Shareholder Nominee(s), in each case that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for the election of such Shareholder Nominee(s) in a contested election pursuant to Section 14 of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder; (4) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the Eligible Shareholder (including any Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose share ownership is counted for the purposes of qualifying as an Eligible Shareholder) and its or their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each of such Eligible Shareholder's Shareholder Nominees, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Eligible Shareholder (including any Record Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose share ownership is counted for the purposes of qualifying as an Eligible Shareholder), or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the Shareholder Nominee were a director or executive officer of such registrant; (5) the written consent of each Shareholder Nominee to being named in the corporation's proxy statement and form of proxy card as a nominee and to serving as a director if elected; (6) the written agreement of the Shareholder Nominee that (a) the Shareholder Nominee agrees, if elected, to adhere to the corporation's Corporate Governance Guidelines and Code of Conduct and any other publicly available corporation policies and guidelines applicable to directors, and (b) that the Shareholder Nominee is not and will not become a party to any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with his or her nomination, service or action as a director of the corporation, or any agreement, arrangement or understanding with any person or entity as to how the Shareholder Nominee would vote or act on any issue or question as a director, in each case that has not been disclosed to the corporation on the Proxy Access Notice; (7) a representation that such Holder (a) acquired the Proxy Access Request Required Shares in the ordinary course of business and not with the intent to change or influence control of the corporation, and does not presently have such intent, (b) has not nominated and will not nominate for election to the board of directors at the annual meeting any person other than the Shareholder Nominee(s) being nominated pursuant to this Section 14, (c) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Securities Exchange Act of 1934 in support of the election of any individual as a director at the annual meeting of shareholders, other than its Shareholder Nominee(s) or a nominee of the board of directors; (d) will not distribute to any shareholder of the corporation any form of proxy for the annual meeting other than the form distributed by the corporation and (e) will provide facts, statements and other information in all communications with the corporation and its shareholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and otherwise comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Section 14; (8) in the case of a nomination by a group of shareholders that together is such

an Eligible Shareholder, the designation by all group members of one group member that is authorized to act on behalf of all members of the nominating shareholder group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and (9) an undertaking that such person agrees to (a) assume all liability stemming from, and indemnify and hold harmless the corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the corporation or any of its directors, officers or employees arising out of any legal or regulatory violation arising out of the Eligible Shareholder's communications with the shareholders of the corporation or out of the information that the Eligible Shareholder provided to the corporation, and (b) file with the Securities and Exchange Commission any solicitation of the corporation's shareholders by the Eligible Shareholder relating to the annual meeting at which the Shareholder Nominee will be nominated. In addition, no later than the final date on which a Proxy Access Notice may be submitted under this Section 14, a Qualifying Fund whose Share ownership is counted for purposes of qualifying as an Eligible Shareholder must provide to the secretary of the corporation documentation reasonably satisfactory to the board of directors that demonstrates that the funds comprising the Qualifying Fund are either part of the same family of funds or sponsored by the same employer. In order to be considered timely, any information required by this Section 14 to be provided to the Corporation must be supplemented (by delivery to the secretary of the corporation) (1) no later than five (5) days following the record date for the applicable annual meeting, to disclose the foregoing information as of such record date, and (2) no later than five (5) days before the annual meeting to disclose the foregoing information as of the date that is ten days prior to such annual meeting. For the avoidance of doubt, the requirement to update and supplement such information shall not permit any Eligible Shareholder or other person to change or add any proposed Shareholder Nominee or to change the identity of any member of a group that together is an Eligible Shareholder.

(G) The Eligible Shareholder may provide to the secretary of the corporation, at the time the information required by this Section 14 is originally provided, a written statement for inclusion in the corporation's proxy statement for the annual meeting, not to exceed 500 words, in support of the Eligible Shareholder's Shareholder Nominee's candidacy (the "Statement"). Notwithstanding anything to the contrary contained in this Section 14, the corporation may omit from its proxy materials any information or Statement that it, in good faith, believes is materially false or misleading, omits to state any material fact, or would violate any applicable law or regulation.

(H) At the request of the corporation, each Shareholder Nominee must (1) tender to the corporation an irrevocable resignation, in a form to be provided by the corporation, which resignation shall become effective upon a determination by the board of directors or any committee thereof that (x) the Proxy Access Notice pursuant to which the Shareholder Nominee's information was included in the corporation's proxy statement was not filed by shareholders constituting an Eligible Shareholder (or was filed by shareholders that prior to the applicable meeting ceased to be an Eligible Shareholder), or (y) that the Shareholder Nominee breached or failed to comply with the provisions of this Section 14, (2) submit to any background check (including fingerprint analysis) that may be required by any federal or state statute or

regulations applicable to, or by any insurance regulatory authority having jurisdiction over, the operations of the corporation or its subsidiaries or affiliates, (3) complete, sign and submit all questionnaires required of the corporation's directors; and (4) provide such additional information as necessary or appropriate to permit the board of directors to determine (a) if such Shareholder Nominee is independent under the listing standards of each principle U.S. exchange upon which the common shares of the corporation are listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the board of directors in determining and disclosing the independence of the corporation's directors, (b) if such Shareholder Nominee has any direct or indirect relationship with the corporation other than those relationships that have been deemed categorically immaterial pursuant to the corporation's Corporate Governance Guidelines, if applicable, and (c) if such Shareholder Nominee is not and has not been subject to any event specified in Item 401(f) of Regulation S-K (or successor rule) of the Securities and Exchange Commission. In the event that any information or communications provided by the Eligible Shareholder (or any Record Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose share ownership is counted for the purposes of qualifying as an Eligible Shareholder) or the Shareholder Nominee to the corporation or its shareholders ceases to be true and correct in all material respects or omits a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Shareholder or Shareholder Nominee, as the case may be, shall promptly notify the secretary of the corporation of any defect in such previously provided information and of the information that is required to correct any such defect.

(I) Any Shareholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of shareholders but either (1) withdraws from or becomes ineligible or unavailable for election at that annual meeting, or (2) does not receive at least 25% of the votes cast in favor of the Shareholder Nominee's election, will be ineligible to be a Shareholder Nominee pursuant to this Section 14 for the next two annual meetings. Any Shareholder Nominee who is included in the corporation's proxy statement for a particular annual meeting of shareholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 14 or any other provision of the Corporation's Articles of Incorporation, Code of Regulations or other applicable regulation any time before the annual meeting of shareholders, will not be eligible for election at the relevant annual meeting of shareholders and may not be substituted by the Eligible Shareholder that nominated such Shareholder Nominee. Any Eligible Shareholder (including each Record Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose Share ownership is counted for the purposes of qualifying as an Eligible Shareholder) whose Shareholder Nominee is elected as a director at the annual meeting of Shareholder will not be eligible to nominate or participate in the nomination of a Shareholder Nominee for the following two (2) annual meetings of shareholders other than the nomination of such previously elected Shareholder Nominee.

(J) The corporation shall not be required to include, pursuant to this Section 14, a Shareholder Nominee in its proxy materials for any meeting of shareholders, or, if the proxy statement already has been filed, to allow the nomination of a Shareholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Corporation: (1) if the Shareholder Nominee or the Eligible Shareholder (or any Shareholder, fund comprising

a Qualifying Fund and/or Beneficial Owner whose share ownership is counted for the purposes of qualifying as an Eligible Shareholder) who has nominated such Shareholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Securities Exchange Act of 1934 in support of the election of any individual as a director at the annual meeting other than its Shareholder Nominee(s) or a nominee of the board of directors; (2) who is not independent under the listing standards of each principle U.S. exchange upon which the common shares of the corporation are listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the board of directors in determining and disclosing independence of the corporation's directors, in each case as determined by the board of directors, (3) whose service as a member of the board of directors would violate or cause the corporation to be in violation of these Regulations, the Articles of Incorporation, the rules and listing standards of the principle U.S. exchanges upon which the common shares of the corporation are traded, or any applicable law, rule or regulation, including those related to the regulation of insurance and insurance holding companies, (4) who is, at the time of the Proxy Access Notice or at the time of the annual shareholders meeting an officer or director of a competitor of the corporation of one of its subsidiaries or affiliates; (5) if the Eligible Shareholder (or any Record Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose share ownership is counted for the purposes of qualifying as an Eligible Shareholder) or applicable Shareholder Nominee otherwise breaches or fails to comply with its obligations pursuant to this Section 14, or (6) if the Eligible Shareholder ceases to be an Eligible Shareholder for any reason, including but not limited to not owning the Proxy Access Request Required Shares through the date of the applicable annual meeting. For the purposes of this paragraph, clauses (2), (3) and (4) and, to the extent related to a breach or failure by the Shareholder Nominee, clauses (1) and (5) will result in the exclusion from the proxy materials pursuant to this Section 14 of the specific Shareholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of the Shareholder Nominees to be nominated; however, clauses (6) and, to the extent related to a breach or failure by an Eligible Shareholder (or any Record Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose share ownership is intended to be counted for the purposes of qualifying as an Eligible Shareholder), clauses (1) and (5) will result in the Voting Shares owned by such Eligible Shareholder (or Record Shareholder, fund comprising a Qualifying Fund and/or Beneficial Owner whose Share ownership had intended to be counted for the purposes of qualifying as an Eligible Shareholder) being excluded from the Proxy Access Request Required Shares (and, if as a result the Proxy Access Notice shall no longer have been filed by an Eligible Shareholder the exclusion from the proxy materials pursuant to this Section 14 of all of the applicable shareholder's Shareholder Nominees from the applicable annual meeting of shareholders or, if the proxy statement has already been filed, the ineligibility of all of such shareholder's Shareholders Nominees).

ARTICLE III

Committees

Section 1. Executive Committee. The board of directors may from time to time, by resolution passed by a majority of the whole board, create an executive committee of three or

more directors, the members of which shall be elected by the board of directors to serve during the pleasure of the board. If the board of directors does not designate a chairman of the executive committee, the executive committee shall elect a chairman from its own number. Except as otherwise provided herein and in the resolution creating an executive committee, such committee shall, during the intervals between the meetings of the board of directors, possess and may exercise all of the powers of the board of directors in the management of the business and affairs of the corporation, other than that of filling vacancies among the directors or in any committee of the directors. The executive committee shall keep full records and accounts of its proceedings and transactions. All action by the executive committee shall be reported to the board of directors at its meeting next succeeding such action and shall be subject to control, revision and alteration by the board of directors, provided that no rights of third persons shall be prejudicially affected thereby. Vacancies in the executive committee shall be filled by the directors, and the directors may appoint one or more directors as alternate members of the committee who may take the place of any absent member or members at any meeting.

Section 2. Meetings of Executive Committee. Subject to the provisions of these Regulations, the executive committee shall fix its own rules of procedure and shall meet as provided by such rules or by resolutions of the board of directors, and it shall also meet at the call of the president, the chairman of the executive committee or any two members of the committee. Unless otherwise provided by such rules or by such resolutions, the provisions of Section 10 of Article II relating to the notice required to be given of meetings of the board of directors shall also apply to meetings of the executive committee. A majority of the executive committee shall be necessary to constitute a quorum. The executive committee may act in a writing, or by telephone with written confirmation, without a meeting, but no such action of the executive committee shall be effective unless concurred in by all members of the committee.

Section 3. Other Committees. The board of directors may by resolution provide for such other standing or special committees as it deems desirable, and discontinue the same at pleasure. Each such committee shall have such powers and perform such duties, not inconsistent with law, as may be delegated to it by the board of directors. The provisions of Section 1 and Section 2 of this Article shall govern the appointment and action of such committees so far as consistent, unless otherwise provided by the board of directors. Vacancies in such committees shall be filled by the board of directors or as the board of directors may provide.

ARTICLE IV

Officers

Section 1. General Provisions. The board of directors shall elect a president, such number of vice presidents as the board may from time to time determine, a secretary and a treasurer and, in its discretion, a chairman of the board of directors. The board of directors may from time to time create such offices and appoint such other officers, subordinate officers and assistant officers as it may determine. The chairman of the board shall be, but the other officers need not be, chosen from among the members of the board of directors. Any two of such offices may be held by the same person, but (i) one person may not hold the offices of both president

and vice president, and (ii) no officer shall execute, acknowledge or verify any instrument in more than one capacity.

Section 2. Term of Office. The officers of the corporation shall hold office during the pleasure of the board of directors, and, unless sooner removed by the board of directors, until the organization meeting of the board of directors following the date of their election and until their successors are chosen and qualified. The board of directors may remove any officer at any time, with or without cause. A vacancy in any office, however created, shall be filled by the board of directors.

ARTICLE V

Duties of Officers

Section 1. Chairman of the Board. The chairman of the board, if one be elected, shall preside at all meetings of the board of directors and shall have such other powers and duties as may be prescribed by the board of directors. The chairman of the board, if one be elected, or the president, shall preside at all meetings of shareholders.

Section 2. President. The president shall be the chief executive officer of the corporation and shall exercise supervision over the business of the corporation and over its several officers, subject, however, to the control of the board of directors. The president, or the chairman of the board, if one be elected, shall preside at all meetings of shareholders. If the president is a director, the president shall also preside at any meeting of the board of directors at which the chairman of the board and the lead independent director, if either or both has been elected by the Board, are not present. The president shall have authority to sign all certificates for shares and all deeds, mortgages, bonds, agreements, notes, and other instruments requiring the president's signature; and shall have all the powers and duties prescribed by Chapter 1701 of the Revised Code of Ohio and such others as the board of directors may from time to time assign to the president.

Section 3. Vice Presidents. The vice presidents shall have such powers and duties as may from time to time be assigned to them by the board of directors or the president. At the request of the president, or in the case of his absence or disability, the vice president designated by the president (or in the absence of such designation, the vice president designated by the board) shall perform all the duties of the president and, when so acting, shall have all the powers of the president. The authority of vice presidents to sign in the name of the corporation certificates for shares and deeds, mortgages, bonds, agreements, notes and other instruments shall be coordinate with like authority of the president.

Section 4. Secretary. The secretary shall keep minutes of all the proceedings of the shareholders and board of directors and shall make proper record of the same, which shall be attested by him; shall have authority to sign all certificates for shares and all deeds, mortgages, bonds, agreements, notes, and other instruments executed by the corporation requiring his signature; shall give notice of meetings of shareholders and directors; shall produce on request at

each meeting of shareholders a certified list of shareholders arranged in alphabetical order; shall keep such books as may be required by the board of directors; and shall have such other powers and duties as may from time to time be assigned to him by the board of directors or the president.

Section 5. Treasurer. The treasurer shall have such powers and duties as are customarily incident to the office and as may from time to time be assigned to him by the board of directors, the president or any vice president. The authority of the Treasurer to sign in the name of the corporation certificates for shares and deeds, mortgages, bonds, agreements, notes and other instruments shall be coordinate with like authority of the president.

Section 6. Assistant and Subordinate Officers. The board of directors may appoint such assistant and subordinate officers as it may deem desirable. Each such officer shall hold office during the pleasure of the board of directors, and perform such duties as the board of directors or the president may prescribe.

The board of directors may, from time to time, authorize any officer to appoint and remove subordinate officers, to prescribe their authority and duties, and to fix their compensation.

Section 7. Duties of Officers May be Delegated. In the absence of any officer of the corporation, or for any other reason the board of directors may deem sufficient, the board of directors may delegate, for the time being, the powers or duties, or any of them, of such officers to any other officer or to any director.

ARTICLE VI

Indemnification and Insurance

Section 1. Indemnification. The corporation shall indemnify each director, officer and employee and each former director, officer and employee of the corporation, and each person who is serving or has served at its request as a director, officer or employee of another corporation, against expenses, judgments, decrees, fines, penalties or amounts paid in settlement in connection with the defense of any past, pending or threatened action, suit or proceeding, criminal or civil, to which he was, is or may be made a party by reason of being or having been such director, officer or employee, provided a determination is made (i) by the directors of the corporation acting at a meeting at which a quorum consisting of directors who neither were nor are parties to or threatened with any such action, suit or proceeding is present, or (ii) by the shareholders of the corporation at a meeting held for such purpose by the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of the corporation on such proposal or without a meeting by the written consent of the holders of shares entitling them to exercise two-thirds of the voting power on such proposal, that (a) such director, officer or employee was not, and has not been adjudicated to have been, negligent or guilty of misconduct in the performance of his duty to the corporation of which he is or was a director, officer or employee, (b) he acted in good faith in what he reasonably believed to be the best interest of such

corporation, and (c) in any matter the subject of a criminal action, suit or proceeding, he had no reasonable cause to believe that his conduct was unlawful.

Expenses of each person indemnified hereunder incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals) or threat thereof, may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors, whether a disinterested quorum exists or not, upon receipt of an undertaking by or on behalf of the director, officer or employee to repay such expenses unless it shall ultimately be determined that he is entitled to be indemnified by the corporation.

The foregoing rights of indemnification shall not be deemed exclusive of, or in any way to limit, any other rights to which any person indemnified may be, or may become, entitled apart from the provisions of this Article VI.

Section 2. Liability Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or designated agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or designated agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article or of Chapter 1701 of the Ohio Revised Code.

ARTICLE VII

Certificates for Shares; Uncertificated Shares

Section 1. Form and Execution. Except as provided in Section 2 hereof, certificates for shares, certifying the number of full-paid shares owned, shall be issued to each shareholder in such form as shall be approved by the board of directors. Such certificates shall be signed by the president or a vice president and by the secretary or an assistant secretary or the treasurer or an assistant treasurer; provided however, that if such certificates are countersigned by a transfer agent and/or registrar the signatures of any of said officers and the seal of the corporation upon such certificates may be facsimiles, which are engraved, stamped or printed thereon. If any officer or officers, who shall have signed, or whose facsimile signature shall have been used, printed, engraved or stamped on any certificate or certificates for shares, shall cease to be such officer or officers, because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the corporation, such certificate or certificates, if authenticated by the endorsement thereon of the signature of a transfer agent or registrar, shall nevertheless be conclusively deemed to have been adopted by the corporation by the use and delivery thereof and shall be as effective in all respects as though signed by a duly elected, qualified and authorized officer or officers, and as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be an officer or officers of the corporation.

Section 2. Uncertificated Shares. The board of directors, subject to the immediately succeeding paragraph, may provide by resolution that some or all of any or all classes and series of shares of the corporation shall be uncertificated shares, provided that the resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the corporation and the resolution shall not apply to a certificated security issued in exchange for an uncertificated security. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner of the shares a written notice containing the information required to be set forth or stated on share certificates in accordance with all applicable laws. Except as expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical.

Notwithstanding the foregoing provisions of this Section 2, a shareholder of record shall at all times have the right to receive one or more certificates for some or all of the shares held of record by such shareholder in accordance with Section 1 hereof by making a written request therefor to the corporation or any transfer agent for the applicable class of shares, accompanied by such assurances as the corporation or such transfer agent may require as to the genuineness of such request; provided, however, that shareholders holding shares of the corporation under one or more of the corporation's benefit plans for officers, directors and/or employees shall have no such right to have certificates issued unless such a right is provided for under the applicable benefit plan or otherwise ordered by the board of directors or a committee thereof.

Section 3. Registration of Transfer. Any certificate for shares of the corporation shall be transferable in person or by attorney upon the surrender thereof to the corporation or any transfer agent for the class of shares represented by the certificate surrendered of a certificate, properly endorsed for transfer or accompanied by a duly endorsed stock power, together with such assurances as the corporation or such transfer agent may require as to the genuineness and effectiveness of each necessary endorsement or executed stock power. Any uncertificated shares of the corporation shall be transferable in person or by attorney upon written request in form and substance acceptable to the corporation or any transfer agent for the applicable class of shares, accompanied by a duly endorsed stock power and/or such other assurances as the corporation or such transfer agent may require as to the genuineness and effectiveness thereof.

Section 4. Lost, Destroyed or Stolen Certificates. Subject to the provisions of Section 2 hereof, a new share certificate or certificates may be issued in place of any certificate theretofore issued by the corporation which is alleged to have been lost, destroyed or wrongfully taken upon (i) the execution and delivery to the corporation by the person claiming the certificate to have been lost, destroyed or wrongfully taken of an affidavit of that fact, specifying whether or not, at the time of such alleged loss, destruction or taking, the certificate was endorsed, and (ii) the furnishing to the corporation of indemnity and other assurances satisfactory to the corporation and to all transfer agents and registrars of the class of shares represented by the certificate against any and all losses, damages, costs, expenses or liabilities to which they or any of them may be subjected by reason of the issue and delivery of such new certificate or certificates or in respect of the original certificate.

Section 5. Registered Shareholders. A person in whose name shares are of record on the books of the corporation, whether such shares are evidenced by a certificate or are uncertificated, shall conclusively be deemed the unqualified owner and holder thereof for all purposes and to have capacity to exercise all rights of ownership. Neither the corporation nor any transfer agent of the corporation shall be bound to recognize any equitable interest in or claim to such shares on the part of any other person, whether disclosed upon any such certificate or otherwise, nor shall they be obliged to see to the execution of any trust or obligation.

ARTICLE VIII

Fiscal Year

The fiscal year of the corporation shall end on the 31st day of December in each year, or on such other date as may be fixed from time to time by the board of directors.

ARTICLE IX

Seal

The board of directors may provide a suitable seal containing the name of the corporation. If deemed advisable by the board of directors, duplicate seals may be provided and kept for the purposes of the corporation.

ARTICLE X

Amendments

These Regulations may be amended or repealed: (a) at any meeting of shareholders called for that purpose by the affirmative vote of the holders of record of shares entitling them to exercise a majority of the voting power of the corporation with respect to such proposal; or (b) by the board of directors (to the extent permitted by Ohio law).

Exhibit 31.1

CERTIFICATION

I, Susan Patricia Griffith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Progressive Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

/s/ Susan Patricia Griffith
Susan Patricia Griffith
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, John P. Sauerland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Progressive Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

/s/ John P. Sauerland
John P. Sauerland
Vice President and Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATION

I, Susan Patricia Griffith, President and Chief Executive Officer of The Progressive Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2024 (the "Report"), which this certification accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Susan Patricia Griffith
Susan Patricia Griffith
President and Chief Executive Officer
November 4, 2024

Exhibit 32.2

SECTION 1350 CERTIFICATION

I, John P. Sauerland, Chief Financial Officer of The Progressive Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2024 (the "Report"), which this certification accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John P. Sauerland
John P. Sauerland
Vice President and Chief Financial Officer
November 4, 2024

Exhibit 99

Letter to Shareholders
Third Quarter 2024

Well, we almost made it through the third quarter unscathed by extreme weather, but Helene had other plans. Helene, which was the eighth named storm of the season, made landfall as a powerful category 4 hurricane and wreaked havoc across Florida, Georgia, Tennessee, and the Carolinas, in addition to a few other southern states. During the third quarter, catastrophe losses contributed 4.0 points to our companywide combined ratio (CR), including 3.1 points from Hurricane Helene. As we witnessed the storm unfold, our first priority, as always, was to make sure we took care of our employees and ensure that they were safe. In turn, our employees then assisted our customers in their greatest time of need.

Even with the volatile weather we experienced during the third quarter, we had very strong growth and profitability. We grew net premiums written (NPW) 25% at a CR of 89.0. These stellar results reflected the actions that we took, primarily during 2023, to get the right rates on the street, so that we could ramp up our growth machine. It's working! We have nearly 4.2 million more policies in force (PIF) companywide than we did at the end of 2023.

The Personal Lines side of the business recorded $16.3 billion in NPW, which represented 29% growth over the third quarter last year, driven by more new applications, an increase in renewal customers, and higher average premiums written. The extraordinary new business growth during the quarter helped PIFs grow by over 1.4 million to end the quarter with 29.3 million PIFs, or 15% more than at the end of the third quarter last year.

Despite the catastrophic devastation of Hurricane Helene, our Personal Lines profit for the quarter remained strong. Our CR for the third quarter 2024 was 89.6, with Hurricane Helene contributing 2.6 points. We also experienced favorable loss trends with lower frequency for non-CAT claims consistent with prior quarters. We continue to monitor loss trends to help us remain rate adequate as we strive to offer stable rates to our customers. Operationally, we remain focused on efficiency and, as a result, our non-acquisition expense ratio was down 0.4 points on a year-over-year basis for the first nine months of 2024.

While profitability remained strong, we continued to focus on driving growth. With rate adequacy in most states, we continued to lift underwriting and verification restrictions put in place in 2023. We increased our advertising spend in the third quarter, above what we have spent in previous quarters, and continued to leverage our agent compensation programs to ensure we drive consideration and reward agents for writing profitable business. As a result of these actions, during the third quarter, both our Direct and Agency channels experienced record quoting volumes and new business applications.

On the product side, at the end of the third quarter, there were 14 states on our latest auto product model 8.9. Those states represent about 35% of auto policies in force and 32% of our trailing 12-month personal auto written premiums. The 19 states on model 8.8 represented about one-third of personal auto policies in force and trailing 12-month written premiums at quarter end.

For the third quarter, the Commercial Lines business grew NPW 7% at an 88.7 CR. New business growth was strong during the quarter, primarily due to an increase in quote volume in our business auto and contractor business market targets (BMT) and improved conversion in all of our BMTs, other than for-hire transportation, which continued to be impacted by the economy. While our retention is still down on a year-over-year basis, we saw early signs of improvement during the third quarter 2024. We believe we are well positioned following our early and decisive rate and underwriting actions taken in 2023, to see further growth as competitors continued to increase rates during the third quarter 2024.

Commercial Lines strong profitability during the quarter was 10.4 points better than the third quarter 2023, and reflected rate increases and underwriting actions across all BMTs. In addition, we continue to be optimistic about the performance of our transportation network company (TNC) profitability following rate actions taken on this product.

Improved commercial auto price segmentation and more competitive rates for the best risks are being rolled out with our 8.2 product model. At the end of the third quarter, we had nine states on this model, and currently we are on pace to have it rolled out by the end of 2024 to states that represent about 50% of our non-TNC commercial auto written premiums.

Our business owners' policy (BOP) is operating in 46 states and continued to perform in line with our expectations for this line of business during the quarter. As this business matures, our top priority remains earning an acceptable underwriting profit consistent with our targets and we plan to make quick rate level and underwriting adjustments as needed in response to changes in loss trends or market conditions. Our newest BOP product model is deployed in 24 states that represented nearly 80% of the trailing 12-month countrywide BOP written premiums at quarter end.

During the third quarter, the Commercial Lines business group gave back to our communities and supported small business owners by helping them move forward in achieving their goals. Progressive kicked off its 2024 Keys to Progress® veteran vehicle giveaway program and celebrated National Trucker Appreciation Day in September by honoring a deserving veteran and passionate truck driver with the keys to a 2022 Freightliner Cascadia. In addition, through our Driving Small Business Forward grant program, we awarded $1 million, consisting of $50,000 grants to each of 20 small business owners, to enable them to purchase commercial vehicles and move forward in their endeavors. It's incredibly humbling to be part of these journeys and we look forward to seeing what each will accomplish.

Our Property business continued to grow PIFs and premiums during the third quarter. We ended the quarter with over 3.4 million PIFs, an increase of 14% year over year, which was due in large part to a significant increase in our renters policies in force. Net premiums written were up 9%, compared to the third quarter 2023, and primarily reflected growth in less volatile weather states as we continued to execute on our strategies to balance our geographic footprint to regions that typically experience less volatile weather.

For the third quarter 2024, our Property CR was excellent at 78.5, which included 7.5 points of catastrophe losses during the quarter. Although Hurricane Helene contributed 21 loss ratio points during the quarter, these losses were offset by nearly 30 points of favorable development on storms from the first half of the year.

As we focus on efforts to shift our geographic mix in Property, we continue to increase rates to address short- and long-term profitability. In the third quarter 2024, we increased rates 6% across the Property portfolio, bringing the trailing four quarters to aggregate rate increases of about 20%. We also continued our focus on advancing segmentation through the roll out of our newest product model 5.0, elevating seven more states during the third quarter, which brought the total to 15 states. Those states represented about 45% of our Property's homeowners product trailing 12-month written premiums at quarter end.

In the third quarter 2024, our investment portfolio saw a return of 4.0%. In response to the reduction of inflation over the last twelve months, the Federal Reserve lowered the federal funds rate in September 2024, which provided a more positive market environment. Our fixed-income return was 3.9% for the third quarter, as the combination of a relatively sharp drop in interest rates along with a higher-yielding portfolio drove strong returns. Our equity portfolio returned 5.8%, in line with the equity markets. While our investment returns have moved higher, the portfolio remains relatively conservative as we move towards the end of the year.

As we enter the final quarter of 2024, our capital is in a very strong position. The combination of our recent operating and investing results has provided more than enough capital to fund the rapid growth in our premiums. Our debt-to-total capital ratio has fallen to 20.2%, which is significantly below the goal we set for ourselves of maintaining debt below 30% of total capital at book value. We have no debt maturities until 2027.

I began this letter by saying we almost avoided extreme weather in the third quarter. So far, early into the fourth quarter we have not been that lucky. On October 9, 2024, Hurricane Milton hit the southwestern part of Florida as a category 3 hurricane and raced across Central Florida to exit the east coast as a category 1 storm. While still dealing with the aftermath of Helene, our customers need us even more to help them during these difficult times and we are responding in true Progressive fashion. We expect that it will take time for claims to be reported; however, we estimate that our Property business will incur losses from Hurricane Milton of approximately $140 million, net of reinsurance. For our Personal and Commercial Lines businesses, including our special lines products, we estimate that losses could be about $600 million from Hurricanes Helene and Milton combined. We will continue to evaluate the impact from Helene, Milton, and other catastrophe events as more information develops.

With all of the devastation from the recent weather events, I thought I would wrap up this letter with some positive stories that perfectly highlight our special culture. These stories bring me so much pride and clearly help define how

our employees carry our company purpose of helping others move forward and live fully into their lives outside of work, impacting their communities in ways big and small. I hear stories like the ones below every day.
In a chance meeting, claims employee Tonya from Louisiana recently helped someone in her community move forward and live fully, embodying our Core Values when she wasn't even on the clock. Here's her story:

"A few months back, I was in a drive-thru getting fried chicken for lunch on a Saturday. A worker at the restaurant saw my Progressive shirt and said she'd recently hit a deer and her insurer sent her a non-renewal letter. She'd recently lost her mother, who set all her bills up for her, and she honestly didn't know what to do next. She asked if I could help her get insurance. I told her that I don't sell insurance, but I'd be happy to walk her through how to go online and get a quote. I came back to the restaurant after she got off work at 3 p.m. and helped her download the Progressive app. She was able to set up a policy that would start the day her other coverage ended. She was so grateful that fate brought me through her line that day—she said she'd been crying over this for a week! When I left, she not only had a new policy, but it was also less expensive than what she had previously. I normally work on setting up estimates and repairs for customers who have a claim, but it felt great to just hold her hand through the process and help someone in need."

Another claims employee, Ryan from South Carolina, doesn't ordinarily handle Roadside Assistance, but his choice to stop and help may have inspired a stranger to switch to Progressive. Here's his story:

"I was driving home in my Progressive-branded vehicle when I noticed a car stalled in the middle of a busy intersection. Without hesitation, I pulled into the median to assist. The driver explained she had run out of gas. After safely moving her vehicle to the side, I quickly fetched gas from the nearest station and returned to fill her tank. A month later, during a business lunch with my Progressive team and management, the woman I had helped turned out to be our server! She excitedly shared my act of kindness with the table and even treated us to dessert. Seeing the impact of our values firsthand, she said she was going to look into switching to Progressive. It was a gratifying experience to embody Progressive's values, leave a positive impression, and reinforce our brand's commitment to service."

Lastly, I recently celebrated a milestone birthday (60 is the new 40, right?) and I cherish the many kind notes and cards that I received from Progressive employees, but one struck me as so thoughtful and special this year. Laura, a wonderful woman whom I met years ago when I ran HR and have stayed in contact with, sent me a sweet card like she does every year, but it didn't end there. Knowing this was a "special" birthday, she also donated, in my name, to World Central Kitchen. I had mentioned that I support that charity in a recent "Tricia in 2" video where I answer one personal question and one business question each month in two minutes. These types of lovely gestures are what differentiates a workplace from a culture.

Stay well and be kind to others,

Tricia

/s/ Tricia Griffith
Tricia Griffith
President and Chief Executive Officer